

Housing FAQ's Related to Single Room Rate for Spring, 2021

What would it take to break even?

Breaking even is a moving target that factors into account both fixed and variable expenses. That amount changes every time we open an additional building as required staffing costs change. In an ideal situation if costs were not variable; the break-even point for the university for housing obligations would be the amount of debt payment owed annually, the utilities necessary to preserve the buildings, support for other areas and other costs that the university covers out of the housing budget that is not covered from state funding sources. This means that the salaries covered for the Police, Facility Services (minus housekeeping) and other university contributions to Student Affairs and Athletics must be added together to find the break-even point. For the FY21 that figure is \$20,202,686.

How many students would we need to live in halls for spring?

In order to reach the figure above, we would need to house 2,500 students at \$6,112 for their spring rent. There is no possibility of getting to a break-even point on spring revenue even if we fill all 2,584 spaces at the proposed rate.

What is the cost to open/cover a hall...whether it is full or not (even with single occupancy)?

You cannot look at costing out each building as a stand-alone entity. The debt service would not make that feasible. Trying to make Gateway carry its full debt service of \$57 million against the 740 residents that live there when full would require a rent that is unaffordable. Conversely, buildings that have no debt, like Legacy or Fleming, would have such an artificially low rent that it would make no sense in the marketplace. The system works on the shared debt principle where all the building rates are designed to cover all the system expenses which evens out the cost against all residents. This is the philosophy used by the vast majority of universities across the country.

If a building sits empty and unused, there are some expenses that are not incurred. Utilities are lessened, but not as much as one might think in this climate to protect the building. Programming expenses and supplies disappear as an expense. Nor is there a need for RA's; a Coordinator to run the building or housekeepers to clean it. Using Legacy as an example, these costs were planned at \$319,679 for FY21. This is the minimum variable expense when a building is shifted from open to closed. The fixed costs still must be covered whether the hall is open or not...and that is where the majority of the real housing cost is in this system.

How many rooms are available?

2,584 if the system is used as single rooms. This figure is minus the 404 rooms in Garrett and CHS which are being held out as Covid19 housing for students who need isolation or quarantine.

How many have meal plans as of 9/30/20?

All students living on campus are required to have a meal plan. On 9/30/20, there were 851 students with Purple meal Plans (810 on-campus Purple meal plans//41 off-campus Purple meal plans). There are an additional 186 active gold meal plans for off-campus students.

Please describe how we ensure safety (COVID related) serving students in only one dining hall.

The dining halls are following state guidelines for indoor dining. All seating is set to be a minimum of 6 feet apart; seating is at 50% of capacity; dining service has all self-serve elements removed...all food is pre-prepared and is served to students by staff who are masked and wearing hand protection; a ToGo offering exists for students come in and take out food to dine outside or in their room; extra outdoor seating has been purchased and installed on campus; retail outlets that are open on The Hill only allow ordering online in advance for pick up to minimize lines; and additional cleaning takes place in the facility. Continuous all access dining naturally limits crowds because students do not have to rush in for limited mealtimes; rather, they straggle in over the course of 12 hours to meet their dining needs.

There was a brief discussion about market insight.

The off-campus market is completely different than the on-campus market for student housing. The on-campus market is based on providing an experience that fully engages the student in a community of individuals that center their life around transitioning from home to independence while living in supervised housing. On-campus housing provides students with a safety net of programs and staff to see them through this transition as opposed to the off-campus market which features a life based on being independent of others. A great deal of research also shows that student success (academically, developmentally, socially, etc.) and retention improves when they stay in on-campus housing, especially for freshmen.

The on-campus market is sized correctly for the historic demand.

Our process for marketing and trying to get students to stay in halls.

ECU has been fortunate to have a housing system that is “right sized” for its place in the market. At 5,800 beds we do not have to market to lure people to live on campus like private housing facilities must do in order to stay full. Our natural level of interest for housing keeps us full as long as the freshman class size remains at 4,300+. The on-campus experience that we provide is a positive recruiting tool to maintain a healthy interest by returning students. We return between 1,300-1,500 students annually with only a few emails to students and families for marketing. We supplement the difference between freshmen and returning students with transfer students who also have a strong interest in living on campus as they transition to becoming Pirates for the first time.

Marketing includes working with Admissions on campus tours, Visit Days/Open Houses and use of web-based information. These efforts plus emails to returning students keep us full annually. It is not reasonable for us to do more than this to market on campus housing as creating more interest is harmful, and not helpful, to families and students if you cannot fulfill that demand.

Marketing for spring 2021 will start within next few days with emails to all students who were staying residence halls in August 2020. Every two weeks, newsletters are sent home to parents and families of the entire population from opening. We will feature our success (to date) in combatting Covid19 since making the move to single rooms as only three students have tested positive in the past five weeks. Students will also be a part of the recruitment process. We will also work Admissions on special population groups...incoming freshman enrolling for spring. We are working with LLC coordinators to

encourage their populations to return. We will also host a Facebook Live event targeting our fall population to answer questions relating to Spring. Emails will fill in any gaps that might exist, again targeting only those who lived with us in August.

How much revenue do we normally receive with two students staying in a room?

- Budgeted at \$15.5-15.8M (as of late Aug. 22, 2020. Gave back \$10M)

How much revenue would we receive, if we charge 1,800 students single room rates?

- This is difficult b/c it will depend on the hall. Renovated halls have higher rates.
 - o With single premium rate (double rate + \$800) ... The range of revenue generated would be \$6.4M - \$6.8M.
 - o Without single premium rate (double rate + \$300) ...The range of revenue generated would be \$5.4M – \$5.8M.
- The rates above are based on lowest rate (non-renovated halls) to rates for the renovated halls. It does not include rates for suites which are even higher, but we have a limited number of these.

How much revenue would we receive, if we charge 1,800 students double room rates?

Charging 1,800 students the double room rate while residing in single rooms (what we're currently doing this semester) would yield a revenue of \$4.9M.

How much additional revenue would we receive, over the double room rates, if we charge the new discounted single room rate?

Approximately \$540,000 with 1800 students.

Other Issues to Consider:

The proposed rental rate for a single room for Spring, 2021 is \$500 less than the figure already approved by the Board for this year. We are asking for a discount, not an increase in the spring rate.

All of the students living on campus currently have signed an addendum indicating that they agree to accept a spring rent increase for the cost of a single room.

Even with acceptance of the proposed Spring single room rate, campus Living will run a deficit budget after completely draining their reserves that have been set aside.

No student is being required to return to campus under this rate. Choosing to come back after the Chancellor's announcement in August has been entirely voluntary...which is the same for spring. Students can choose to return to residence halls or not as they see fit.

There is no guarantee how many students will return this spring to live on campus. We could get 250 or 1,200 or hopefully 2,500. We have no way of knowing this at this time.

It should be noted that more students returning to campus, even as few as 1,000 more this spring, will allow Dining Services a realistic chance of balancing their budget for FY21 even though there is no hope that housing will reach that figure.