

RESIDENTIAL LIVING COST ANALYSIS

Identifying Innovative Pricing Structures, that along with Value Added Features, will Encourage On-Campus Living for the Educational and Financial Benefit of Students

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Executive Summary

West Texas A&M University is committed to providing the best possible educational experience to students. This experience can be greatly enhanced through on-campus living. However, students and their families often give consideration to on-campus living based solely on cost without considering the benefits and the experience that on-campus living provides. As such, analyzing the current cost and pricing structure of residing on-campus and looking for innovative ideas that change immediate perceptions from cost (it's too expensive to live on-campus) to one of value and opportunity (it's cost effective and/or educationally beneficial to live on-campus) is the end result the university is hoping to achieve.

Current Circumstances

West Texas A&M University currently has eleven residence halls with a total capacity of approximately 2,400 residents. Table 1 displays annual rates and selected residence hall features. A traditional pricing structure is utilized whereas price varies by residence hall features (non-air conditioned, air conditioned, “modern” and apartment style living) and the room style (private, double or economy triple). All rates include utilities, basic cable television, internet service and laundry facilities.

A less traditional allocation of the annual residence hall rate is charged to residents. Residents beginning in the fall semester pay 60% of the annual residence hall rate in the fall semester and 40% in the spring semester. A resident beginning in the spring semester will pay 50% of the annual residence hall rate in the spring semester. Selected halls are available for summer occupancy at reduced rates that vary by room style.

Table 1: FY 2018 Residence Hall Rates, Capacities and Gender Type

Hall	Gender Type	Hall Type	Capacity	Room Style	Annual Rate
Cousins Hall	Female	Non-Air Conditioned	190	Double Room Private Room	\$3,650 \$5,470
Stafford Hall	Co-ed	Non-Air Conditioned	185	Double Room Private Room	\$3,650 \$5,470
Cross Hall	Female	Air Conditioned	206	Double Room Private Room	\$4,170 \$6,260
Guenther Hall	Male	Air Conditioned	164	Double Room Private Room	\$4,170 \$6,260
Jones Hall	Male	Air Conditioned	272	Double Room Private Room	\$4,170 \$6,260
Shirley Hall	Female	Air Conditioned	180	Double Room Private Room	\$4,170 \$6,260
Centennial Hall	Co-ed	Modern	399	Economy Triple Room Double Room Private	\$4,420 \$5,420 \$7,680
Founders Hall	Co-ed	Modern	435	Economy Triple Room Double Room Private	\$4,420 \$5,420 \$7,680
Buff Hall	Co-ed	Apartment Style	170	Suite Style	\$7,390
Conner Hall	Co-ed	Non-Air Conditioned	42	Private Room (Attebury Honors Program scholars only)	\$5,170
Jarrett Hall	Co-ed		Under Renovation - Capacity, Room Style and Price TBD		

Table 2 displays historical fall semester total capacity, total occupancy number and total occupancy percentage for the previous five academic years.

Table 2: Historical Fall Semester Capacity and Occupancy Data

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Total Capacity	2,034	2,311	2,435	2,435	2,276
Total Occupancy - Number	1,692	1,978	2,217	2,224	2,172
Total Occupancy - Percentage	83%	86%	91%	91%	95%

Total capacity varies due to new halls being added and halls/rooms being taken offline for renovation or repairs. Table 2 indicates that occupancy rates rose steadily until FY 2016 when they began to level off.

The university enforces a Housing Requirement in which full-time students (enrolled in 12 SCH or more) who are under the age of 21 and who have completed fewer than 60 post high school credit hours must live in a residence hall. This requirement applies to new, transfer, relocating and re-enrolling students. Exemptions in certain circumstances may be considered.

Residents are also required to purchase a meal plan if, prior to the first class day, he/she meets one of the following criteria:

- Under the age of 21
- Less than 45 SCH (earned after high school graduation)

Three separate meal plans are available to residents that meet the meal plan requirement.

Table 3 provides current meal plan options and annual rates.

Table 3: FY 2018 Meal Plan Options and Annual Rates

Fall 2017 and Spring 2018 Meal Plans	Annual Meal Plan Rate
175 meals and \$300 Dining Dollars	\$3,400
200 meals and \$250 Dining Dollars	\$3,620
All Access meals and \$150 Dining Dollars (Unlimited access to the Dining Hall)	\$3,770

Based on the information provided above, the annual cost (for both fall and spring semesters) of on-campus living could range from a minimum of \$7,050, or \$783.33 per month, to a maximum of \$11,450, or \$1,272.22 per month.

The annual cost of living off-campus varies greatly depending primarily on whether a student resides in a home or an apartment; the condition of the residence; whether the residence is furnished or unfurnished; how many students share the residence; and how often the student eats out as opposed to preparing his/her own meals. Other considerations to off-campus living include:

- Required length of the lease – many off-campus options require leases of at least one year even though housing may only be needed for nine months.
- Application Fee/Security Deposit – many off-campus housing options will charge a non-refundable application fee and require a security deposit which is often the equivalent of one month of rent.
- Location of the off-campus housing – increased commute time and parking issues when commuting to campus.
- Laundry facilities – many off-campus options, especially homes, do not include laundry equipment.
- Security – controlled access is seldom available in off-campus housing.
- Cleaning – student is responsible for the cleaning of off-campus housing.
- Utilities – student may have to pay for utilities, some of which require initial fees and deposits.

- Social Opportunities/Engagement – students may find it more difficult to engage in study groups, participate in on-campus events or achieve a sense of belonging.
- Resource Access – Because they are not as convenient for off-campus students, underutilization of student resources such as the library, computer labs, activity center, faculty office hours, tutoring and other general student services may negatively impact academic performance.

Projected Changes: Future Circumstances

West Texas A&M University's President/CEO has stated that his vision, and therefore a key issue in our evolving strategic plan, is to realize future enrollment growth through the increase of transfer students with associates' degrees from community colleges. Strategic decisions and university resources are already being directed toward this vision. These students will have completed 60 post high school credit hours which, based on the university's Housing Requirement, exempts them from the requirement. In addition, his vision is for freshman enrollment, which makes up a significant percentage of residence hall occupancy, to remain relatively flat. Finally, much of the university's current enrollment growth is at the graduate level, very few of which choose to reside on-campus. As such, our challenge is to identify pricing structures, incentives and value added features that, along with publicizing the enhanced educational experience derived from living on-campus, will increase occupancy from those student groups that are not traditionally as likely to elect on-campus living.

Impacts on Students: On-Campus Living's Role in Enhancing Students' Educational Experience

A plethora of research has been conducted that focuses on the benefits of on-campus living. A separate white paper, "Residential Life", will examine this topic and identify ways in which these findings could be utilized to bolster on-campus living at West Texas A&M University.

Financial Analysis and Strategy Prepared to Date

Because of the university's Housing Requirement, there should not be much opportunity to increase occupancy and/or develop a strategy targeting entering freshmen since with few exceptions, they are already required to live on-campus. As such, an initial, preliminary financial analysis has been conducted that is targeted toward retaining a larger percentage of the resident population that has just completed the Housing Requirement and have the option to reside off-campus. According to data provided by Residential Living, only 14.25% of residents continue on-campus living after their second year. (Based on the FY14 cohort – total residents, regardless of classification. Residential Living is attempting to obtain classification information on this cohort, specifically freshmen since this would be the actual data needed to support the assumptions in this analysis.) This initial financial analysis is structured around incentivizing residents to continue on-campus living in their third and fourth years by offering free housing for both the fifth and eighth semesters. It is important to note that any financial incentives offered to residents will result in a loss of revenue without increases to baseline occupancy (90% fall/83% spring) due to the financial incentive. If the information and assumptions used in the analysis are found to be reasonable and baseline occupancy remains stable, then preliminary findings suggest that such a model could be viable and could possibly pay for itself with only a small increase in occupancy.

Future Financial Analysis and Strategies to Be Developed

Future strategies, based on innovative pricing structures and/or value added features, need to be developed that will focus on increasing the number of transfer students who reside on-campus. Because this is the university's intended population for future growth, our strategies and incentives to increase occupancy rates must be directed there as well.

Transfer students will generally be enrolled at WTAMU for only two years which creates a much greater challenge to identify innovative pricing structures that are financially viable. The strategies prepared to date, if effective, would result in a student residing on-campus for four years, thus providing "maximum" revenue with which to pay for the proposed incentives (free

semesters). Innovative pricing structures to be developed that are targeted toward transfer students will not provide “maximum” revenue and as such, may be more difficult to create. Once these strategies have been developed, financial analyses will be conducted to determine their viability.

As an addition to the development of innovative pricing structures, value added features and/or other incentives that would only be available to residents also need to be identified and considered. Possible examples include:

- Assigned parking, whether an individual space or an entire lot reserved for residents
- Shirt or other apparel item (color and/or design being hall specific)
- WTAMU backpack
- University provided Netflix in all rooms
- Discounts on textbooks and other Bookstore merchandise
- Free movie tickets each semester
- Enhanced discounts from off-campus Buffalo Gold Card merchants
- Laundry attendant and Concierge
- Special event offerings each semester (concert, hypnotist, etc.)
- Bringing services to residents (barbers, manicurists, mobile car wash, etc.)
- Drawings each semester for free tuition or other “significant” financial prizes
- Pay-Per-View programs provided in commons areas (Concerts, MMA events, etc.)

Conclusion

Strategy development, based on innovative, non-traditional thinking that successfully results in students wanting to reside on campus is ultimate goal that the university would like to achieve. This overall strategy will need to consist of at least the following three objectives. First, a large part of this effort (and the subject of this White Paper) will focus on the financial consideration of residing on-campus and searching for opportunities to lower the overall cost for students.

Any strategy that lowers costs must still be financially viable for the university. We are already working toward this objective but cost alone will be unlikely to achieve the desired result. Second, value added features that capture students' attention and create an atmosphere of excitement about living on-campus need to be identified. There are likely to be value added features that can be introduced with little or no direct cost to the university (such as assigned parking for residents; bringing personal services to campus, etc.). However, some of these benefits will be costly but should still be given consideration if they are deemed to be effective in attracting students to on-campus living. Finally, the educational benefits of on-campus living need to be front and center when students and/or parents are in the decision making process. As previously mentioned, a separate White Paper, "Residential Life", will examine this topic and identify ways in which it can be introduced to enhance the overall strategy.

In summary, there are suggested financial strategies for each of the three "sources" of students to be offered for study and consideration: First-Time Entering Freshmen; Dually Admitted Transfer Students; and Other Transfer Students. These strategies would be established with an anticipated start date for the fall 2018 semester (FY 2019).

First-time entering freshmen, the majority of which reside on-campus no longer than their first two years as dictated by the Housing Requirement, would receive free housing for their fifth and eighth semesters. Depending on the residence hall and room type, eligible students would receive effective cost savings from \$3,650 to a maximum of \$7,680 based on current housing rates. Initial financial analyses, yet to be supported with actual occupancy information, indicate that this strategy may be viable with only a slight increase in occupancy above the existing baseline.

Dually Admitted Transfer Students, who would transfer to WTAMU immediately upon receiving their Associate's degree from a community college and who meet program criteria, would receive a "financial package" but only if they elected to reside on-campus. These students, who would generally attend WTAMU for two years, would receive free housing for their fourth

semester. Additionally, tuition and fee rates would be charged based on the rate that was in effect two years prior, or when they presumably first enrolled at the community college they attended. Depending on the residence hall and room type, eligible students would receive effective cost savings from \$1,825 to a maximum of \$3,840 based on current housing rates. A resident student, enrolling in 15 SCH per semester for the four semesters attended, would receive an estimated tuition and fee cost savings totaling \$1,150 if choosing the One-Year Variable Rate plan or \$1,900 if choosing the Guaranteed Rate Plan. Total estimated cost savings, including both housing and tuition and fees, would range from \$2,975 to a maximum of \$5,740. The Dual Admittance program is currently under development. No financial analysis has yet been performed on this strategy.

All other transfer students, after residing on-campus for three semesters, would receive free housing for their fourth semester. Depending on the residence hall and room type, eligible students would receive effective cost savings from \$1,825 to a maximum of \$3,840 based on current housing rates. No financial analysis has yet been performed on this strategy.

The success and financial viability of all of the strategies identified above have been or will be studied under the assumption that they are effective in generating increased occupancy in excess of our established baseline. If baseline occupancy decreases or if implemented strategies do not result in occupancy increases and cost savings are provided to those residents who would have lived on-campus without any incentive, significant revenue could be lost. A strong marketing effort that incorporates all three objectives; cost savings, value added features and the educational benefits of living on-campus, will hopefully lead to a healthy, thriving on-campus population that benefits both students and the university.