Fwd: Revised

From:	Joan Gabel <jgabel@[redacted]>
To:	William Haldeman <haldeman@[redacted]>
Sent:	March 29, 2020 9:42:25 PM CDT
Received:	March 29, 2020 9:42:29 PM CDT
Attachments:	Revised Option on HRL refund credit 03.29.20.docx, untitled

Sent from my iPhone

Begin forwarded message:

From: Brian Burnett <burnett@[redacted]>
Date: March 29, 2020 at 9:07:36 PM CDT
To: Joan Gabel <jgabel@[redacted]>
Cc: Matt Kramer <kramerm@[redacted]>, Mike Berthelsen <berth004@[redacted]>, Julie Tonneson <tonne001@[redacted]>, Karen Hanson <karhan@[redacted]>
Subject:Revised

see attached.

Brian

--

Brian D. Burnett, PhD

Senior Vice President, Finance and Operations

Morrill Hall, Room 301

University of Minnesota

100 Church St. SE

Minneapolis, MN 55455

http://svpfo.umn.edu/

[redacted]

[redacted]

Option for Consideration:

Modify the original plan to refund housing and dining costs to students ($1200 per student on the TC campus and $1000 per student on the other campuses) to a new methodology and outcome: 100% of each student's cost from April 1 to the end of spring semester. As with the original plan, students remaining in University housing during Spring semester 2020 will not receive a credit as they will have access to continuing housing and dining services. Implementation will occur in the same way as originally planned (credit to student account in April 2020).

While the financial impact of this decision is significant (see table below), it should be considered a necessary option for the following reasons:

- It more appropriately recognizes the varying costs students pay each semester based on the choices they make in dining and housing contracts (meal plan choice, apartment vs. residence hall living, single vs. shared rooms, and so on). For example, for the full semester, the least expensive residence hall and dining plan choice would cost $4,841 on the TC campus, while the most expensive residence hall and dining plan choice would cost $6,223. The flat dollar per student credit of the original plan resulted in unequal treatment, with some students receiving more of their total cost than others.
- It removes the financial burden and accompanying stress from students and families as they contemplate a return to campus in the fall, so it may have a positive impact on retention rates.
- It will improve the relationship between the University and students/families.
- It maintains the principle of consistency across all campuses as it would be applied system-wide.

The table below displays the financial considerations for this revised recommendation. The blue shaded columns represent the estimated revenue loss to the University in total (column C) and the incremental loss above the original plan (column F):

A	B	C	D	E		F
Campus	**6/30/19 Housing & Dining Balances Combined***	**Estimated Revenue Loss – 100% Credit from April 1 to End of Semester****	**Avg. credit per student associated with column C – not equal per student ****	**Estimated Revenue Loss – President's Announced Credit (4-1-20) - $1,200 (TC) and $1,000 (other campuses)**		**Estimated Additional Revenue Loss – 100% Credit Compared to $1200/$1000 Plan (C – E)**
UMC	$1,497,351	$428,000	$1,297	$417,000		$11,000
UMD	$14,524,100	$3,275,000	$1,156	$2,695,000		$580,000
UMM	$643,657	$927,000	$1,632	$592,000		$335,000
UMR	($47,216)	$212,000	$1,293	$220,000		($8,000)
UMTC	$25,266,100	$14,981,000	$1,967	$8,747,000		$6,234,000
Total	$41,883,992	$19,823,000		$12,671,000		$7,152,000

*Note: in all cases, auxiliary units purposely set aside funds when possible to address future capital needs/projects, so year end balances are largely not dedicated to operating needs. For example,

$12.8m of UMD’s balance in Column B represents funding held for housing expansion and a new dining facility in FY20.

** The estimated revenue loss is a calculation based on the “most common” student choice for housing contract and dining plan. Because some students will remain on campus, and actual costs per student vary greatly, the final revenue loss will not be known until the refunds are processed.

Challenges associated with the revised credit recommendation:

- It will result in a revenue loss of approximately $7 million more for the auxiliary units than the original plan, which may necessitate University support on a one-time basis. For example, the Morris campus balances in housing and dining are not sufficient to cover the estimated revenue loss.
- It could further delay capital projects that were relying on the accumulated balances.
- It will put additional pressure on housing and dining rate increases in future years.
- It could further impact future service levels in housing and dining as decisions will be made to reduce costs.
- It could possibly add confusion about the rationale for a change so quickly on the heels of the first decision.