



## Prices of Meal Plans Soar at Mississippi Universities

Contractor Aramark uses the profits to expand campus facilities.

by Aallyah Wright and Luke Ramseth

**AT \$2,000 A SEMESTER FOR A** meal plan, Mississippi State University students pay twice what they did about a decade ago for food. Ole Miss dining prices have similarly skyrocketed, up \$500 in five years.

Narika Glasper, a recent Ole Miss graduate, recalled the sticker shock. Her scholarships covered housing and tuition, but not food. The price of an “unlimited” meal plan was out of the question, so she settled for a cheaper one that covered fifty meals a semester. Then she learned her unused meal “swipes” didn’t roll over.

“I was mad because that’s money that was wasted,” said Glasper, 22. “I had to pay upfront for that and I didn’t use it, so that’s money that just went to [Ole Miss food contractor, Aramark].”

Glasper isn’t alone in her frustration. Rising meal plan prices at Ole Miss and Mississippi State mirror hikes at colleges around the country, and they contribute to the increasing cost of a college education. A big reason for the higher

costs? Students are paying for more than just food.

MSU and Ole Miss deliver increasing student meal plan revenue to their dining contractor, Aramark. Some students are required to pay for meal plans. In return, the schools receive millions of dollars in commissions and bonuses, which they often use to upgrade or build new facilities and add new dining options, according to dining contracts obtained by the *Clarion Ledger* and *Mississippi Today*.

“Food service on college campuses is one of the biggest revenue streams for colleges,” said Marissa Meyers, researcher with the Hope Center, an organization focused on college costs.

Food usually makes up the “board” part of room and board costs at colleges. Nationwide, college students now pay on average more than \$4,600 a year for board costs, with Mississippi at about \$3,800 for public universities, according to US Department of Education data.

This means students are paying

focus on education and research while specialists handle the cooking and serving. Many universities struggled to provide dining services without the expertise and bulk buying power companies like Aramark provide. He estimated 70 percent of colleges and universities use contractors to provide food and upgrade facilities.

“There’s no trend toward going back to self-operated food service,” Mac Dermott said.

The number of universities using outside companies has grown in recent years.

Some schools have bucked the trend. University of Georgia operates its own dining services. Yale University dropped contractors and took over its dining operations more than a decade ago. More recently, Kennesaw State University in Georgia ended its contract with Sodexo and began preparing its own food.

Most colleges and universities have found that outsourcing saves money on wages and benefits, Mac Dermott said.

“In addition to wages, the burden of providing benefits would fall on the contractor,” he said.

Economist Semoon Chang of the Gulf Coast Center for Impact Studies said using contractors has many benefits and doesn’t necessarily harm workers who can earn more at Aramark than other food service jobs.

“Outsourcing is an effective way of lowering costs for many organizations,” Chang said. “Benefits include no payments of fringe benefits such as retirement, Social Security, insurance, et cetera; no payment when business is slow, such as summertime for educational institutions; no worry about possible unionization of workers; flexibility in changing suppliers if services are not good.”

Patridge said the University of Alabama has only six staff members in dining services. Aramark employs more than 500. The company even staffs on-campus branches of chains such as Starbucks and Raising Cane’s. The university monitors the company’s compliance with the contract and the quality of the food. A student committee makes recommendations aimed at improving the variety and quality of food.

But the university doesn’t require minimum wages or benefits for workers, Patridge said.

“They simply work as an independent contractor on campus,” she said.

Poole grew up in Duncanville, in rural Tuscaloosa County. When his father’s draft number came up, his mother dropped out of high school to support their young family.

“I grew up in a family where it was more important to get a job and work hard than it was to get an education,” Poole said.

That work ethic, combined with access to a university education, could open doors to a brighter future. Even if his job ends, he plans to complete his degree.

Aramark has introduced an education benefit for qualifying employees, starting in 2020. The company will pay tuition for employees without college degrees accepted to an Arizona State University online program. Only employees will be eligible—not their children.

It came too late for Davis, who left her Aramark job in May and took a position with an auto parts manufacturer. It offers better pay, benefits, and year-round work.

“The older you get, the more you realize this is not for me,” Davis said. “I found something better. I can have money built up, and I can just see a big difference. I’m so glad to be off that campus.”

*Amy Yurkanin is an investigative reporter at AL.com. These articles are part of an SFA partnership with AL.com, the Montgomery Advertiser, Mississippi Today, and the Clarion Ledger to shed light on labor practices at area universities.*



substantially more per meal than they would to cook and eat on their own, according to US Bureau of Labor statistics and *The Hechinger Report*. In 2017, the education-focused news outlet reported that colleges and universities nationwide charged on average \$18.75 a day for a three-meal dining contract. Eating at home ran less than \$11.

### **HOW DO DINING CONTRACTS WORK?**

Tom Mac Dermott, a dining consultant for colleges, said schools often lost money on their in-house food operations, so they gradually turned to one of three multinational corporations—Aramark, Sodexo, and Compass Group—to run their dining halls, restaurants, and catering.

Mississippi State's operation was losing money when officials decided to switch to Aramark in 2007, said Regina Hyatt, vice president of student affairs, adding that administrators also hoped to offer more quality food options. Ole Miss, too, was looking to move from its cafeteria-style, assembly-line dining when it hired Aramark in 1996.

But contractors eventually ran out of “ways to distinguish themselves on the

service side” when competing for university contracts, Mac Dermott said. So they began offering more cash to universities in the form of commissions and bonuses.

“Once colleges and universities understood that money was available, they latched onto it,” he said.

For example, Aramark paid MSU a \$5 million bonus for signing a ten-year contract, and later doled out as much as \$675,000 a year for unrestricted use, according to its contract. These perks came alongside at least an annual 12 percent commission for MSU. The university agreed to deliver a set number of meal plans to Aramark in any given year, and if it didn't reach the minimum, it would pay Aramark the difference.

Ole Miss, meanwhile, received a nearly \$8 million bonus in 2014-2015 for food facility upgrades, including a “campus dining refresh.” In the past five years alone, Ole Miss received about \$10 million in commissions and delivered Aramark a little more than \$117 million worth of meal plan patrons, cash operations, and catering, according to a chart provided by the university.

The cost of these bonuses and commissions are passed on to students, Mac Dermott said. Contractors have to make

a profit and “there's no other place to get it back,” other than charging students higher prices.

Even though buying a meal plan “is much, much more expensive” than cooking at home, Meyers said there are no easy solutions for reducing meal plan costs under the current system. Dining contractors already buy as little food as possible by assuming students won't use all their meal swipes in a given week, she said.

“The things that students ask for don't cost money,” Mac Dermott said of meal options. “They're looking for healthier food, they're looking for changes in meal plans. It's the university administration that feels it must have an upgraded dining hall as part of its competitive situation.”

### **HAS IT PAID OFF WITH BETTER CAMPUS FOOD OPTIONS?**

The dining experience at both campuses transformed under Aramark as student meal prices increased.

Ole Miss added a bevy of branded restaurants and upscale dining hall options, including a “food-court environment” where managers can “interchange menu concepts very easily,” said Scott Schornhorst, Aramark food service director for the university.

It now has more than twenty dining locations with national brands such as Starbucks and Chick-fil-A. There are vegan and vegetarian options, and

stations for students with gluten sensitivities. The newly-renovated student union opened this spring.

MSU followed a similar trajectory. In 2007, a university vice president pledged the move to Aramark would “provide better quality and service throughout campus.”

To achieve this goal, the school reopened a student union with chain restaurants. It renovated Perry Cafeteria, turning it into a “marketplace-style venue.” The university later announced a new \$10 million Aramark-branded dining hall, featuring “exhibition cooking stations” and “framed views of the stadium and the campus beyond.”

“Students are sophisticated in their expectations for their food options,” said Hyatt, the MSU student affairs official. “They expect to have choices, the kind of food that they're going to have access to (at home).”

Ten years ago, there were no allergen-free stations in the dining hall, she said, but “we've adjusted” to student demand. Meeting student expectations “means there's going to be a cost associated with it.”

At MSU, that cost has risen from \$1,000 a semester for the 2007 school year, when Aramark took over, to \$2,019 for the “Ultimate” plan today, in which all freshmen on-campus students are automatically enrolled. This far outpaces the cumulative rate of inflation for this period of less than 25 percent, according

***Contractors have to make a profit and “there's no other place to get it back,” other than charging students higher prices, said consultant Tom Mac Dermott.***



to the Bureau of Labor Statistics.

Hyatt said the officials aren't using the rising prices to "pad the pocket of the institution." She said much of the commissions from Aramark are pumped back into a general scholarship fund and other funds that improve the campus.

At Ole Miss, on-campus freshmen are also automatically enrolled in the \$1,985 "Rebel Unlimited Plus 1" plan. The university has used money generated by its Aramark contract "to reinvest in the facilities and to fund day-to-day operations that are necessary for the university to handle its parts of the agreement," said Kathy Tidwell, director of contractual services and licensing.

Other Aramark-managed universities report similar prices: The top plan at the University of Southern Mississippi costs \$2,050. At the University of Alabama, the most expensive plan runs nearly \$2,000, up by \$600 since 2012.

Other contractors have followed a similar path to grow student food plan revenues. In 2013, SodexoMAGIC took over Jackson State University's dining halls. Back then, the top meal plan ran students \$1,447. By this school year, the same plan had increased to \$1,979.

Some universities have in recent years begun charging nearly all students for meals — whether they need them or not. As of this year, Ole Miss charges almost all undergraduates \$250 in "Flex Dollars" each semester.



And Alabama mandates undergraduates pay \$350 for a similar "Dining Dollars" food plan. Prices for these mandatory plans are also rising: Alabama's contract with Aramark stipulates the university must seek approval from state officials to hike its Dining Dollars price tag by \$25 every few years.

### **WITH HIGHER PRICES, HOW ARE CAMPUSES DEALING WITH STUDENT HUNGER?**

Rachel Sumekh is founder and CEO of Swipe Out Hunger, an organization addressing food insecurity on college campuses. The group works with eighty-six universities across the country, including the University of Southern Mississippi, allowing students with extra meal swipes to donate them to hungry peers.

The college affordability crisis, Sumekh said, has mostly to do with the increasing cost of living expenses including costly meal plans—not tuition prices.

Financial aid such as Pell Grants doesn't always stretch far enough to cover all of a student's living expenses. So instead of taking out a loan, she said, students simply skip buying a pricey meal plan.

Universities, Sumekh said, should be better about using grant and scholarship data to identify students who may be hungry—and providing resources so they can eat in the dining halls alongside their peers. Many universities have opened food pantries to help hungry students. But she said that's not sufficient.

Universities and their contractors are becoming more aware of food insecurity, however, through groups like Swipe Out Hunger and others. MSU has a similar swipe donation program through Aramark, Hyatt said.

In addition, the campus operates Maroon Meals, where students are

alerted on their phones when extra free food is available from events around campus. Officials also are working to open a food pantry, she said.

Tyshean Grant, a 2016 Ole Miss graduate, was one of the students who could not afford to pay for a full-priced meal plan her freshman year. So, she said she had to use Supplemental Nutrition Assistance Program benefits to offset the costs of buying food off campus.

"I see what they're trying to do with creating a (better meal plan), like combo-type options," Grant said. "But I also think the options should be affordable."

### **LOW PAY, LONG HOURS FOR CAMPUS FOOD EMPLOYEES**

The shift to contractors has not generally improved conditions for on-campus food service employees, many of whom are also students. Mac Dermott said contractors generally hire food service employees at the lowest possible rate, with some fringe benefits. Most only receive about forty weeks of pay in a year due to the shortened college calendar. He said unions have made few inroads.

Universities can negotiate solid terms for their former employees under a new contractor. When Aramark took over at MSU in 2007, for example, employees received a 5 percent pay increase, kept certain benefits, and were guaranteed employment for at least a year, according to its contract.

But while several former Aramark employees praised the company's benefits package, they expressed concerns about the consistent layoffs, unpredictable work hours and intense workload.

Joshua Taylor, 37, worked as a cook for Ole Miss athletics for years before departing earlier this year. He said he worked at least nine hours a day for \$17 an hour with benefits. But the job became too much of a burden, he said, once many of his coworkers were laid off.

"They scaled our entire operation in half and let go of half of my coworkers, and I was left there," he said. Eventually, it was "ten people doing the job of about thirty. I'm 37. I'm not interested in doing the work of three people."

Brittiney Massey, 30, echoed Taylor's sentiments. She said layoffs that occur during summer and winter breaks impact employees negatively.

"Just because layoffs happen doesn't mean [our] expenses were suspended for that time," Massey said.

Massey, hired in 2012, worked her way to a supervisor position in the banquet department. During her tenure, she felt underpaid and that coworkers were overlooked for promotions. She left in 2017.

"I was the banquet supervisor and I was getting paid \$12 an hour, but my hours would go from twelve- to sixteen-hour days," she said.

Available positions are posted online and promotions are based on "merit and skill," said Scornhorst, food service director at Ole Miss, and "anyone can apply." He recognized winter and summer layoffs pose challenges and as a result, the company loses employees. But they are welcome to come back on the "predetermined day," he added.

"It's a pause in the system, not a hard shutoff," he said. "We do run into issues with retention, when locations close up for two months at a time. ... Folks need to make money in those off times." 🍷

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