

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: University of Northern Iowa Residence System:
FY 1999 Annual Report;
Ten-Year Plan - FY 2001-2010;
Proposed Residence Rates - Academic Year 2000-2001; and
Preliminary FY 2001 Budget

Date: March 6, 2000

Recommended Actions:

1. Receive the University of Northern Iowa residence system FY 1999 annual report.
2. Approve the UNI residence system ten-year plan for FY 2001 through FY 2010.
3. Give preliminary consideration to the academic year 2000-2001 proposed rates including a combined double occupancy residence hall room and 19 meals per week board plan of \$4,149 (a 6.0% increase) and apartment rate increases averaging 5.6%.
4. Give consideration to the UNI FY 2001 preliminary residence system budget, which is subject to further review and action when the Board approves the final FY 2001 institutional budgets in July.

Executive Summary:

The University of Northern Iowa operates the residence system and dining services as part of its educational responsibilities. The residence system is a self-supporting operation and reflects the University's mission of academic and personal development through student employment, student government, and participation in university and residence programs. The University's residence system does not receive state-appropriated funds for the operation or capital improvements of the system.

During FY 1999, the UNI residence system housed 4,457 students, which represents 33.4% of the University's total student enrollment of 13,329. Gross residence system revenue for FY 1999 was \$19.2 million and total operating expenditures were \$15.3 million. Plant improvement, repair, and maintenance expenditures totaled \$3.0 million, representing 1.3% of the total building replacement value of \$230.9 million. Voluntary reserves totaled \$4.3 million as of June 30, 1999, representing 22.3% of gross revenue. During FY 1999, \$7.0 million in residence system bonds were issued for projects to address deferred maintenance and fire safety. As of June 30, 1999, outstanding bond principal totaled \$19.0 million.

The University of Northern Iowa ten-year plan (summarized on Attachment 1) includes retirement of \$3.8 million of bond obligations and capital projects of \$20.8 million to be financed from new revenue bond financing. The University's residence system proposes to address deferred maintenance and fire safety projects and make substantial facility improvements in residential and dining facilities over the next five years.

The University of Northern Iowa's proposed rate increases for 2000-2001 include 5.8% for a double occupancy room and 6% for a 19-meal board plan, for a combined room and board increase of 6.0%. The total dollar increase would be \$235, from the present rate of \$3,914 to the proposed rate of \$4,149. The average apartment proposed rate increase is 5.6%. Increases in these rates form the basis for rate increases in other housing and dining contract choices. (Attachment 2.)

The UNI residence system preliminary budget for FY 2001 (Attachment 3) estimates gross revenues of \$21.7 million, expenditures for operations of \$17.6 million, net revenues after debt service and mandatory transfers of \$0.8 million, which represents 3.7% of gross revenues.

Background/Analysis:

A. FY 1999 ANNUAL REPORT

The residence system annual report provides detailed information on various aspects of residence system for FY 1999 including enrollment data; resident hall and apartment utilization; departmental organization and administration; student government; social, cultural, and educational services; dining and vending services; plant maintenance and capital improvements; and financial operations.

Residence system usage is primarily a function of lower division undergraduate enrollment since a smaller percentage of upper class students choose to live in the residence system.

During FY 1999, high-speed data connections were provided to all residence halls. This service provides an Ethernet access port for each student within the residence room. Over 1,100 residents were connected this first year. The residence system expects to connect a similar number of residents during FY 2000.

The annual report presents data for FY 1999 (Fall 1998) and current FY 2000 data (Fall 1999). The complete report is available in the Regent Exhibit Book.

University Enrollment

Total university enrollment in Fall 1998 was 13,329 students. Fall 1999 enrollment increased to 13,553 students, an increase of 224 students (1.7%).

Lower division enrollment for Fall 1998 was 4,836 students with Fall 1999 lower division enrollment at 5,036 students, an increase of 200 students (4.1%). Lower division enrollment as a percentage of total enrollment increased slightly from 36.3% to 37.2% for Fall 1999.

Residence System Occupancy

The percentage of student enrollment living in university housing (residence halls plus apartments) in Fall 1998 was 36.2% while Fall 1999 was 35.8%. This compares to a five-year average of 37.3%.

Residence hall occupancy in Fall 1998 was 4,457 students while Fall 1999 occupancy totaled 4,492 students, an increase of 35 students. As a percentage of original design capacity, Fall 1998 residence hall occupancy was 90.5% while Fall 1999 occupancy is 91.2%. Apartment occupancy for Fall 1998 was 362 students, which represented 99.2% of design capacity. Fall 1999 apartment occupancy increased to 363 representing 100.0% of capacity.

Basic Room and Board Rates

The basic residence hall room and board rate for a single student in a double occupancy room and a 19-meal contract for Fall 1998 was \$3,624 (an increase of 5.2% from the previous year). Last year, the Board approved an 8.0% rate increase, effective in Fall 1999, for a total current room and board charge of \$3,914.

The ten-year average of percentage increases in room and board rates at the University of Northern Iowa through Fall 1999 was 5.8%.

The basic room and board rate at the University of Northern Iowa ranks third lowest among its comparable peer institutions, whose 1999-2000 rates range from \$3,301 at University of Wisconsin, Eau Claire to \$5,608 at California State University, Fresno.

Comparable Peer Universities Room and Board Rates, 1999 - 2000 (Double Occupancy, Full Board)

<u>Institution</u>	<u>Room and Board Rates</u>
California State University, Fresno	\$5,608
Ohio University, Athens	\$5,484
Central Michigan University	\$4,620
Illinois State University	\$4,596
Indiana State University	\$4,433
University of Minnesota, Duluth	\$4,132
University of North Texas	\$4,096
University of North Carolina, Greensboro	\$4,064
University of Northern Iowa	\$3,914
Northern Arizona University	\$3,797
University of Wisconsin, Eau Claire	\$3,301

Financial Data

UNIVERSITY OF NORTHERN IOWA
FY 1999 FINANCIAL DATA SUMMARY

	Actual FY 1998	Actual FY 1999	\$ Change (2) - (1)	% Change (4) / (1)
Gross Revenue	\$18,323,105	\$19,161,600	\$838,495	4.6%
Expenditures for Operations	\$14,820,178	\$15,289,700	\$469,522	3.2%
Debt Service & Mand. Transfers	<u>\$1,806,175</u>	<u>\$1,792,548</u>	<u>(\$13,627)</u>	<u>(0.8)%</u>
Net Revenue*	\$1,696,752	\$2,079,352	\$382,600	22.5%
Net Revenue as % of Gross Rev.	9.3%	10.9%		

* After expenditures for operations, debt service, and mandatory transfers.

Gross revenues for FY 1999 of \$19.2 million increased \$838,495 (4.6%), net revenues after debt service and mandatory transfers totaled \$2.1 million for FY 1999, an increase of \$382,600 (22.5%) over FY 1998.

FY 1999 net revenue as a percentage of gross revenue increased to 10.9% from 9.3% in FY 1998. Expenditures for operations in FY 1999 of \$15.3 million increased 3.2% over FY 1998 of \$14.8 million. Debt service and mandatory transfers totaled \$1.8 million in FY 1999.

The outstanding revenue bond obligations for the University of Northern Iowa residence system as of June 30, 1999, were as follows:

Year of Issue	Initial Principal	Principal Outstanding	Payout Year
1964	6,250,000	1,425,000	2004
1967	6,200,000	2,335,000	2005
1992	9,145,000	8,205,000	2018
1999	<u>7,000,000</u>	<u>7,000,000</u>	2020
	\$28,595,000	\$18,965,000	

Voluntary reserves for the University of Northern Iowa residence system, which totaled \$4.3 million as of June 30, 1999, include the balances of the Revenue Fund, Operation and Maintenance Fund, Improvement Fund, and Surplus Fund but do not include Mandatory Reserve Funds. Since depreciation allowance is not recognized on residence system building and equipment, it is important to maintain appropriate voluntary reserve levels to apply toward the costs of renovation and replacement.

Mandatory Reserves include the balances of the Sinking Funds, Bond Reserve Funds, and Construction Funds, which are maintained as a condition of bonding. The balance as of June 30, 1999, totaled \$8.8 million, which represents 47.5% of gross revenues.

Educational, Social, Cultural, and Recreational Programs

Educational, social, cultural, and recreational programs are an important component of the residence hall environment. Ten professional staff with master's degrees (coordinators) are responsible for the administration, programs and activities, staff selection training, and supervision in the halls. Programs have been developed in areas of study skills, job placement and resume writing, assertiveness, communication skills, interpersonal relationship development, human sexuality, stereotyping, rape and assault intervention, alcohol education, multi-cultural issues, nutrition, special meal service, child care, recreational programs, community service and numerous other programs responding to student interests and needs.

B. TEN-YEAR PLAN FY 2001 - FY 2010

The University of Northern Iowa's ten-year plan provides enrollment and occupancy projections, discussion of significant policy considerations, capital renewal plans, and financial forecasts for the next decade. (Plan summarized in Attachment 1.)

The single most important factor in the development of the ten-year plan is the projection of enrollment since estimates of housing demand, housing occupancies, needed capital improvements, operating revenues and expenses, and reserve balances are dependent upon enrollment projections.

Ten-year enrollment and occupancy projections indicate an increase in enrollment to 13,938 students in Fall 2004 and then decline to 13,726 students in Fall 2007 and increase to 13,764 in Fall 2009. Residence hall occupancy is expected to reach 4,531 residents in Fall 2003 and decrease somewhat by Fall 2009 as enrollment projections decrease.

The ten-year plan includes projections for \$20.8 million in capital projects from new revenue bond financing for projects that include fire safety, deferred maintenance projects, and significant facility improvements in residential and dining facilities. Dining renovations will begin this summer with the improvements to Redeker Dining Center that will incorporate a "market place" design concept. At its February 2000 meeting, the Board approved the schematic design, project description, and \$10.7 million budget for the Redeker project. The closure of Campbell Dining Center will occur in 2000-2001, Towers Dining Center improvements are planned for 2001-2002, and Commons Dining Center renovations are planned for 2002-2003.

Maintaining reserves necessary to fund capital renewals at the planned level, as well as funding the new debt service, will require future rate increases in addition to rate increases necessary to cover operating cost increases. Ten-year estimates are stated in 1999-2000 dollars. No attempt has been made to estimate the effects of inflation.

C. PROPOSED RATES 2000-2001

The Regents residence system housing and dining services are an auxiliary function of the universities and must be self-supporting. The University of Northern Iowa receives no state funds for its residence system. The University of Northern Iowa has proposed rate increases for residence hall room and board and student apartment rents for the 2000-2001 academic year. (Attachment 2)

The 2000-2001 proposed rate for residence hall double occupancy rooms, with 19 meals per week board contracts, is \$4,149, which represents an increase of \$235 (6.0%) over the 1999-2000 rate of \$3,914. Double occupancy residence hall room rates are proposed to increase 5.8%. Proposed increases in board rates range from 6.0% for a 19-meal per week plan to 6.6% for a 10-meal per week plan. The proposed apartment rate increases for 2000-2001 academic year range from 3.5% to 6.4% and average 5.6%.

UNI has shared information on the proposed rates with the Residence Hall Presidents Council and the Northern Iowa Student Government. Student leaders support changes in the dining program, an aggressive approach to deferred maintenance, and initiatives to enhance the environments in residence halls. The new residence hall rates are to be effective Fall semester 2000; new apartment rates are to take effect July 1, 2000.

D. FY 2000 AND PRELIMINARY FY 2001 BUDGET

	Approved Budget 1999-2000	Revised Estimate 1999-2000	Proposed Budget 2000-2001
Gross Revenue	\$19,942,457	\$20,097,663	\$21,709,359
Expenditures for Operations	\$16,953,961	\$16,183,790	\$17,628,684
Debt Service & Mandatory. Transfers	\$2,119,175	\$2,148,452	\$3,273,005
Net Revenue*	\$869,321	\$1,765,421	\$807,670
Net Revenue as % of Gross Rev.	4.4%	8.8%	3.7%

* After expenditures for operations, debt service, and mandatory transfers.

The preliminary FY 2001 budget proposal contains current FY 2000 Board approved revenue and expenditure detail, revised estimates for FY 2000, and the preliminary budget for FY 2001 (Attachment 3). The FY 2000 revised net revenue, after debt service and mandatory transfers, is estimated to be \$1.9 million or 9.4% of gross revenue and \$1.0 million higher than the Board approved budget.

A transfer of \$1.9 million from the Dormitory Surplus fund to the Improvement Fund is being presented for Board approval this month, as detailed in the institutional docket (UNI B-2).

Voluntary reserve fund balances, as of June 30, 2000, are expected to be \$4.5 million, which is \$656,481 more than included in the Board approved budget, and represents 22.4% of FY 2000 gross revenues.

UNI used the following cost increase assumptions in the development of the FY 2001 preliminary budget:

Salaries, wages, and benefits	4.0%
Utilities	1.0%
Food	3.0%
Repairs and Maintenance	1.0%
Supplies and Services	1.0%

FY 2001 net revenue, after debt service and mandatory transfers, is estimated to be \$0.8 million (3.7% of gross revenue), assuming the above occupancy levels and approval of the proposed rate increases for FY 2001. The FY 2001 net revenue of \$0.8 million represents a decrease from the revised estimate of \$1.8 million for FY 2000.

Deb A. Hendrickson
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Approved: _____
Frank J. Stork

UNIVERSITY OF NORTHERN IOWA
Cedar Falls, Iowa

March , 2000

RESIDENCE SYSTEM RATE CHANGES AND PRELIMINARY BUDGET

ACTION REQUESTED:

- a. Approval of the proposed rate schedule for residence hall contracts to be effective as of the fall semester 2000.
- b. Approval of the proposed rate schedule for apartment housing contracts to be effective July 1, 2000.
- c. Approval of attached budget estimates as a planning document for building the University residence system budget for 2000-2001.
- d. Surplus Fund Transfer - Request a transfer of \$1,900,000 from the Surplus Fund to the Improvement Fund.

The following table contains the rate schedule presently in force in the University residence system and the schedule proposed effective beginning the 2000-2001 academic year. All rates are in terms of the academic year unless noted otherwise.

RESIDENCE HALL HOUSING PROPOSED RATES
EFFECTIVE FALL SEMESTER 1999

ROOM AND FULL BOARD	Current Rate	Proposed Rate	Dollar Increase	Percent Increase
ACADEMIC YEAR				
Double Occupancy				
Residence Hall (w/o air)	\$3,914.00	\$4,149.00	\$235.00	6.00%
Bartlett Hall (air)	\$3,980.00	\$4,215.00	\$235.00	5.90%
Physical Single				
Residence Hall (w/o air)	\$4,514.00	\$4,749.00	\$235.00	5.21%
Bartlett Hall (air)	\$4,580.00	\$4,815.00	\$235.00	5.13%
Double as Single				
Residence Hall (w/o air)	\$4,714.00	\$4,949.00	\$235.00	4.99%
Bartlett Hall (air)	\$4,780.00	\$5,015.00	\$235.00	4.92%

SUMMER 8 WEEK RATES				
Double Occupancy				
Residence Hall (w/o air)	\$978.50	\$1,037.25	\$58.75	6.00%
Bartlett Hall (air)	\$1,028.00	\$1,086.75	\$58.75	5.71%
Physical Single				
Residence Hall (w/o air)	\$1,128.50	\$1,187.25	\$58.75	5.21%
Bartlett Hall (air)	\$1,178.00	\$1,236.75	\$58.75	4.99%
Double as Single				
Residence Hall (w/o air)	\$1,178.50	\$1,237.25	\$58.75	4.99%
Bartlett Hall (air)	\$1,228.00	\$1,286.75	\$58.75	4.78%
4 WEEK RATE: 50% OF 8 WEEK RATE				
ROOM OPTION ONLY				
Bartlett Hall – Academic Year				
Double Occupancy	\$1,856.00	\$1,963.00	\$107.00	5.77%
Physical Single	\$2,456.00	\$2,563.00	\$107.00	4.36%
Double as Single	\$2,656.00	\$2,763.00	\$107.00	4.03%
ROTH Academic Year – Double Occupancy				
8 Person Suite	\$2,108.00	\$2,235.00	\$127.00	6.02%
6 Person Apartment	\$2,505.00	\$2,655.00	\$150.00	5.99%
4 Person Apartment	\$2,505.00	\$2,655.00	\$150.00	5.99%
2 Person Apartment	\$2,898.00	\$3,072.00	\$174.00	6.00%
ROTH Academic Year – Single Occupancy				
8 Person Suite	\$2,774.00	\$2,940.00	\$166.00	5.98%
6 Person Apartment	\$3,272.00	\$3,468.00	\$196.00	5.99%
4 Person Apartment	\$3,272.00	\$3,468.00	\$196.00	5.99%
2 Person Apartment	\$3,772.00	\$3,998.00	\$226.00	5.99%
Bartlett Hall – 8 Week Summer Session				
Double Occupancy	\$497.00	\$523.75	\$26.75	5.38%
Physical Single	\$622.00	\$673.75	\$51.75	8.32%
Double as Single	\$672.00	\$723.75	\$51.75	7.70%
ROTH-8 Wk Summer Session Double Occupancy				
8 Person Suite	\$527.00	\$558.75	\$31.75	6.02%
6 Person Apartment	\$626.00	\$663.75	\$37.75	6.03%
4 Person Apartment	\$626.00	\$663.75	\$37.75	6.03%
2 Person Apartment	\$725.00	\$768.00	\$43.00	5.93%
ROTH-8 Wk Summer Session Single Occupancy				
8 Person Suite	\$693.50	\$735.00	\$41.50	5.98%

6 Person Apartment	\$818.00	\$867.00	\$49.00	5.99%
4 Person Apartment	\$818.00	\$867.00	\$49.00	5.99%
2 Person Apartment	\$943.00	\$999.50	\$56.50	5.99%
Bartlett and ROTH-4 Wk Summer Session: 50% of 8 Week Rate				
MEAL PLANS				
Academic Year				
Option 1 – 19 MEALS	\$2,124.00	\$2,252.00	\$128.00	6.03%
Option 2 – 14 MEALS	\$2,069.00	\$2,197.00	\$128.00	6.19%
Option 3 – 10 MEALS	\$1,944.00	\$2,072.00	\$128.00	6.58%
Summer 8 Wk Rates: 25% of Academic Year Rates				
Summer 4 Wk Rates: 50% of 8 Week Rates				

A twelve-dollar residence activity fee is added to the above rates for the academic year.

Contract revenue is divided as follows: housing – 45%; dining 55%

A \$11.50 per week credit per student will be granted for a double room occupied as a triple as of the first day of the third week of classes. Credits will be applied against a student's university bill.

**UNIVERSITY OF NORTHERN IOWA
APARTMENT HOUSING PROPOSED RATES
EFFECTIVE JULY 1, 2000**

HILLSIDE COURTS	Number of Units	Current Monthly Rate	Proposed Monthly Rate	Dollar Increase	Percent Increase
One bedroom (1972) air conditioned	80	\$255.00	\$270.00	\$15.00	5.88%
Two bedroom (1972) window air	102	\$315.00	\$335.00	\$20.00	6.35%
Two bedroom (1972) central air	52	\$330.00	\$350.00	\$20.00	6.06%
Two bedroom, two story (1972) air Conditioned	42	\$380.00	\$400.00	\$20.00	5.26%
Four bedroom central air	1	\$550.00	\$580.00	\$30.00	5.45%
JENNINGS DRIVE					
Two bedroom (1978) air conditioned	40	\$365.00	\$385.00	\$20.00	5.48%
COLLEGE COURTS					
Two bedroom (1956 & 1958) no air Conditioning	48	\$290.00	\$300.00	\$10.00	3.45%
TOTAL UNITS	365				

**University of Northern Iowa
Preliminary Budget
2000-2001**

	Actual 1998-99	Approved Budget 1999-00	Revised Estimate 1999-00	Proposed Budget 2000-01
OPERATIONS (Accrual Basis)				
Revenues	\$ 19,161,600	19,942,457	20,097,663	21,709,359
Expenditures for Operations	15,289,700	16,953,961	16,183,790	17,628,684
Net Revenues	3,871,900	2,988,496	3,913,873	4,080,675
% of Revenues	20.2%	15.0%	19.5%	18.8%
Debt Service (due July 1)	1,462,548	1,789,175	1,818,452	2,943,005
Mandatory Transfers	330,000	330,000	330,000	330,000
Net after Debt Service and Mandatory Transfers	\$ 2,079,352	869,321	1,765,421	807,670
% of Revenues	10.9%	4.4%	8.8%	3.7%
University Overhead Payment from Surplus	514,332	553,898	534,595	570,717
% of Expenditures	3.4%	3.3%	3.3%	3.2%
CASH AND INVESTMENT BALANCES (June 30)				
Revenue Fund	-	-	-	-
Operation and Maintenance Fund	-	-	-	-
Improvement Fund	931,398	702,122	1,820,565	665,565 (2)
Surplus Fund	3,345,243	3,138,031	2,676,069	2,913,022
Subtotal - Voluntary Reserve Balances	4,276,641	3,840,153	4,496,634	3,578,587
Sinking Fund	1,068,657	1,077,324	1,068,657	1,068,657
Bond Reserve Fund	2,005,400	3,127,052	3,322,739	4,014,749
Construction Fund	5,689,781	-	12,447,661	9,477,990
Subtotal - Mandatory Reserve Balances	8,763,838	4,204,376	16,839,057	14,532,166
TOTAL - All Reserve Balances (June 30)	13,040,479	8,044,529	21,355,691	18,110,753
REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	17,406,604	17,432,543	17,369,024	18,550,218
Interest	473,426	424,186	548,750	500,000
Other Income	1,281,570	2,085,728	2,304,453	2,659,141
TOTAL	19,161,600	19,942,457	20,222,227	21,709,359
Expenditures				
Salaries, Wages & Benefits (1)	8,262,709	9,100,713	8,778,549	9,343,059
Cost of Food or Goods Sold	2,546,637	2,712,515	2,494,080	2,753,324
Other Operating Expense	2,378,373	2,616,918	2,672,450	3,103,271
Utilities	1,335,253	1,655,251	1,312,058	1,519,927
Repairs & Maintenance (1)	766,728	868,564	926,653	909,103
TOTAL	15,289,700	16,953,961	16,183,790	17,628,684
TOTAL STAFF FTE - October	426	441	441	441

(1) Excludes amounts for repair and maintenance supplied by Residence System staff.

Staff maintenance costs for the respective years are: \$597,107; \$611,643; \$636,108

(2) As a docket item to the Board, we will make a special request for an allocation of funds from the Surplus Fund to the Improvement Fund.