MICHIGAN STATE
UNIVERSITY

April 12, 2019

MEMORANDUM

To: Committee on Budget and Finance

From: Vennie Gore
Vice President for Auxiliary Enterprises

Subject: 2019-20 Housing and Dining Rate Recommendations

RECOMMENDATION

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration to implement academic year 2019-20 room and board rates consistent with the projected rate increase presented in January 2013 as part of the RHS ten-year strategic direction.

RESOLUTION

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby adopts the basic residence hall double room and board rate of $10,472 for freshman, transfer, and returning students who select the silver unlimited meal plan for the 2019-20 academic year.

BE IT FURTHER RESOLVED, that the Board of Trustees of Michigan State University hereby adopts a 1% rate increase for 1855 Place and University Village apartments for the 2019-20 academic year.

BACKGROUND

Attachment A reflects recommended 2019-20 academic year housing and dining rates.

The proposed residence hall rates represent a 1.95% increase over the 2018-19 rates. This increment is consistent with the forecasted rate increase presented to the Board in January 2013. The rate increase results from higher operating expenses and increasing costs for renovations for housing and food service facilities on campus. The increase in housing and dining rates for the 2018-19 academic year was 2.97%.

If the new rates are adopted, the residence hall double room rate for undergraduate students will go up $82 for academic year 2019-20, and the silver unlimited meal plan for freshman, transfer, and returning students will go up $118 for academic year 2019-20.

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1855 Place and University Village apartment rates will increase 1% in 2019-20. These apartments did not increase their rates for 2018-19. There are no increases in lease rates planned for Spartan Village Apartments in 2019-20.

It is anticipated that even with these rate increases, Michigan State University will continue to be competitively positioned among universities in Michigan and the Big Ten.

cc: Board of Trustees, S. Udpa, J. Youatt, K. Wilbur, N. Barr, M. Zeig, B. Quinn, D. Maybank, M. Haas, D. Byelich, R. Gasser, R. Selesky, R. Patterson, L. Gremel, C. Carter

ATTACHMENT A
MSU RHS 2019-20 Housing and Dining
April 12, 2019

The Division of Residential and Hospitality Services (RHS) is a self-supporting auxiliary of Michigan State University. RHS receives no State of Michigan or student tuition funding for the operation and maintenance of the University's extensive award-winning housing and dining system.

RATE INCREASE RECOMMENDATION: RESIDENCE HALLS and DINING

The academic year 2019-20 proposed rate increase and operations budget will allow RHS to remain healthy and financially viable in order to best serve our students. RHS has three financial objectives to be achieved through net income from operations:

1. Pay down debt service costs,
2. Provide just-in-time maintenance funds for repairs and improvements, and
3. Maintain an adequate reserve balance to address unforeseen emergencies.

The proposed residence hall housing and dining rate recommendation for academic year 2019-20 is as follows:

- 1.95% increase: 1.5% to pay for residence hall and dining operating expense inflation, and 0.45% for facilities repair and renovations.

The proposed residence hall increase is the lowest percentage increase since 1998. The residence hall increase is comparable to the academic year 2018-19 increase of 2.97%. We are very conscious of the cost of education for our students and their families. Thus, we are focusing on managing costs. The rate increases are also consistent with the forecasted increase presented to the MSU Board of Trustees in January 2013 as part of the RHS ten-year strategic direction.

RATE INCREASE RECOMMENDATION: UNIVERSITY APARTMENTS:

1855 Place and University Village apartment rates will increase 1% in academic year 2019-20. These apartments did not increase their rates for academic year 2018-19. There are no increases in lease rates planned for Spartan Village Apartments in academic year 2019-20.

Rate Analysis	2018/2019 Rate	2019/2020 Rate	Amount Change
Residence Hall/academic year - Double	$4,242	$4,324	$82
Meal Plan/academic year - Silver Unlimited	$6,030	$6,148	$118
University Village Apt./month: 4 Bed	$733	$740	$7
1855 Place Family Apt./month: 1 Bed	$800	$808	$8
1855 Place Family Apt./month: 2 Bed	$925	$934	$9
1855 Place Single Student Apt./month: Studio	$995	$995	$0
1855 Place Single Student Apt./month: 2 Bed	$875-$895	$884-$904	$9
1855 Place Single Student Apt./month: 4 Bed	$785-$850	$793-$859	$9

Our residential living experience provides exceptional value for our residents. In one all-inclusive cost, we provide direct support for student success, including award winning dining available 15 hours a day, seven days a week; high speed internet; cable TV; heat, water and electricity; furnishings; linen and laundry services; fitness centers; reception desk service; campus security; convenient access to academic classrooms; and a residential education model that builds community and Spartans for life.

We understand the importance of keeping housing and dining rates affordable for our students, especially as the pressures of individual contribution to the cost of higher education continue to increase. This proposed rate increase attempts to strike a balance between affordability, enhanced service for our students and the continued renovation of our aging residence halls and apartment buildings.

Housing Option	Daily Cost
Residence Hall – Double (all-inclusive)	$46.75
1855 Place Family Apt. 1 bedroom	$26.56
University Village Single Std. Apartments	$24.34
Williams Hall Apartment (room only)	$21.41

CONTRIBUTING TO STUDENT SUCCESS: RESIDENCE HALLS

Neighborhood Engagement Centers:

The Neighborhood Concept began in Hubbard as a pilot program in collaboration between the Office of the Provost, the Divisions of Residential Hospitality Services, and Student Affairs and Services to re-envision comprehensive student services for our students around three simple goals: persistence, retention and academic success. The Neighborhood Concept has evolved into the Neighborhood Student Success Collaborative that has fundamentally changed our undergraduate support services and has become a national model.

At the core of this program are academic support services for students in the neighborhood where they live. Dr. Mark Largent, Associate Provost for Undergraduate Education, and staff have created a structure to personalize services with the goal of reducing academic probation in the first and second semester of the freshman year and reduce the achievement gap of underrepresented students. As a result of this effort, the first semester probation rate has decreased from 9.2% in fall semester 2014 to 6.7% for fall semester 2018.

The Neighborhood Student Success Collaborative is a suite of initiatives with the vision of improving the degree attainment rate for all MSU students, most notably lower income and first generation students. Match analysis has shown that living on campus for first generation students shows a 6% increase in six year graduation rates and a 7% increase for African American students in six year graduation rates.

In Fall 2019, Residence Education and Housing Services staffing patterns will be adjusted to specifically meet the needs of the primarily freshmen at Akers and Hubbard residence halls. We will be focused on providing a community-building program to enhance the transition to Michigan State and to provide high impact activities.

Dr. June Youatt, Provost, stated that this program helps achieve retention goals through innovative student success practices backed by contemporary technology.

University Innovation Alliance:
Eleven large research institutions, including Michigan State University, have come together across state and conference lines to develop and share strategies to increase the rate at which students from low-income and underrepresented backgrounds graduate from college. The effort is receiving $5.7 million in funding support from six major funders.

The University Innovation Alliance has a mission of increasing the number of students who stay in college and graduate within six years, regardless of their place on the socioeconomic spectrum.

MSU's contribution to the Alliance will be sharing and scaling its Neighborhood initiative. The Alliance will develop and test new initiatives, share data and create a 'playbook' of best practices for its members and other institutions of higher education, to invigorate efforts in all colleges and universities to produce a better-educated workforce.

Dining:
The 2008 RHS Strategic Plan had three major strategic intents: Focus on the First Year Experience, Lead with Food, and Provide Outstanding Experiences for our University Community. Culinary Services has completely transformed itself to focus on quality food, excellent customer service, and outstanding experience. This has resulted in an award-winning operation most recently recognized by Niche.com as

the number one collegiate dining service in the Big Ten and State of Michigan, ranked 22 nationally out of 1,175 colleges and universities sampled.

The unlimited access dining plan was introduced in academic year 2007-08 and is well received by our students as a good value. The Combo-X-Change retail option is an innovation that provides our students with flexibility and to-go alternatives. We continue to innovate our service delivery to offer take-out dining options, as well as expanding Kosher and Halal offerings. Culinary Services' registered dietician provides customized advocacy and services for our students with special dietary restrictions and / or food allergies. In addition, the "Eat at State ON-THE-GO" food truck offers the ability to provide food services throughout Campus. With increasing needs for students with severe and life-threatening food allergies, we are creating an allergy-friendly venue at Owen Hall in the fall of 2019.

In 2017-18, RHS opened our first urban market, Sparty's Market at 1855 Place, offering sundries, dry good, light groceries and prepared items.

Technology and Transportation:
In the late 1990s, the residence halls were hard-wired with internet connectivity to meet the academic needs. Continued Wi-Fi expansion now includes all residence hall student rooms and public spaces and was completed in August 2018. We have incorporated social media activities to assist with the transition to Michigan State during the summer months and to engage students and parents during the year. We are also focusing on "back of the house" technology enhancements to improve efficiency and effectiveness. We anticipate moving to a mobile platform to provide greater convenience for our students and guests in the near future.

Beginning fall semester 2018, MSU has made campus travel on the CATA bus routes free for all students. Previously CATA bus passes were subsidized by RHS and available to residence hall students for $50 per semester. This change to free student bus passes will increase RHS CATA expense by approximately $900,000 per year.

ENHANCING STUDENT HOUSE COUNTS: RESIDENCE HALLS

A 2014 market segmentation study provided us with greater insights into the students who live and dine with us, allowing better design of services and communication of amenities in order to enhance retention in the halls and sale of dining plans. The adoption of Lean Performance methods will enable us to streamline and simplify processes, to the benefit of students and the efficiency of the organization. While the private student housing market continues to grow, RHS has been able to stabilize our residence hall house counts. RHS also continues to work with the Office of the Provost to provide additional support for our students through extended living/learning programs.

We are experiencing good student retention in many recently renovated residence halls, such as Brody Neighborhood, Landon, Shaw, Case, Holden and Mayo. The Edge, the newest dining facility in Akers Hall, which opened in January 2015, has also helped to improve student retention in the East Neighborhood. No long-term transitional (tripled) housing issues are anticipated for 2019-20 since all residence halls will continue to be operational. Budgeted house counts total 14,900 for 2019-20. This is a slight increase of 240 from the actual projected house counts for 2018-19. The increase is attributable to the expanded MSU freshman admissions targets of approximately 8,350 for fall semester 2018 and fall semester of 2019. Also, the annual Live On sign up campaign for students returning to the residence halls is currently up 300 returning students over prior year comparable totals.

Increasing competition from new private apartment developments continues to challenge RHS residence hall retention efforts. Careful evaluation of RHS residence hall and apartment rates, in comparison to local competitor rates, will need to be conducted regularly.

MARKET FORCES

Over the last four years, MSU's off-campus competition has introduced over 1,500 new units. In 2017 alone, that's an increase of over 2,300 beds. This increase in off campus housing is in direct competition to Family Housing at 1855 Place, Apartments and Townhouses at 1855 Place and University Village. These On-Campus Apartment options offer just over 500 units combined, from studios to four-bedroom townhomes, ranging in price from $740 -$995 per bed.

Spartan Village currently operates and provides housing for visiting scholars, short-term MSU faculty/staff, and current graduate student families that have demonstrated financial needs; however, they will be phased out over the next 3-5 years.

Current Off-Campus Competition Overview:

2013-2014 – 360 units

- The Residences
  - Price: $1,275-3,150 per unit
  - Capacity: 42 units
- The Gates at Campus View
  - Price: $620-1,590 per bed
  - Capacity: 50 units
- Hannah Lofts & Townhomes
  - Price: $710-1,130 per bed
  - Capacity: 268 units

2015 – 213 new units

- The Element 903
  - Price: $847-950 per bed
  - Capacity: 18 units; 2 bedrooms
- Trowbridge Lofts

- Price: $483-582 per bed
- Capacity: 57 units; 2 bedrooms

- Glenwood Apartments
  - Price: $445-634 per bed
  - Capacity: 138 units; 2, 3, 4 bedrooms

2016 – 176 new units; 340 beds

- 300 Grand
  - Price: $862-1,242 per bed
  - Capacity: 39 units; 2 bedrooms
- The Reserve and Falcon Pointe
  - Price: $862-1,242 per bed
  - Capacity: 116 units; 2 bedrooms
- Beechwood Townhomes
  - Price: $565-955 per bed
  - Capacity: 21 units; 1, 2 bedrooms

2017 – 782 new units; 3,200 beds

- SkyVue
  - Price: $715-1,235 per bed
  - Capacity: 338 units; 1, 2, 4 bedrooms
- The Quarters at East Lansing
  - Price: $700-1,720 per bed
  - Capacity: 221 units; 1, 2, 3, 4 bedrooms
- Red Cedar Flats
  - Price: $790-3,150 per unit
  - Capacity: 122 units; 1, 2, 3, 4 bedrooms
- 565 Building
  - Price: $950-2,275 per unit
  - Capacity: 84 units; 1, 2, 3 bedrooms
- Cottages of East Lansing
  - Price: $525-1,050 per bed
  - Capacity: 27 units; 4 bedrooms

Future Off-Campus Competition

In August 2019, two major development projects bring 620 new units and roughly 1,300 beds online: The Hub and the Center City District Redevelopment. The Hub, a large student housing and retail project, will be located on 1010 East Grand River, across from Mason/Abbot Hall. This development will bring 347 new units online for up to 585 beds. This ten-story project is set to open in time for the fall 2019 semester. The Center City District Redevelopment is a twelve-story, mixed-use project that will bring 273 student rental units online. This project is located alone Grand River Avenue and Albert Avenue, spreading over 2 acres, and is expected to open in August 2019. These projects have both been approved by the East Lansing City Council.

Another project that MSU should keep in mind is the Park District project. The Park District Planning Area is a redevelopment-ready site located at the corner of Abbot and Grand River Avenue in East Lansing. This project is currently being considered be the East Lansing City Council as it reviews the proposed project design. This project, if approved, will include 218 new student apartments and 194 guest room Graduate Hotel.

FINANCIAL POSITION: RESIDENCE HALLS & APARTMENTS COMBINED

2018-19 Projection
The combined residence hall and apartment net contribution to RHS repairs and reserves is projected to be $8.0 million, $4.4 million above the budgeted amount of $3.6 million, due in part to higher residence hall occupancy, offset by increased operating expenses for CATA student bus service compared to budget.

Current-year revenues are approximately 3.8% (+$7.0 million) higher than budget, primarily due to the previously mentioned residence hall house count occupancy being 370 students higher than projected.

Operating expenses are projected to be 1.4% (+$2.6 million) over budget. CATA cost increases for free bus passes for students, and student room Wi-Fi accelerated installation completion account for the higher expenses.

Debt service costs will peak for the first time in 11 years as final construction costs for 1855 Place apartments are paid. This debt total marks the completion of all projects planned in the 2008 RHS Strategic Direction. Total RHS debt service cost will remain constant at $23.4 million in 2018-19 and in 2019-20.

RHS deferred maintenance reserves currently approximate budgeted levels for 2018-19. This reserve will allow for $10.4 million of total RHS building repair and renovations in 2018-19, while still maintaining a minimum reserve balance of $25 million for unforeseen issues.

2019-20 Proposed Operating Budget
Net residence hall and apartment contribution to RHS repairs and reserves is projected to be $4 million, slightly above the 2018-19 budget of $3.6 million due to the anticipated increase of 610 residence hall students.

Consolidated 2019-20 residence hall, apartment and summer conference revenues are projected to increase 4.9% ($9.1 million) above current-year budget amounts due to the residence hall room and board rate increase of 1.95%, apartment lease rate increase of 1%, and the aforementioned 610 (4.3%) residence hall house count increase. Off-campus meal plan sales have declined in FY18-19 and are expected to remain at lower levels in FY19-20, thereby offsetting some budgeted increases.

Consolidated residence hall and apartment expenses are budgeted to increase $8.8 million (4.8%) in 2019-20 over budgeted 2018-19 levels. Regular team member wages are budgeted to increase 2.75% in 2019-20, per union agreement, while the minimum wage for student employees will increase from $9.25 to $9.45/hour. Student CATA bus costs will increase approximately $900,000 with the change to free bus passes for all MSU students. Planned building repairs will increase $1.7 million (22.8%) to address needs in the RHS Long Range Asset Plan (LRAP) and include $4.2 million for Wonders Hall life safety improvements.

The 2019-20 residential dining budget has been increased slightly for wages and benefits to address continued challenges in staffing levels. This staffing shortage became acute in 2015-16 for Culinary Services and resulted in actual personnel expenses being significantly below budget. The 2019-20 residential dining staffing budget has increased to help address this issue.

Food costs are budgeted to increase $1.2 million (3.8%) due to the higher budgeted residence hall house counts. Utility expenses are budgeted to increase $0.5 million (4.2%) in 2019-20 compared to the current year budget due to budgeted increased residence hall house counts for dining operations. The MSU Power Plant transition from burning coal to natural gas has resulted in significantly reduced utility expenses for RHS the past five years. Please see the attached RHS Financial Preview for additional budget details.

Debt Service Costs

Residence Halls: RHS annual debt service costs for residence halls will total $16.6 million in 2019-20, the same amount as 2018-19. All residence hall bonded debt projects are now fully financed.

University Apartments: RHS annual debt service costs for apartments will total $6.4 million in 2019-20, the same amount as 2018-19. Final construction payments are currently being processed for the 1855 Place single student apartments.

Residence Halls and Apartments Combined: RHS total annual debt service cost will total $23.3 million in 2019-20, the same amount as 2018-19. RHS long-term debt obligations currently total their maximum projected level of $357 million. Future annual debt service costs will remain level until 2030.

RESIDENCE HALL FINANCIAL STRESS TEST

Retention of students living in residence halls is crucial for continued financial viability of RHS. The 2008 RHS 10 Year Strategic Plan financial strategy is based on annual residence hall house counts of approximately 14,400.

Historical Residence Hall average academic year house counts:

2008-09	14,506	2014-15	14,709
2009-10	14,385	2015-16	14,716
2010-11	14,010	2016-17	14,762
2011-12	14,820	2017-18	14,357
2012-13	14,725	**2018-19**	**14,660 projected**
2013-14	14,710	**2019-20**	**14,900 budgeted**

Based on the proposed 2019-20 residence hall room and board annual rate of $10,472, each 100 student residence hall house count addition or reduction equates to approximately $1,000,000 in increased or decreased net operating revenues.

Based on the proposed 2019-20 residence hall room and board annual rate increase of 1.95%, each 0.25% addition or reduction in the rate equates to approximately $370,000 in increased or decreased net operating revenue.

FACILITY IMPROVEMENTS

In 2008, RHS adopted a long-range strategic plan. The plan was updated in 2013 and addressed the aging Spartan Village Apartments and building infrastructure projects. RHS has been able to successfully renovate several more residence halls than first envisioned in the 2008 strategic plan due to careful planning, historically low bond interest rates and advantageously competitive construction contract bids.

Completed Strategic Plan Renovations include:

RHS Reinvestment/completion	Housing	Dining	Engagement Center/Student Services
Apartments:			
University Village Apartments 8/07	X		
1855 Place Family Apartments 8/16	X		
1855 Place Single Std Apartments 8/17	X		
Residence Halls:			
North Neighborhood			
Mary Mayo 7/09	X		
Landon 7/14	X	X	
Snyder-Phillips 7/08	X	X	
MSU Union 12/12		X	X
South Neighborhood			
Holden 7/08	X	X	X
Case 12/11	X	X	
Wilson Hall The Hive 8/14			X
River Trail Neighborhood			
Owen 7/09	X	X	
Shaw 12/12	X	X	
McDonel 8/12			X
Brody Neighborhood 7/10		X	X
Emmons 7/11	X		
Bailey 7/12	X		
Armstrong 7/13	X		
Bryan 7/13	X		
Rather 7/12	X		
Butterfield 7/14	X		
East Neighborhood			
Akers 1/15	X	X	
Hubbard 8/10			X

Future repair and maintenance of the residence halls will be funded through cash reserves as opposed to bonded debt. For 2018-19 and again in 2019-20, a dedicated 1% of the residence hall room and board rate increase has been established to fund continuing facility infrastructure improvements.

These funds will provide for timely and planned renovation of facility exteriors, elevators, roof maintenance, energy-efficient lighting replacements, information technology maintenance and upgrades, life safety improvements, asbestos and lead remediation and landscape repair and maintenance.

These and any future incremental portions of the rate increase will provide long-term support to maintain RHS facilities and student services. A Long-Range Asset Plan (LRAP) is continually updated and serves as a framework for maintaining the residence halls and apartment buildings.

Additional funding scheduled for 2019-20 includes approximately $9.7 million in building repair and renovations (plant cash / JIT) expenditures provided by 2018-19 operating net income. The final phase of the five-year, $12 million Hubbard Hall exterior renovation is budgeted for $2,020,000 in 2019, as is $4,224,000 in funding for the planned Wonders Hall academic and life safety renovation.

Future Strategic Plan Renovations include:

There are a variety of infrastructure projects and maintenance obligations that RHS has to address between the years of 2019 and 2028. Those projects are listed below:

	RHS Ten Year Plan for Fiscal Years 2019 - 2028				
Location	**RHS Capital Projects (>$1,000,000)**	**Funding Year**	**Category**	**Dept.**	**Capital Project Total**
Hubbard Hall	Windows and masonry restoration (phase V of V)	2019/20	Architectural	RHS	$ 2,020,000
Wonders Hall	Fire suppression and alarms installed in student rooms on living wings. Water line replacement.	2019/20	Mechanical	REHS	$ 4,224,000
Holmes Hall	Dining and kitchen renovation	2020/21	Renovation	CS	$ 3,100,000
Owen Hall	Visiting Scholar living wing conversion and update	2020/21	Renovation	REHS	$ 1,000,000
Case Hall	(4) Passenger elevators mechanical update and cab replacements	2021/22	Mechanical	REHS	$ 1,225,000
Holmes Hall	Fire suppression and alarms installed in student rooms on living wings	2021/22	Mechanical	REHS	$ 4,500,000
Kellogg Center	(4) Passenger and service elevators replacements	2022/23	Mechanical	SHG	$ 1,100,000
Campbell Hall	Building renovation (Phase I of II)	2022/23	Renovation	REHS	$ 8,500,000
Campbell Hall	Building renovation (Phase II of II)	2023/24	Renovation	REHS	$ 8,500,000
Wilson Hall	Fire suppression and alarms installed in student rooms on living wings	2024/25	Mechanical	REHS	$ 4,500,000
Kellogg Center	Replace plumbing to guest rooms and other areas	2024/25	Mechanical	SHG	$ 1,500,000
McDonel Hall	(4) Passenger elevators mechanical update and cab replacements	2025/26	Mechanical	REHS	$ 1,700,000
Yakeley Gilchrist	Building Renovation (Phase I of II)	2025/26	Renovation	REHS	$ 8,000,000
Linen Services Bldg.	Replace tunnel washer	2025/26	Equipment	CS	$ 1,200,000

Yakeley Gilchrist	Building Renovation (Phase II of II)	2026/27	Renovation	REHS	$ 9,000,000
McDonel Hall	Fire suppression and alarms installed in student rooms on living wings	2027/28	Mechanical	REHS	$ 4,700,000
MSU Union	Fire suppression system and alarms installed in public areas	2027/28	Mechanical	REHS	$ 2,500,000
	RHS Ten Year Capital Project Total for 2019/20-2027/28				**$ 67,269,000**

Funding Year	Capital Project Total	Number of Projects	
2019	$ 6,244,000	2	
2020	$ 4,100,000	2	
2021	$ 5,725,000	2	
2022	$ 9,600,000	2	
2023	$ 8,500,000	1	
2024	$ 6,000,000	2	
2025	$ 10,900,000	3	
2026	$ 9,000,000	1	
2027	$ 7,200,000	2	
Total	$ 67,269,000	17	

Category	Capital Project Total	Number of Projects	
Mechanical	$ 23,269,000	8	35%
Renovation	$ 38,100,000	6	57%
Architectural	$ 4,700,000	2	7%
Equipment	$ 1,200,000	1	1%
Total	$ 67,269,000	17	100%

PLANNING FOR THE FUTURE

Updating the 2013 Strategic Plan

In October 2008, under the direction of Vice President for Auxiliary Enterprises (VPAE) Vennie Gore, the previously named Division of Housing and Food Services embarked on a journey to prepare for challenges of a new millennium, creating a diverse set of buildings and units. By renaming itself Residential and Hospitality Services, the division signaled a culture of change, breaking down silos and creating opportunities for the future.

This strategic plan identified four strategic goals:

1. Define and enhance the student experience by promoting learning and development through interaction.
2. Create vibrancy and renewal that compels higher levels of satisfaction and achievement.
3. Celebrate student life by providing diverse spaces for globally minded, 24/7 student that is uniquely MSU.
4. Initiate a transformative world-class model of residential experience with accessibility, sustainability and stewardship principles.

These strategic goals inspired many updates, including reorganizing the division into cohesive functional areas; playing an integral role in establishing Neighborhoods at MSU; developing and opening five Neighborhood Engagement Centers, consolidating Campus Living Services and the Department of Residence Life to Residence Education and Housing Services; and creating neighborhood dining centers with a focus on culinary excellence.

A follow-up plan in 2013 expanded on these areas and addressed the aging Spartan Village Apartments which resulted in the construction of 1855 Place Apartments, and other building infrastructure projects. It also included an additional strategic goal: Maintain fiscal responsibility to provide long-term financial viability and sustainability.

The 2008 and 2013 strategic plans have allowed RHS to evolve as a world competitor in the industry of university housing and dining, showcasing MSU as a marvel of revitalization. As the division begins to plan for the 2026 class, it must realize that this class represents a new generation and is expected to be quite different in terms of demographics, migration patterns and graduation rates. These differences could result in a significant change in student needs. Therein lies RHS' key challenge as it plans for the future – What will the Spartan experience look like in 2026?

2026 Strategic Plan

Looking forward, the RHS division must consider its goods production and service delivery as it will be in 2026, based on the freshman class of that time. RHS needs to explore possible scenarios and potential outcomes to the numerous shifting trends, whether internal or external to higher education, and develop readiness plans for them.

Hanbury, MGT America, and Envision Strategies were hired to assist in the development of the current strategic plan. All these firms were also involved in the previous plans which provided a long-term analysis of our progress. The consultant team conducted numerous focus groups and electronic surveys with students, faculty and staff. Students of all class standings, both those who live on campus and off campus stated that freshman should live on campus because of the experience. This speaks to the value of the experience and the continued focus on student success.

As compared to 2008, the number of campus community members eating off campus has dropped 5.8% and the number of campus community members eating on campus has increased from 39.4% in 2008 to 43% in 2018. Both these data points support our strategic focus of "First Year Experience" and "Lead With Food."

As we look to the future, the following themes have emerged: continue to emphasize student success for first year and second year students with our campus partners; reimagine our culinary experience for today's students, focus on the integration of technology and innovation to improved service delivery, and to continue to focus on talent development.

Long-Range Asset Plan
The Long-Range Asset Plan allows MSU to track the ongoing life-cycle maintenance needs of our RHS facilities. This document includes projected costs and timing for the entire system, allowing the division to properly plan resource allocation.

Housing Policy Review Task Force
A committee led by faculty member Dr. Mark Largent, interim Dean of Lyman Briggs, is currently reviewing academic success metrics tied to students' living arrangements. Current MSU research demonstrates shorter time to graduation and higher GPAs among students who live on campus a second year. The MSU BOT Policy does include a two-year live-on requirement that has been waived since the 1980s.

APPENDIX: UNIVERSITY APARTMENTS

1855 Place:

The State Police Post Redevelopment project centers on Michigan State University's mission to be Bolder By Design by enhancing the student experience and advancing the University's culture of high performance. The site, named 1855 Place in honor of the year MSU was founded, will retain its convenient event parking while also offering single students and student families a vibrant community with revitalized apartment housing, engagement areas, scenic plazas and a marketplace to fulfill every Spartan's need. With Residential and Hospitality Services and Intercollegiate Athletics administration finding a new, consolidated home at the site, not only will residents be able to easily secure tickets to the next big game, but the benefits of this new collaborative and efficient workspace will be felt across the University.

The $157 million 1855 Place project partners with the Department of Intercollegiate Athletics and MSU Police and includes:

•Three four-story buildings providing 60 one-bedroom units and 129 two-bedroom units for students with families that opened in August 2016.
•240 housing units for individual students, consisting of a combination of studios and two and four-bedroom apartments that opened in August 2017.
•Retail space, which will include, among other things, Sparty's Market, a ticketing office for University events, a Spartan Spirit Shop, and a Starbucks that opened in August 2017.
•Intercollegiate Athletics and RHS administrative offices that opened in Fall 2017.
•Surface parking lots and a parking deck that opened in Spring 2016.
•Outdoor recreation spaces and common areas.

1855 Place Family Apartments: These apartments were built to continue the MSU mission of providing family housing on campus to replace Spartan Village apartments. They opened in August 2016 and feature 60 one-bedroom and 129 two-bedroom apartments. They offer 12 month leases and are currently at 96% occupancy.

1855 Place Single Student Apartments: These apartments are new, providing housing for 608 students and opened in August 2017. They offer 32 studio units, 12 two-bedroom efficiency units, 116 two-bedroom standard units (with washer/dryer), 8 four-bedroom efficiency units, 40 four-bedroom flat units, and 32 four-bedroom townhome units. The new single student apartments offer the option of either 10 or 12 month leases and are forecasted to be at 95% occupancy for 2018-19.

University Village Apartments: The 304 beds in University Village apartments are budgeted to remain at 95% occupancy for 2019-20. These apartments will offer 10 or 12 month leases. These units are now over 12 years into their service lives and are located adjacent to the new 1855 Place development.

Spartan Village Apartments: Plans are in place for Spartan Village apartments to be slowly phased out beginning in 2017-18, as they have almost reached the end of their useful service life. Of the 1,028 total units, only 364 will be available for lease in 2019-20. Visiting Scholars, short-term MSU faculty/staff, and current graduate student families with financial need will continue to live at Spartan Village.

MSU RHS RESIDENCE HALLS: PRELIMINARY FINANCIAL PREVIEW

REVENUES:	RHS Budget 2018-19	Proposed Budget 2019-20	$ Increase / ($ decrease)
Room & Board	$142,325,400	$152,243,774	$9,918,374
Dining Cash Sales	24,075,223	22,609,645	(1,465,578)
Academic Space Rental	1,635,003	1,776,050	141,047
Conferences – Recurring	2,760,000	5,525,000	2,765,000
Conferences - Nonrecurring(1)	2,500,000(1)	0	(2,500,000)(1)
Total Revenues =	**173,295,626**	**182,154,469**	**8,858,843**
EXPENSES:			
Personnel Services	68,196,411	70,915,040	2,718,629
Student Affairs / Res Life	376,000	336,000	(40,000)
Food Purchases	31,301,766	32,491,440	1,189,674
Utilities	10,350,579	10,747,828	397,249
General Expense	7,697,945	8,814,055	1,116,110
Supplies	6,607,262	6,754,637	147,375
Repairs & Maintenance	8,221,242	8,705,711	484,469
Communications/Bandwidth	2,755,300	2,962,119	206,819
Auxiliary Overhead Fee	2,700,000	2,700,000	0
Uniforms / Linen	1,418,731	1,424,011	5,280
Insurance	369,000	624,555	255,555
Equipment	255,732	289,900	34,168
Scholarships, Intangibles, Misc.	932,177	873,654	(58,523)
Travel	741,536	923,635	182,099
Administration Fee 1%	1,606,912	1,745,840	138,928
1% Facility Infrastructure Improv	1,421,862	1,520,837	98,975
Building Repair/Renov (Plant Cash)	7,382,275	9,065,000	1,682,725
Debt Service Cost	16,455,083	16,589,363	134.280
Total Expenses =	**168,789,813**	**177,483,625**	**8,693,812**
Contribution to J-I-T Repairs and Reserves =	**$ 4,505,813**	**$ 4,670,844**	**$ 165,031**

NOTE:

(1) In May 2019 MSU will host one large conference on campus. This conference is nonrecurring in nature for MSU and is not a part of the normal event calendar. Net proceeds from this conference will finance RHS facility renovations.

MSU RHS UNIVERSITY APARTMENTS: PRELIMINARY FINANCIAL PREVIEW

REVENUES:	RHS Budget 2018-19	(1) Proposed Budget 2019-20	$ increase / ($ decrease)
Apartment Rent	**$11,611,614**	**$11,862,670**	**$251,056**
EXPENSES:			
Personnel Services	2,438,000	2,488,007	50,007
Utilities	776,527	843,297	66,770
General Expense	684,168	794,801	110,633
Student Affairs / Res Life	0	0	0
Supplies	210,000	174,230	(35,770)
Repairs & Maintenance	592,000	821,393	229,393
Communication /Bandwidth	400,000	297,036	(102,964)
Auxiliary Overhead Fee	300,000	300,000	0
Insurance	75,791	152,833	77,042
Equipment	36,000	45,000	9,000
Linen/ Travel/ Miscellaneous	65,600	104,750	39,150
East Lansing Schools	0	0	0
Administration Fee 1%	116,116	118,627	2,511
Facility Improvements/Renov.	0	0	0
Debt Service Cost	6,777,614	6,393,400	(384,214)
Total Expenses =	**12,471,816**	**12,533,374**	**61,558**
Contribution to J-I-T Repairs and Reserves =	**($860,202)**	**($670,704)**	**$189,498**

NOTES:

(1) ACADEMIC 2019-20 IS THE THIRD YEAR FOR FULL OCCUPANCY AND OPERATION OF THE 1855 PLACE APARTMENTS. ACADEMIC YEAR 2019-20 WILL ALSO BE THE THIRD YEAR OF REDUCED OCCUPANCY AT SPARTAN VILLAGE APARTMENTS WITH NO UNDERGRADUATE STUDENT LEASING.

MSU RHS RESIDENCE HALL RATE COMPARISON
Standard Double Room & Board Plan for 2019-20*

BIG TEN UNIVERSITIES	Actual 2018-19 Rate	Estimated 2019-20 Rate	$ Increase	% Increase
Northwestern University: 20 meals/week	$16,274	$16,580	$306	1.89% proposed
Rutgers University: 19 meals/week	$12,639	$12,923	$284	2.25% proposed
Ohio State University: unlimited meals	$12,434	$12,708	$274	2.20% proposed
University of Maryland: unlimited meals	$12,070	$12,480	$410	3.40% proposed
University of Michigan: unlimited meals	$11,534	$11,880	$346	3.00% proposed
University of Nebraska: unlimited meals	$11,430	$11,830	$400	3.50% proposed
Penn State University: 17 meals/week	$11,060	$11,352	$292	2.64% approved
Indiana University: $1,980 + debit meals	$10,465	$10,831	$366	3.50% proposed
University of Illinois: unlimited meals	$10,612	$10,771	$159	1.50% proposed
University of Iowa: unlimited meals	$10,284	$10,490	$206	2.00% proposed
Michigan State Univ.: unlimited meals	**$10,272**	**$10,472**	**$200**	**1.95% proposed**
University of Minnesota: unlimited meals	$9,910	$10,331	$421	4.25% proposed
Univ. of Wisconsin: $1,288 + debit meals	$9,625	$9,914	$289	3.00% proposed
Purdue University: 13 meals/week	$9,414	$9,414	$0	0.00% approved

MICHIGAN UNIVERSITIES	2018-19 Rate	Estimated 2019-20 Rate	$ Increase	% Increase
University of Michigan: unlimited meals	$11,534	$11,880	$346	3.00% proposed
Michigan Tech Univ.: unlimited meals	$10,416	$10,624	$208	2.00% estimated
Northern Michigan Univ.: unlimited meals	$10,406	$10,614	$208	2.00% estimated
Michigan State Univ.: unlimited meals	**$10,272**	**$10,472**	**$200**	**1.95% proposed**
Eastern Michigan Univ.: unlimited meals	$10,167	$10,370	$203	2.00% estimated
Oakland University: 18 meals/week	$10,108	$10,310	$202	2.00% estimated
Wayne State University: unlimited meals	$10,072	$10,273	$201	2.00% estimated
Western Michigan Univ.: unlimited meals	$10,045	$10,246	$201	2.00% estimated
Ferris State University: unlimited meals	$9,984	$10,184	$200	2.00% estimated
Central Michigan Univ.: unlimited meals	$9,931	$10,130	$199	2.00% estimated
Lake Superior State Univ.: 19 meals/week	$9,882	$10,080	$198	2.00% estimated
Saginaw Valley State Univ.: unlimited meals	$9,096	$9,278	$182	2.00% estimated
Grand Valley State Univ.: 19 meals/week	$9,090	$9,272	$182	2.00% estimated

*MSU BASIC "SILVER" PLAN PROVIDES UNLIMITED ACCESS/MEALS AT ANY OF THE 10 RESIDENCE HALL DINING FACILITIES FROM 7 AM TO 10 PM SEVEN DAYS A WEEK. THIS PLAN ALSO INCLUDES ONE DAILY ACCESS TO A COMBO-X-CHANGE MEAL AT ANY OF THE SPARTY'S, UNION PIZZERIA, UNION DELI, SERRANO'S, "EAT AT STATE" FOOD TRUCK, OR RIVERWALK MARKET RETAIL DINING LOCATIONS ON CAMPUS. MSU'S MEAL PLAN ACCESS AND FLEXIBILITY IS UNMATCHED BY ANY OTHER BIG TEN OR STATE OF MICHIGAN PUBLIC UNIVERSITY.

MSU RHS AVERAGE RESIDENCE HALL HOUSE COUNTS

1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
17,800	17,200	17,700	17,570	17,900	17,680
1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
16,100	15,354	15,551	16,100	16,437	16,800
1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
16,950	17,300	16,500	15,800	15,100	13,900
1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
14,126	13,972	13,964	13,965	14,234	14,181
1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
14,190	14,564	14,494	14,624	14,342	14,485
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
14,844	14,733	14,611	14,506	14,385	14,010
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
14,820	14,725	14,710	14,709	14,716	14,762
2017-18	2018-19				
14,357	14,660				