October 4, 2012

TO: Doug Robinson

 Vice President Student Services

 Chair, Student Fee Advisory Committee

FROM: Dave Edwards

 ASI Associate Executive Director/Director USU

SUBJECT: Report on CPI adjustment to USU fee

The following is a report on the referendum-required inflationary increase to the USU fee. As you will recall, the referendum for the Student Recreation and Wellness Center included a mandatory inflationary increase to the USU fee based on the Consumer Price Index (CPI). This report includes three sections: a review of the referendum, data from the United States Department of Labor, and the calculation for the fee adjustment.

Review of Referendum

The official “Student Fee Referendum” for the Student Recreation and Wellness Center was passed in February 2007. The referendum was passed by the student body with over 74% of those casting a ballot voting in favor of the referendum. As approved by the students, the official ballot, voter information brochure, and supplemental documents are provided as appendices A, B, and C. You will notice the following language related to the CPI adjustment included in the documents:

To address inflation, the fee would be adjusted every three years from the date of the referendum passage, not to exceed the average Southern California Consumer Price Index.

Why was an inflationary adjustment included in the referendum? Inflationary adjustments are typically included in most modern student fee referenda in order to address increases in mandatory operational expenses such as utilities, insurance, personnel cost, and benefits. By allowing for an inflationary adjustment, the funds available for student programs and services are protected and ensured for future use.

Data from US Department of Labor

In order to assist with determining the impact inflation has on purchasing power and the economy, the US Department of Labor provides inflationary data and statistics on its website. Table 1 below outlines the current data for Los Angeles, Riverside and Orange County.

*Table 1*

*Consumer Price Index – Los Angeles, Riverside and Orange County*



Important information to consider when interpreting this data includes the fact that the CPI is based on $100 purchasing power in 1982-84. The numerical value in the chart above indicates the purchasing power in comparison to 1982-84. For example, an item that cost $100 in 1984 cost $185.20 in January 2003 or an 85.2 % increase.

Calculation of Fee Adjustment

In order to calculate the appropriate CPI adjustment, the following methodology was utilized. The most recent numerical value for August 2012 (237.22) was compared to the numerical value from October 2009, the month the last USU fee adjustment based on CPI was considered by the SFAC (225.26). When comparing the two, there is a CPI inflationary adjustment of 5.31%.

When applying this CPI adjustment of 5.31% to the current USU fee, the fall, spring and summer semester fees would be adjusted as outlined below in table 2.

*Table 2*

*CPI Adjustment to USU Fee*

|  |  |  |  |
| --- | --- | --- | --- |
| Semester | Current USU Fee | CPI Adjustment – 5.31% | Adjusted Fee |
| Fall/Spring | $168 | $8.92 (rounded to $9) | $177 |
| Summer | $126 | $6.69 (rounded to $7) | $133 |

Summary

This report is presented to the SFAC as an informational item to the university for budgeting and planning purposes. Since the budget planning process is underway currently, it was imperative to share this information with the SFAC this fall. The three-year benchmark for the annual CPI adjustment based on the original referendum date will be in February of 2012. If there are significant adjustments to the CPI in the next two months, appropriate adjustments and modifications will be made to this report and the USU fee. As necessary, the information will again be provided to the SFAC in February 2012.