

# Students Challenge Meal Plan ‘Monopoly’

Three Alabama universities sued over mandatory dining programs

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**C**hallenge authority was one of the mantras during turbulent times on campuses 40 years ago. The sentiment is alive and well today, at least in Alabama, where students have sued their state universities, charging that mandatory meal plans violate state antitrust laws, *The Birmingham (AL) News* reports.

The universities and their food service contractors named in the lawsuit are: Auburn University (Compass Group), the University of Alabama Tuscaloosa (Aramark) and the University of Alabama Birmingham (Sodexo).

The class-action suits seek monetary damages from the contractors, not the universities, John F. Whitaker, an attorney representing the Auburn students, said, according to the *Opelika-Auburn (AL) News*.

## **\$70 Million Damages Possible**

Alabama law provides a person can claim \$500 plus actual damages per incident if a civil anti-trust action is successful. That would mean \$2,900 for a four-year Auburn student who paid the \$300 per semester minimum meal plan charge. Auburn enrolls more than 24,000 students. Potential damages could exceed \$70 million.

Apparently, the attorneys hope to win a settlement with the contractors.

There's a long time lag between filing a case and having it heard in court. With appeals, a final decision probably is four or more years off, unless settled sooner. If the contractors settle the case before trial, the amounts are likely to be far lower than a potential court award. The attorneys, who will claim around 40% of the proceeds, will benefit far more than any of the thousands of students, whose individual shares may not be enough to buy a fast food hamburger, without a side order of fries.

If the Alabama suits are successful, mandatory meal plans, at least in that state, could be eliminated, damaging the underpinnings of most campus dining services.

It's possible the same kind of suit can be brought in other states. Massachusetts and New York, for example, have anti-trust laws. Even without lawsuits, mandatory meal plans may be challenged as news of the Alabama students' action spreads.

## **Power to the Students**

The bigger implication for campus dining services may be a more general movement by students against mandatory plans.

“If [the lawsuits are] successful, this is an interesting model for students taking action to balance power on their campus – which usually tilts in the direction of administrators and companies and away from students,” a blogger on the University of Alabama student newspaper website wrote.

“Students must spend these ‘dining dollars’ at monopolistic vendors who are granted control of campus dining in exchange for giving the universities a cut of the take,” is one attitude, expressed by *Birmingham News* columnist John Archibald.

## Unintended Consequences

That may be so – and the Alabama suit may be successful – but the outcome could result more in unintended consequences than new freedom of choice for students.

Before they became mandatory, only 7% of Auburn students bought meal plans, according to the complaint. The mandatory plans generate about \$14 million annually, permitting the operation of 23 food concepts in the Student Center, three other campus locations and the library, with two open until midnight.

Not all are profitable, but the most profitable units support the losers, as well as covering the cost of facilities improvements and providing a return to the university and a profit to the operator.

Big state universities may be able to adapt to a lower level of revenue, but at smaller resident colleges, the loss of mandatory plans could cripple dining services. Community colleges and other non-resident schools with no meal plans rely on retail sales. Most are marginally profitable and many are subsidized by the college. That could be the outcome at resident colleges that lose their mandatory plans.

*Clarion can help restructure your meal plans and improve campus dining and hospitality services. Contact Tom Mac Dermott, 603/642-8011, Angela Phelan, 973/544-6223 or Ernie Wilder, 904/9401208 or e-mail us at [info@clariongp.com](mailto:info@clariongp.com)*