



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Budget and Finance -Attachment 1

Committee Name: Budget and Finance

Date: April 11, 2025

Agenda Item: 2025-26 Housing and Dining Rates

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Information

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Review

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Action

Resolution:

BE IT RESOLVED that the Board of Trustees of Michigan State University hereby adopts the basic residence hall double housing and dining rate of \$12,698 for residents who select the silver unlimited meal plan for the 2025-26 academic year.

BE IT FURTHER RESOLVED that the Board of Trustees of Michigan State University hereby adopts a 5% rate increase for 1855 Place and University Village apartments for the 2025-26 academic year.

Recommendation:

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration to implement the academic year 2025-26 housing and dining rates, as set forth in the resolution.

Prior Action by BOT: The board annually approves housing and dining rates at its April meeting. The board last approved rate changes in April 2024.

Responsible Officers: Erin Carter, Interim Associate Vice President for Residence and Hospitality Services

Summary:

Attachment A reflects recommended 2025-26 academic year housing and dining rates.

Background Information:

The proposed 2025-26 residence hall rates for first-year and returning residents represent a 2.9% increase over the 2024-25 rates. The increase in housing and dining rates for the 2024-25 academic year was 6.89% over 2023-24 rates.

If the new rates are adopted, the residence hall double room rate for an undergraduate student's first year of residence will increase \$150 per year, and the silver unlimited meal plan will increase \$214 per year.

Rate increases for the 25-26 academic year for both residence halls and apartments are needed to address rising wage costs, especially increases in minimum wage and significant increases in employee health care costs, alongside ongoing investment within RHS infrastructure. In principle, however, these are examples of rising costs along the way to achieving our mission and contribution to student and guest experience, and student success.

The 5% rate increase for apartments is tied to parallel market rates given that residents are choosing this option, in contrast with a two-year on-campus requirement.

It is anticipated that even with these rate increases, Michigan State University will continue to be competitively positioned – 9th among the 18 universities in the Big Ten.

Source of Funds:

Student housing and dining revenues.

Resource Impact:

If approved, the housing and dining rates for the 2025-26 academic year will support continued operation in pursuit of student success.

ATTACHMENT A
MSU RHS 2024-25 Housing and Dining
April 11, 2025

The housing and dining components of the Division of Residential and Hospitality Services (RHS) are self-supporting auxiliaries of Michigan State University. The division receives no State of Michigan or student tuition funding for the operation, maintenance or renovation of the university's extensive award-winning housing and dining system.

RHS is conscious of the cost of education for students and their families. Thus, the division is committed to identifying revenue-enhancement strategies for its auxiliary operations, and focusing on managing expenses to help mitigate the impact of inflation. To offset the elevated levels of inflation, the division is purchasing food stores in greater quantity, reducing dining hall use of disposables, and reducing variable labor and staff overtime hours.

The annual evaluation of Housing and Dining rates considers the revenues and expenses, long range asset planning, and debt service as outlined and detailed above. The resulting calculation shows the proposed rate adjustment that would be needed to meet the projected and realized expenses.

The proposed rate increase for academic year 2025-26 is 2.9% and would apply to both first-year and returning students. We are proposing a residence hall rate of \$12,698 per academic year. This is 2.9% more than the previous incoming class, which equates to a room cost increase of \$150 and a meal plan cost increase of \$214, or \$364 in total.

For apartments, the proposed rate increase is 5%.

Rate Recommendation for University Apartments:

The proposed rate recommendation for academic year 2025-26 is as follows:

- 1855 Place and University Village Apartments: 5% increase
- Spartan Village Apartments: no rate increase as it will close in June 2025.

The rate increase for 1855 Place and University Village Apartments was 5% for 2024-25.

Rate Analysis	2024-25 Rate for 1st Year Residents	2.9%	2025-26 Rate
Residence Hall/Academic Year: Double	\$5,188	\$150	\$5,339
Residence Hall Meal Plan/Academic Year: Silver Unlimited	\$7,376	\$214	\$7,590
University Village Apt./Month: 4 bed	\$833	\$24	\$857
1855 Place Family Apt./Month: 1 Bed	\$908	\$26	\$934
1855 Place Family Apt./Month: 2 Bed	\$1,050	\$30	\$1,081
1855 Place Single Student Apt./Month: Studio	\$1,119	\$32	\$1,152
1855 Place Single Student Apt./Month: 2 Bed	\$994-\$1,016	\$29	\$1,023-\$1,046
1855 Place Single Student Apt./Month: 4 Bed	\$891-\$920	\$26-\$28	\$917-\$994

MSU's residential living experience provides exceptional value for residents. In one all-inclusive cost, RHS provides holistic services to support students' success, including award-winning dining available 14 hours a day, seven days a week, highspeed internet, heat, water, electricity, furnishings, linen and laundry services, fitness centers, reception desk service, campus security, convenient access to academic classrooms, neighborhood engagement centers, and a residential education model that focuses on building community and Spartans for life.

RHS is sensitive to the need to keep housing and dining rates affordable for students, especially as the pressures of individual contribution to the cost of higher education continue to increase. This proposed rate attempts to strike a balance between affordability, enhanced services for students, and the continued renovation and required updates of aging residence halls and apartment buildings.

Housing Option	Daily Cost
Residence Hall: Double (All inclusive) First Year Resident	\$56
1855 Place Family Apt. 1 Bedroom	\$30
University Village	\$27
Williams Hall Apartment (Room Only)	\$26

Residence Education and Housing Services and Culinary Services

The RHS auxiliary operations budget model aims to provide net income to underwrite support of the division and university missions. RHS has three historical financial objectives to achieve through net income from operations:

1. Pay down debt service costs – the “mortgage” of buildings.
2. Provide just-in-time maintenance funds for repairs and improvements.
3. Maintain an adequate reserve balance to address unforeseen emergencies, support the division's Long Range Asset Plan (LRAP), and allow for versatility in integrating financial responses to short- and long-term operational and capital needs.

MSU & RHS Mission and Values

The Division of Residence and Hospitality Services supports and integrates the mission, values, and strategic themes of MSU 2030, which seek to advance knowledge and transform lives by providing outstanding undergraduate, graduate, and professional education, conducting research of the highest caliber, and advancing outreach, engagement, and economic activities. MSU's strategic themes of Student Success, Staff and Faculty Success, Discovery, Creativity and Innovation for Excellence and Global Impact, Sustainable Health, Stewardship and Sustainability, and Diversity, Equity and Inclusion are embedded in daily work as RHS seeks to deliver outstanding Spartan experiences.

The Funding Strategy – Three-Pronged Approach

Housing and dining rates support a three-pronged approach to fostering student success and delivering outstanding experiences at Michigan State University. The prongs of the approach include:

1. The full scope of benefits and services to residential students.
2. Support for institutional initiatives and needs.
3. Stewardship of investments in RHS facilities.

The following sections highlight details of each of these aims accomplished through intentional stewardship of the housing and dining fees generated annually.

The Housing and Dining Value Proposition

Michigan State University developed its Neighborhood Model to provide students with consistent resources conveniently located near their housing. This model relies upon close partnership between RHS, Student Affairs, The Office of Undergraduate Education, and University Health and Wellbeing to offer these services. The Neighborhood Student Success Center, part of Undergraduate Education, provides academic support services to residential communities where they live and learn. Our five Neighborhood Engagement Centers, in collaboration with campus partners, are dedicated to fostering student success outcomes.

Michigan State is also known for its extensive living and learning opportunities for undergraduate students. MSU is home to three degree-granting residential colleges, eight living-learning communities (LLCs), and several special interest programs that allow students who share interests in academic-based or multicultural living experiences to live together in a designated residence hall or on a particular residence hall floor. They often offer classes in the same building as where students live, along with specialized programming and activities within the community. Approximately fifty- five percent of students participate in living-learning programs at MSU.

RHS provides more than just housing and dining; it offers a well-rounded and enriching student experience. This includes student leadership opportunities, residential experience programming, health and wellness support, safety and security services in partnership with the Department of Police and Public Safety, intentional intercultural dialogues, robust dining options, and access to classes held in the residence halls.

In 2020, Culinary Services was recognized by Food Service Directors as the number one college and university self-operation in the country. The Lead with Food philosophy is embedded in the ethos of the operation, which emphasizes culinary excellence and outstanding customer services. The all-you-care-to-eat model has become the standard for many operations and the Combo X-Change option is a favorite of students. Combo X-Change allows students to use a meal swipe for a meal exchange at retail locations including campus vendors (Starbucks, Panera, Subway, Panda Express and Strange Matter Coffee) as well as at concession stands at athletic venues. Students have access to food at all venues on campus, which negates food insecurity issues some students may endure and fosters their ability to succeed.

The housing and dining program provides exceptional value for students. Spartans spend 15% of their time going to classes and 85% going to college. The program is aligned with three university strategic plans: MSU 2030, DEI Strategic Plan and RVSM Strategic Plan. The first and second year of the college experience are critical to establish a sense of belonging during the transition to college and provides the academic foundation for persistence, retention, and graduation. Divisional work is designed to support MSU 2030 graduation goal of 86%. It is a stated goal to envelop students with services and experiences so they can connect, thrive, and succeed at Michigan State. The Spartan Navigator and Spartan Compass programs, Transgender Residential Community, Center for Survivors collaboration, and the Care and Intervention Team are directly aligned with strategic plans.

The program is a value-add for all students and is at the heart of the Spartan experience. The basic housing and dining package includes:

- One all-inclusive bill
- All utilities included
- Neighborhood health clinics
- Ubiquitous wireless internet
- 24-hour neighborhood service desks
- Cardio fitness rooms
- Academic support in neighborhood
- Location close to classes and activities
- Professional staff to ease transitions
- Work-where-you-live experience programming
- Residential community opportunities
- Unlimited access to award-winning dining
- Sustainable food procurement
- Vegan, vegetarian, gluten-free, kosher and halal options
- Residence Education duty staff availability
- Embedded counselors
- Flexible contracts
- Robust in-hall recycling program
- Comprehensive safety and security
- CATA bus transportation
- Roommate matching
- Spartan Compass and Navigator residential
- 12 Combo X-Change accesses per week
- Events and programs
- Allergy-free dining
- Registered dieticians
- Certified chefs

RHS has made significant investments to meet the growing and specialized housing needs of students. This includes the acquisition of new housing management software, overseeing the extensive living-learning community housing system, and accommodating specialized housing requests from academic departments, student affairs, and the Resource Center for Persons with Disabilities. The division remains dedicated to these initiatives as part of its ongoing commitment to student success.

Institutional Support

A total of \$3.76 million annually from housing and dining fees directly supports the broader institution:

- Student Success initiatives in partnership with the Office of Undergraduate Education at \$1.2 million annually:
 - Neighborhood Student Success Collaborative Centers.
 - One program manager position in the Residential Initiative on the Study of the Environment (RISE).
 - Support one position in Office of Student Support and Accountability
 - One farm manager position in the Student Organic Farm.
 - Two mental health counselor positions in University Health and Wellness
- Support free CATA bus service to students at \$1.3M annually.
- Support 53 Graduate Assistantship (GA) positions at \$1.26M annually.

Renovation Investments for 2025-26

Responsible stewardship of RHS auxiliary facilities requires a long-range investment planning strategy. Ongoing planning for maintenance, repairs and refurbishment is managed through the Long-Range Asset Plan (LRAP) with annual decisions made to advance projects for SLE funding. This stewardship is essential to maintain RHS facilities for use by generations of Spartans to come.

The great majority of these costs are fully funded by RHS through repayment to MSU for bonded debt, RHS reserves and plant cash, or occasionally student fees. Some cost sharing exists on expensive projects with broader campus implications, as in the renovation of Campbell Hall.

For FY 25-26, planned RHS investments toward facility projects include:

- Assorted projects for Residence Halls totaling **\$ 4.7 M**, of which **\$1.5 M** is due to water/pipe-related needs, **\$1.3 M** to rebuild elevators to maintain accessibility to all, and **\$1 M** to update fire suppression infrastructure.
- Updates to dining facilities and operations totaling **\$1.3 M**.
- **\$1.7 M** for seating replacements and accessibility updates to Breslin Center.
- **\$1.8 M** for wired and wireless network updates.

Current Year Budget Considerations

The RHS auxiliary operations budget reflects a mix of aligned institutional cost challenges, inflationary considerations, especially related to wages and food, management of Long Range Asset Planning, and historical downward pressure on room and board rates.

RHS continues to evaluate cost reduction strategies in conjunction with its value proposition. As one example, in 25-26 RHS will achieve cost savings by removing cable TV drops in student rooms given the changes in student approaches to entertainment content. (Cable TV will be maintained in all lounge locations.)

Additionally, as noted above, funding for ongoing and recurring capital needs are determined as a function of room and board rates. For example, RHS aims for \$10 MM as a baseline for its annual plant cash needs while \$12 M-14 M is a truer picture of the need.

All else equal, increasing plant cash funding by \$2MM would result in an approximately 1% increase in room and board rate.

The details below provide similar data points to illustrate the budget impact on RHS related to aligned institutional cost challenges as translated into room and board rate increases. for FY 25-26, from these key budget considerations.

- An increase in health care costs, budgeted at 10% over 24-25, translating to \$1.7 MM of additional RHS expense, or a roughly .85% increase
- Incorporation of the timeline to incorporate the State of Michigan's mandate of a \$15 minimum wage, translating to approximately \$500,000 of additional costs, or .25% increase.
- The cost impact of Earned Sick Time Act, creating \$100,000 of additional costs, or .05% increase.
- \$750,000 revenue loss related to the decommissioning of Spartan Village apartments, implying a .38% additional need. Additionally, RHS is currently committed to absorbing \$4 MM of decommissioning costs over the course of the process.

MSU STRATEGIC PLAN 2030

Mission: The mission is to advance knowledge and transform lives by providing outstanding undergraduate, graduate, and professional education; conducting research of the highest caliber; advancing outreach, engagement, and economic activities (full statement, approved in April 2008 by the Board of Trustees, available at trustees.msu.edu/about/mission.html).

Values: As an institution of higher learning, Michigan State University is committed to the highest ethical and academic standards. As a public institution, we are committed to transparent decision making and accountable governance. As a community, we commit to live these values.

- **Collaboration:** We will pursue innovation through partnership within MSU and with the communities we serve.
- **Equity:** We will eliminate barriers to access and success, challenge discrimination and bias, and address past and present inequalities.
- **Excellence:** We will hold ourselves to the highest standards of teaching, research, and engagement to serve the common good and improve the world we live in.
- **Integrity:** We will hold ourselves accountable to the highest levels of honesty, trustworthiness, and dependability.
- **Respect:** We will create and sustain a culture of safety in which we can learn, work, teach, live, and visit in a community that values the dignity of all people.

STRATEGIC THEMES

- Student Success
- Staff and Faculty Success
- Discovery, Creativity and Innovation for Excellence and Global Impact
- Sustainable Health
- Stewardship and Sustainability
- Diversity, Equity, and Inclusion

RHS Financial Position Update – FY24-25 Projected:

All funds projected net income is expected to be around \$10 million for 2024-25, ahead of the budgeted \$3.1 million.

Plant cash expenditures for repair of buildings have remained consistent at over \$8 million in 2024

Annual debt service cost remains constant at \$22 million. SLE long-term debt obligations will total \$283 million June 30, 2024. SLE reserves on June 30, 2024, are projected to be \$23 million.

FY25-26 Budget Outlook Summary:

Residence hall occupancy will remain fairly stable for academic year 2025-26. Residence Hall occupancy budget totals 15,875 including RAs and ICAs. The staffing and food stores expense budgets have been adjusted accordingly and evaluated for exposure to the uncertain trade/tariff landscape.

Net income from operations is budgeted to be around \$2 million, a decline from the anticipated 24-25 level given increases in wages, benefits, and plant investments as discussed above.

Annual debt service cost will increase to \$24 million due to the additional bonded debt for the Campbell Hall renovation. RHS long-term debt obligations will approximate \$303 million at June 30, 2025.

Please see the RHS Financial Preview below for additional budget details.

MSU RHS OPERATIONAL FUNDS: PRELIMINARY FINANCIAL PREVIEW

	Projection FY 24-25	% of Rev	Budget FY 25-26	% of Rev	\$ Increase/(Decrease)
Revenue/Funding:					
Housing and Dining	\$ 193,432,413		\$ 201,349,574		\$ 7,917,161
Cash Dining / Retail / Auxiliary / Other	\$ 95,192,398		\$ 101,231,013		\$ 6,038,615
Events & Conferences; Rental & Lease Income	\$ 14,413,029		\$ 13,682,340		\$ (730,689)
Total Revenues =	\$ 303,037,840		\$ 316,262,927		\$ 13,225,087
Expenses:					
Personnel Services	\$ 77,782,630	25.7%	\$ 85,368,712	27.0%	\$ 7,586,082
Benefits	\$ 26,290,648	8.7%	\$ 31,590,909	10.0%	\$ 5,300,261
Capital Expenditures	\$ 583,550	0.2%	\$ 1,018,645	0.3%	\$ 435,095
Contractual Services	\$ 30,530,967	10.1%	\$ 33,752,906	10.7%	\$ 3,221,939
Supplies	\$ 94,751,664	31.3%	\$ 96,746,623	30.6%	\$ 1,994,959
Financial Aid	\$ 353,000	0.1%	\$ 358,497	0.1%	\$ 5,497
Repairs & Maintenance	\$ 6,251,838	2.1%	\$ 8,552,949	2.7%	\$ 2,301,111
Travel	\$ 680,689	0.2%	\$ 864,194	0.3%	\$ 183,505
Intangibles	\$ 21,143,905	7.0%	\$ 22,161,477	7.0%	\$ 1,017,572
Transfer Out	\$ 907,595	0.3%	\$ 640,052	0.2%	\$ (267,543)
1% Facility Infrastructure Improvements	\$ -	0.0%	\$ -	0.0%	\$ -
Building Repair & Renovations (Plant Cash)	\$ 3,385,652	1.1%	\$ 9,842,713	3.1%	\$ 6,457,061
Debt Service Cost	\$ 17,152,845	5.7%	\$ 24,007,214	7.6%	\$ 6,854,369
Total Expenses =	\$ 279,814,983		\$ 314,904,892		
Contribution to RHS Just-In-Time Repairs & Reserves =	\$ 23,222,857		\$ 1,358,035		\$ (21,864,822)

MSU SLE RESIDENCE HALL RATE COMPARISON: Standard Double Housing & Dining Plan for 2025-26*

*MSU basic Silver Plan provides unlimited access/meals at any of the nine residence hall dining facilities from 7 a.m.-9 p.m., seven days a week. This plan also includes 12 accesses to a Combo X-Change meal at any of the Sparty's, MSU Union, international Center 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.

Cost ranking	University	FY 24-25 rate	FY 25-26 target increase
1	Northwestern	\$20,168	A
2	Maryland	\$15,509	B
3	Ohio State	\$14,813	3%
4	Rutgers	\$14,776	4-6%
5	Michigan	\$14,243	6%
6	Penn State	\$13,448	3.21%
7	Nebraska	\$13,186	3%
8	Minnesota	\$13,161	C
9	Michigan State	\$12,941	up to 3%
10	Illinois	\$12,543	5%
11	Indiana	\$12,187	A
12	Iowa	\$12,105	3.90%
13	Wisconsin	\$12,085	2.70%
14	Purdue	\$9,696	3.50%
15	Oregon		4.50%
16	UCLA		D
17	USC		E
18	Washington		F

Cost ranking	University	FY 24-25 rate	FY 25-26 target increase
1	Michigan	\$14,243	6.0%
2	Eastern Michigan	\$12,846	A
3	Central Michigan	\$12,628	A
4	Michigan Tech	\$12,612	A
5	Michigan State	\$12,941	up to 3%
6	Northern Michigan	\$12,465	3.5%
7	Western Michigan	\$12,174	3-5%
8	Saginaw Valley State	\$11,750	3-5%
9	Wayne State	\$11,746	0% housing, dining in review
10	Lake Superior State	\$11,543	A
11	Ferris State	\$11,032	5.0%
12	Oakland	\$10,662	3-5%
13	Grand Valley State	\$10,079	4-5%

Key	
A	Currently in review
B	3.96% housing / 9.33% dining
C	6% housing / 6.25% dining
D	3% rate; 1.5% campus tax
E	5.5% housing / 5% dining
F	3.29% housing / 4.88% dining

MSU RHS AVERAGE RESIDENCE HALL HOUSE COUNTS

<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
17,800	17,200	17,700	17,570	17,900	17,680
<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
16,100	15,354	15,551	16,100	16,437	16,800
<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
16,950	17,300	16,500	15,800	15,100	13,900
<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
14,126	13,972	13,964	13,965	14,234	14,181
<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
14,190	14,564	14,494	14,624	14,342	14,485
<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
14,844	14,733	14,611	14,506	14,385	14,010
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
14,820	14,725	14,710	14,709	14,716	14,762
<u>2017-18</u>	<u>2018-19</u>	<u>2019-20Covid</u>	<u>2020-21Covid</u>	<u>2021-22</u>	<u>2022-23</u>
14,357	14,523	11,265	2,372	14,334	15,832
<u>2023-24</u>	<u>2024-25 (thru Feb)</u>				
15,395	15,200				