

BOARD OF HIGHER EDUCATION
REQUEST FOR COMMITTEE AND BOARD ACTION

NO.: FAAP 06-24

COMMITTEE DATE: February 9, 2006

BOARD DATE: February 16, 2006

FISCAL YEAR 2007 MSCBA RENT CERTIFICATE

MOVED: The Board of Higher Education hereby approves the attached Fiscal Year 2007 residence hall rent schedules, effective July 1, 2006, provided that any subsequent adjustment in the rent schedules shall be subject to the approval of the Board of Higher Education.

Authority: Massachusetts General Laws Chapter 73 App., Section 1-9 and the *Contract for Financial Assistance, Management and Services*, dated February 1, 2003, made between the Commonwealth of Massachusetts, acting by and through the Board of Higher Education and the Massachusetts State College Building Authority.

Contact: Kurt T. Steinberg, Associate Vice Chancellor for Fiscal Policy

ATTACHMENT 1: FY 2007 RENT CERTIFICATE

COLLEGE Building	Design Occupancy	Annual Rent		FY07 Semester Rent		
		FY06	FY07	College	MSCBA	Total
BRIDGEWATER STATE COLLEGE	2,045					
East Hall - Singles*	164	\$4,954	\$5,138	\$2,569	n/a	\$2,569
East Hall - Doubles*	136	\$4,494	\$4,616	\$2,308	n/a	\$2,308
Great Hill	192	\$4,012	\$4,450	\$1,263	\$962	\$2,225
Miles-Dinardo	399	\$3,816	\$4,238	\$1,159	\$960	\$2,119
Pope	160	\$3,192	\$3,560	\$1,239	\$541	\$1,780
Scott	143	\$3,192	\$3,560	\$1,239	\$541	\$1,780
Shea/Durgin	620	\$3,408	\$3,776	\$1,321	\$567	\$1,888
Woodward	231	\$3,344	\$3,776	\$1,302	\$586	\$1,888
FITCHBURG STATE COLLEGE	1,441					
Apartments	189	\$3,840	\$4,164	\$1,148	\$934	\$2,082
Aubuchon Suites	302	\$3,594	\$3,930	\$1,353	\$612	\$1,965
Cedar Street*	26	\$4,300	\$4,418	\$2,209	n/a	\$2,209
Herlihy	152	\$3,414	\$3,736	\$1,261	\$607	\$1,868
Mara	328	\$3,550	\$3,852	\$1,006	\$920	\$1,926
Russell	444	\$3,584	\$3,922	\$1,394	\$567	\$1,961
FRAMINGHAM STATE COLLEGE	1,494					
Corinne	504	\$3,504	\$3,846	\$1,317	\$606	\$1,923
Horace Mann	109	\$3,504	\$3,846	\$1,365	\$558	\$1,923
Larned	353	\$3,504	\$3,846	\$1,365	\$558	\$1,923
Linsley-traditional	77	\$3,504	\$3,846	\$1,316	\$607	\$1,923
Linsley-suites	80	\$4,336	\$4,736	\$1,755	\$613	\$2,368
O'Connor	252	\$3,504	\$3,846	\$1,365	\$558	\$1,923
Pierce	119	\$3,504	\$3,846	\$1,365	\$558	\$1,923
MASSACHUSETTS COLLEGE OF ART	366					
Artists' Residence - Singles*	126	\$9,074	\$9,300	\$4,650	n/a	\$4,650
Artists' Residence - Doubles*	124	\$8,040	\$8,300	\$4,150	n/a	\$4,150
Smith	116	\$6,050	\$6,400	\$2,274	\$926	\$3,200
MASSACHUSETTS COLLEGE OF LIBERAL	867					
Berkshire	160	\$3,266	\$3,454	\$1,043	\$684	\$1,727
Flagg Townhouses	491	\$3,530	\$3,720	\$1,011	\$849	\$1,860
Hoosac	216	\$3,266	\$3,454	\$1,043	\$684	\$1,727
MASSACHUSETTS MARITIME ACADEMY	880					
Companies 1-6	880	\$3,098	\$3,366	\$956	\$727	\$1,683
SALEM STATE COLLEGE	1,394					
Bates	354	\$4,290	\$4,668	\$1,298	\$1,036	\$2,334
Bowditch	276	\$3,588	\$3,948	\$1,377	\$597	\$1,974
Central Campus - Singles*	154	\$6,272	\$6,568	\$3,284	n/a	\$3,284
Central Campus - Doubles*	288	\$5,524	\$5,784	\$2,892	n/a	\$2,892
Peabody	322	\$3,588	\$3,948	\$1,377	\$597	\$1,974

COLLEGE Building	Design Occupancy	Annual Rent		FY07 Semester Rent		
		FY06	FY07	College	MSCBA	Total
WESTFIELD STATE COLLEGE	2,329					
Apartments	288	\$4,284	\$4,442	\$1,239	\$982	\$2,221
Courtney	441	\$3,942	\$4,086	\$1,122	\$921	\$2,043
Davis	306	\$3,264	\$3,386	\$1,103	\$590	\$1,693
Dickinson	306	\$3,264	\$3,386	\$1,103	\$590	\$1,693
Lammers	294	\$3,264	\$3,386	\$1,054	\$639	\$1,693
Scanlon	285	\$3,264	\$3,386	\$1,103	\$590	\$1,693
New Building - Singles*	173	\$5,750	\$5,930	\$2,965	n/a	\$2,965
New Building - Doubles*	236	\$5,150	\$5,310	\$2,655	n/a	\$2,655
WORCESTER STATE COLLEGE	1,000					
Chandler 1	156	\$4,998	\$5,170	\$1,596	\$989	\$2,585
Chandler 2	264	\$4,308	\$4,596	\$1,344	\$954	\$2,298
Dowden	232	\$3,764	\$4,046	\$1,071	\$952	\$2,023
Wasylean - Singles*	120	\$6,250	\$6,294	\$3,147	n/a	\$3,147
Wasylean - Doubles*	228	\$5,850	\$5,980	\$2,990	n/a	\$2,990

TOTAL RESIDENTIAL PROJECTS 11,816

NON-RESIDENTIAL PROJECTS			
BRIDGEWATER STATE COLLEGE		MASSACHUSETTS COLLEGE OF ART	
East Campus Commons*	\$630,408	Kennedy Dining Hall	\$126,548
Parking Facility**	\$96,000		
FITCHBURG STATE COLLEGE		MASSACHUSETTS COLLEGE OF LIBERAL ARTS	
Athletic Fields	\$289,748	Tennis Courts**	\$14,400
Holmes Dining	\$79,349		
Holmes Dining - Phase 2**	\$160,000	MASSACHUSETTS MARITIME ACADEMY	
		Bookstore**	\$40,000
FRAMINGHAM STATE COLLEGE		SALEM STATE COLLEGE	
Union Street Parking Lot*	\$229,345	Central Campus Parking Lot	\$154,815
Larned Hall Parking Lot and Athletic Fields	\$140,368	O'Keefe Center	\$232,390
McCarthy College Center - phase 1	\$565,171	Athletic Fields**	\$320,000
McCarthy College Center - phase 2**	\$120,000		

*Campus Project owned by the Authority; does not include additional assessments for non-residential projects

**estimated, pending closing of 2006A bond issue

ATTACHMENT 2: ANNUAL POLICY SUPPLEMENT

The following are the Policy Supplements to Attachment 1, 2006/2007 State College Residence Hall Rent Schedule:

1. That those colleges with building occupancies of over 100% of design occupancy verify conformance with the Building Code relative to Life Safety and Sanitation requirements and make any necessary adjustments to either the building or numbers of residents. The MSCBA will assist with architectural and code consultants when requested.
2. That the 2006/2007 maximum semester rent assessment made by the MSCBA of the Colleges be no more than 100% of total system bed residence hall design occupancy at each College. That the minimum semester rent assessment be no less than 87% for all Colleges in 2006/2007.
3. That rent increases to support future debt service costs for new buildings and renovations shall be limited to residence halls at the Campus which will benefit from new construction; funds for new buildings must be placed in a separate account and held in reserve for debt service and occupancy expenses of the new building.
4. That MSCBA rent increases continue to put value-related pricing into effect through each year's rent certificate, recognizing capital improvements in existing facilities.
5. In the event that a College converts residence hall space to other uses and pays rent to the MSCBA in lieu of debt service for such use, the number of beds converted to other uses shall reduce the design occupancy. Rent Payments in lieu of student occupancy shall be sufficient to cover MSCBA system-wide costs reasonably allocated to the building.
6. That annual College expenditures for repair and maintenance should increase by no less than 0.5% of College operating budgets exclusive of the MSCBA assessment, until the Board of Higher Education target for repair and maintenance spending for general College budgets (currently 5%) is met by the residence hall system. Funds for residence hall annual repair and maintenance performed by the Colleges in 2006/2007 are no less than 3% of the Operating budgets.
7. That rent rates shall be adjusted in instances where actual occupancy differs from the design occupancy of a certain room. For example, there shall be a premium rent charged when one student occupies a double room, and there shall be a discount to the normal rent when three students occupy a double room.
8. That residence hall occupancy agreements issued in the fall semester normally shall be written for an entire academic year. The MSCBA shall be given the opportunity to participate in the review of waivers requested by students who intend to remain enrolled at the institution.

Background

2006/07 Rent Recommendations

The rent certificate attached to this document recommends residence hall rent increases that average \$121 per semester or \$242 per academic year per student. Current year average rents for all beds are \$3,903 per academic year, including all facility types (traditional, apartments, suites). With this increase, the average rent for existing beds will be \$4,145 per academic year.

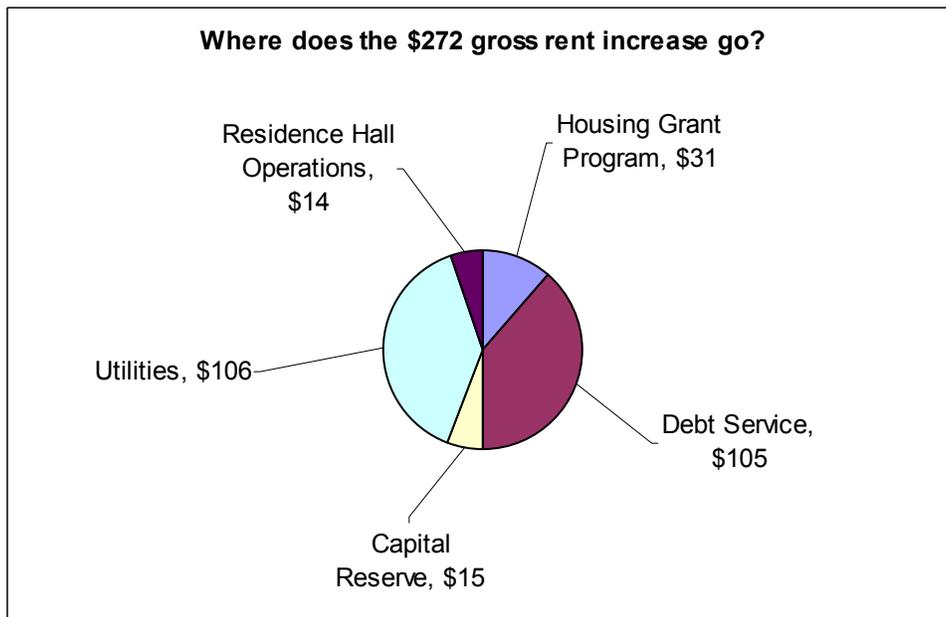
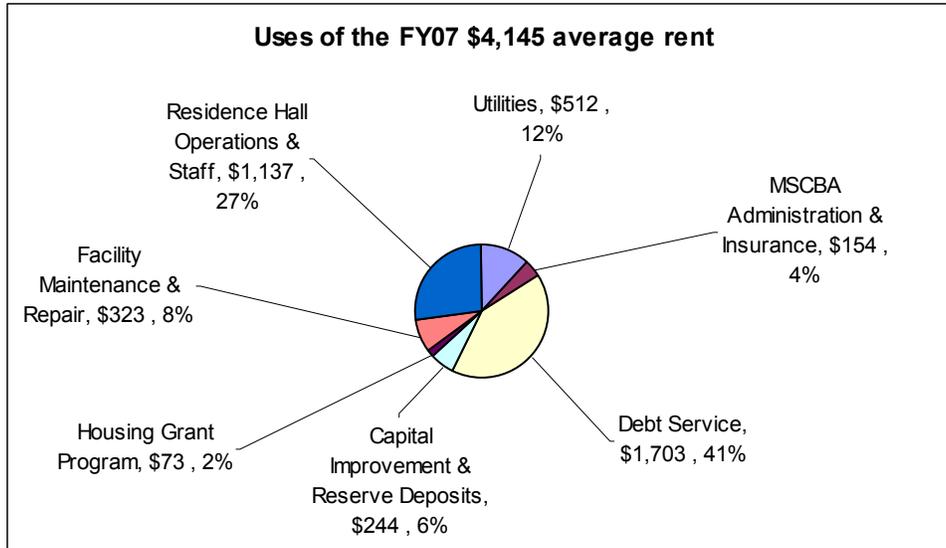
The following table illustrates the proposed average rents:

<u>Category</u>	<u>FY07</u>	<u>Monthly</u>	<u>% of beds</u>
All beds	\$4,145	\$461	100%
Traditional Suite/Apartment	\$3,596	\$400	58%
System (pre 1998) New Construction Apts.	\$4,911	\$546	42%
	\$3,796	\$422	85%
	\$6,119	\$680	15%

This rent proposal represents a 6.2% increase on existing beds, not including a 1%, or \$30, increase for housing financial aid that will be redistributed to needy students as part of the Housing Grant Program that was established in FY05. The FY07 rent proposal includes an additional 1.2% increase on top of the 5% projected average as established in the four-year rent plan presented to the Board of Higher Education in February 2005. The additional increase over the 5% in FY07 is due to the unforeseen substantial increases in utility costs, projected to total \$1.5 million system-wide.

What do Student Rents Pay For?

There are no Commonwealth appropriations for residence halls. Student rents fund the Colleges' costs of operating the residence halls and the MSCBA's obligations, including debt service for capital projects and reserves. In addition, \$1,000,000 of annual revenue goes towards the **Housing Grant Program**, which redistributes money to students in financial need. The charts on the following page illustrate the uses of the recommended \$272 gross increase and the \$4,145 average student rent.



Projected Revenues and Expenses

Total MSCBA revenues for the 2006/2007 academic year are projected at approximately \$39 million and expenditures at \$38.42 million, yielding a net gain of approximately \$580,000, or 1.5% of revenues. Any balance at the end of the year is deposited into reserves. The table 2006/07 PROJECTED MSCBA REVENUES AND EXPENDITURES on the following pages identifies all categories of MSCBA projected revenues and expenses.

The tables on page 9, 2006/07 PROJECTED RESIDENCE HALLS TOTAL REVENUES AND EXPENDITURES, shows the consolidated residence hall operating budgets. The budget shows total revenues of \$57.94 million and total expenditures of \$57.79 million, yielding an annual gain of \$152,000 and a fund balance of \$4.9 million. Operating expenses average \$8.83 per gross square foot (\$8.23 in FY06), of which \$2.29 goes to utilities (\$1.87 in FY06).

2006/07 PROJECTED MSCBA REVENUES AND EXPENDITURES
REVENUES

	FY06	FY07	\$ diff	% diff
<u>REVENUES</u>				
Building Revenues	\$ 28,709,992	\$ 32,324,575	\$ 3,614,583	13%
Residence Halls - System	\$ 17,419,196	\$ 19,682,676	\$ 2,263,480	13%
Residence Halls - Campus	\$ 9,007,248	\$ 9,254,889	\$ 247,642	3%
Non Residence Halls	\$ 2,172,893	\$ 2,448,142	\$ 275,250	13%
06A Repair Revenues	\$ -	\$ -	\$ -	n/a
06A New Residence Halls	\$ -	\$ -	\$ -	n/a
06A Student Life	\$ 110,656	\$ 938,867	\$ 828,211	748%
Investment Earnings	\$ 1,836,919	\$ 2,376,263	\$ 539,344	29%
94A Section 10, Principal, Interest	\$ 322,333	\$ 359,751	\$ 37,418	12%
03A Debt Service Reserve Fund	\$ 349,847	\$ 349,847	\$ -	(0%)
03A Debt Service Deposit Agreement	\$ 18,339	\$ 18,686	\$ 347	2%
03B Debt Service Reserve Fund	\$ 484,821	\$ 485,594	\$ 772	0%
03B Debt Service Deposit Agreement	\$ 183,888	\$ 190,687	\$ 6,799	4%
04A Debt Service Reserve Fund	\$ 194,547	\$ 194,547	\$ -	0%
04A Debt Service Deposit Agreement	\$ 12,952	\$ 13,067	\$ 115	1%
05A Debt Service Reserve Fund	\$ 139,387	\$ 139,387	\$ -	0%
05A Debt Service Deposit Agreement	\$ 7,950	\$ 12,283	\$ 4,333	55%
06A Debt Service Reserve Fund	\$ 18,227	\$ 105,080	\$ 86,853	477%
06A Debt Service Deposit Agreement	\$ 2,878	\$ 23,019	\$ 20,141	700%
06A 2007 Repair Project Fund	\$ 101,750	\$ 484,316	\$ 382,566	376%
Capital Commitments	\$ 2,679,962	\$ 4,306,871	\$ 1,626,909	61%
HUD Grant for Debt Service	\$ 211,890	\$ 211,890	\$ -	0%
03A Capitalized Interest	\$ 250,000	\$ -	\$ (250,000)	(100%)
06A Capitalized Interest	\$ 933,902	\$ 3,272,000	\$ 2,338,098	250%
Utility Subsidy from Capital Reserve	\$ 500,000	\$ -	\$ (500,000)	(100%)
Bond Funds for PM salary & expense	\$ 784,170	\$ 822,981	\$ 38,811	5%
TOTAL REVENUES	\$ 33,226,873	\$ 39,007,708	\$ 5,780,835	17%

2006/07 PROJECTED MSCBA REVENUES AND EXPENDITURES
EXPENDITURES & GAIN / (LOSS)

	FY06	FY07	\$ diff	% diff
EXPENDITURES				
Operating Expenses	\$ 2,671,682	\$ 3,199,744	\$ 528,062	20%
Authority Operating Expenses	\$ 1,562,507	\$ 1,741,744	\$ 179,237	11%
Property and Liability Insurance	\$ 478,400	\$ 500,000	\$ 21,600	5%
Systemwide Service Contracts	\$ 12,775	\$ -	\$ (12,775)	(100%)
Utility Reimbursement	\$ 600,000	\$ 940,000	\$ 340,000	57%
Lease Payments	\$ 18,000	\$ 18,000	\$ -	0%
Debt Service	\$ 26,449,260	\$ 31,520,571	\$ 5,071,311	19%
94A Principal	\$ 3,825,000	\$ 4,110,000	\$ 285,000	7%
94A Interest	\$ 3,509,250	\$ 3,222,375	\$ (286,875)	(8%)
03A Principal	\$ 715,000	\$ 840,000	\$ 125,000	17%
03A Interest	\$ 5,140,220	\$ 5,125,920	\$ (14,300)	(0%)
03B Principal	\$ 1,035,000	\$ 1,080,000	\$ 45,000	4%
03B Interest	\$ 4,161,250	\$ 4,119,850	\$ (41,400)	(1%)
04A Principal	\$ 1,005,000	\$ 1,070,000	\$ 65,000	6%
04A Interest	\$ 2,921,513	\$ 2,891,363	\$ (30,150)	(1%)
04B Principal	\$ -	\$ -	\$ -	n/a
04B Interest	\$ 1,014,770	\$ 1,014,770	\$ -	0%
05A Principal	\$ 280,000	\$ 1,280,000	\$ 1,000,000	357%
05A Interest	\$ 1,529,094	\$ 1,515,094	\$ (14,000)	(1%)
06A Principal	\$ -	\$ 275,000	\$ 275,000	n/a
06A Interest	\$ 1,313,164	\$ 4,976,200	\$ 3,663,036	279%
Reserve Deposits	\$ 3,823,039	\$ 4,051,024	\$ 227,985	6%
94A Section 10 Reserve Fund	\$ 696,165	\$ 348,082	\$ (348,083)	(50%)
System Capital Improvement Reserve	\$ 2,777,795	\$ 3,298,083	\$ 520,288	19%
Campus Project Capital Reserve	\$ 299,079	\$ 354,859	\$ 55,780	19%
Multipurpose Reserve	\$ 50,000	\$ 50,000	\$ -	0%
TOTAL EXPENDITURES	\$ 32,943,981	\$ 38,771,340	\$ 5,827,358	18%
GAIN/LOSS	\$ 282,891	\$ 236,368	\$ (46,523)	(16%)
Gain (Loss) / Revenues	0.9%	0.6%		
Debt Service/Expenditures	80.3%	81.3%		
Principal/Debt Service	25.9%	27.5%		

FY07 PROJECTED RESIDENCE HALL TOTAL REVENUES AND EXPENDITURES

	SYSTEM*	CAMPUS*	TOTAL
BEGINNING FUND BALANCE as of July 1, 2006	\$3,390,522	\$1,372,765	\$4,763,287
Income for period			
Academic Year Room Rental	\$40,690,873	\$11,561,440	\$52,252,313
Laundry/Vending Commissions	\$272,100	\$55,600	\$327,700
Interest	\$130,000	\$1,520	\$131,520
Summer Room Rental	\$430,500	\$268,000	\$698,500
Summer Conferences Fees	\$515,500	\$392,000	\$907,500
Room Damage Assessments	\$262,317	\$23,300	\$285,617
College Support to Operating Budget**	\$399,482	\$825,000	\$1,224,482
MSCBA Support to Operating Budget	\$940,000	\$0	\$940,000
Other Income***	\$527,765	\$650,854	\$1,178,619
Total Income	\$44,168,537	\$13,777,714	\$57,946,251
Disbursements for period			
AA Employee Compensation	\$8,449,843	\$1,075,223	\$9,525,066
BB Employee Related Expenses	\$116,325	\$6,730	\$123,055
CC Special Employees/Students	\$2,137,325	\$238,887	\$2,376,212
DD Fringe Benefits, Insurance	\$2,442,463	\$220,614	\$2,663,076
EE Administrative Expenses	\$634,275	\$84,770	\$719,045
FF Facility Operational Exp.	\$1,206,749	\$421,241	\$1,627,989
GG Energy/Sewer & Water	\$5,453,949	\$1,580,939	\$7,034,888
HH Consultant Services	\$105,844	\$13,175	\$119,019
JJ Operational Services	\$1,066,557	\$385,428	\$1,451,985
KK Equipment	\$252,715	\$56,570	\$309,285
LL Maintenance, Repair	\$310,315	\$50,097	\$360,412
MM Room Damage Expenditures	\$143,669	\$17,300	\$160,969
NN Infrastructure C/M	\$384,000	\$35,000	\$419,000
RR Benefit Program	\$186,853	\$86,335	\$273,188
Subtotal Building Costs	\$22,890,882	\$4,272,308	\$27,163,189
PP MSCBA Payments	\$19,682,676	\$9,254,889	\$28,937,565
Housing Grant Program	\$1,000,000	\$0	\$1,000,000
Other Disbursements***	\$524,000	\$170,000	\$694,000
Subtotal Other Costs	\$21,206,676	\$9,424,889	\$30,631,565
Total Disbursements	\$44,097,557	\$13,697,197	\$57,794,754
NET GAIN (LOSS)	\$70,980	\$80,517	\$151,497
NET GAIN (LOSS) / TOTAL INCOME	0.2%	0.6%	0.3%
ENDING FUND BALANCE as of June 30, 2007	\$3,461,501	\$1,453,282	\$4,914,784
FUND BALANCE / TOTAL INCOME	7.8%	10.5%	8.5% **Syst

em beds” refer to all buildings constructed before 1998; “Campus beds” include the six residence halls developed or leased since that time.

**System income includes College support for operating budgets. Campus income includes College equity contributions from Bridgewater, Salem, Westfield and Worcester for operating costs of new buildings.

***Other Income and Disbursements includes transfers of approved subsidies from system beds to campus beds at Bridgewater, Salem, and Worcester and from campus beds to system beds at MassArt.

**RESIDENCE HALL TOTAL REVENUES AND EXPENDITURES
FY05 ACTUAL, FY06 BUDGET, AND FY07 PROPOSED**

	FY05 ACTUAL	FY06 BUDGET*	FY07 PROPOSED
BEGINNING FUND BALANCE as of July 1	\$4,691,994	\$5,419,126	\$4,763,287

Income for period

Academic Year Room Rental	\$42,832,908	\$47,920,509	\$52,252,313
Laundry/Vending Commissions	\$309,199	\$334,478	\$327,700
Interest	\$128,530	\$83,537	\$131,520
Summer Room Rental	\$583,444	\$1,001,892	\$698,500
Summer Conferences Fees	\$553,590	\$963,500	\$907,500
Room Damage Assessments	\$224,442	\$297,200	\$285,617
College Support to Operating Budget	\$1,210,205	\$1,207,000	\$1,224,482
MSCBA Support to Operating Budget	\$0	\$0	\$940,000
Other Income	\$3,101,066	\$1,314,516	\$1,178,619
Total Income	\$48,943,383	\$53,122,632	\$57,946,251

Disbursements for period

AA Employee Compensation	\$8,679,053	\$9,170,350	\$9,525,066
BB Employee Related Expenses	\$102,063	\$113,135	\$123,055
CC Special Employees/Students	\$1,983,957	\$2,251,196	\$2,376,212
DD Fringe Benefits, Insurance	\$2,583,059	\$2,503,748	\$2,663,076
EE Administrative Expenses	\$539,793	\$719,044	\$719,045
FF Facility Operational Exp.	\$950,733	\$1,582,960	\$1,627,989
GG Energy/Sewer & Water	\$5,156,064	\$5,762,051	\$7,034,888
HH Consultant Services	\$122,979	\$172,170	\$119,019
JJ Operational Services	\$2,089,713	\$1,496,241	\$1,451,985
KK Equipment	\$235,192	\$862,739	\$309,285
LL Maintenance, Repair	\$351,210	\$431,611	\$360,412
MM Room Damage Expenditures	\$9,127	\$227,450	\$160,969
NN Infrastructure C/M	\$344,843	\$307,500	\$419,000
RR Benefit Program	\$255,147	\$259,918	\$273,188
Subtotal Building Costs	\$23,402,933	\$25,860,113	\$27,163,189
			\$0
PP MSCBA Payments	\$23,866,527	\$26,343,571	\$28,937,565
Housing Grant Program	\$302,621	\$642,000	\$1,000,000
Other Disbursements	\$644,170	\$614,000	\$694,000
Subtotal Other Costs	\$24,813,318	\$27,599,571	\$30,631,565
Total Disbursements	\$48,216,252	\$53,459,684	\$57,794,754

NET GAIN (LOSS)	\$727,131	(\$337,052)	\$151,497
NET GAIN (LOSS) / TOTAL INCOME	1.5%	(0.6%)	0.3%
ENDING FUND BALANCE as of June 30	\$5,419,126	\$5,082,074	\$4,914,784
FUND BALANCE / TOTAL INCOME	11.1%	9.6%	8.5%
DESIGN OCCUPANCY	11,313	11,830	11,816

*System loss due to reduction in College Residence Hall Trust Fund balance for planned capital projects at Framingham and Salem.

MSCBA OPERATING BUDGET - FY06 AND FY07 EXPENSES

EXPENSE CATEGORY	FY06 Budget	FY06 Expended	FY06 Balance	FY07 Proposed	\$ Change FY06-FY07	% Change FY06-FY07
AUTHORITY OPERATING						
SALARY & BENEFITS	379,349	188,268	191,081	457,105	77,756	20%
RETIREMENT PLAN CONTRIBUTION*	55,542		55,542	66,926	11,384	20%
MEDICAL INSURANCE	17,946	12,806	5,141	31,232	13,286	74%
CONSULTANTS						
CONSULTANT FEES (TECHNOLOGY)	20,000	6,000	14,000	20,000	0	0%
CONTRACT SERVICES (COPIER, CLEANING)	20,000	16,198	3,802	20,000	0	0%
TRUSTEE FEES	10,000	9,000	1,000	20,000	10,000	100%
LEGAL & ACCOUNTING						
LEGAL	120,000	22,990	97,010	120,000	0	0%
ACCOUNTING	50,000	0	50,000	75,000	25,000	50%
OCCUPANCY EXPENSE						
CONDO FEE/REPAIR/ELECTRIC	22,500	5,040	17,460	24,500	2,000	9%
AUTHORITY ADMIN EXPENSE						
AUTHORITY EXPENSE	50,000	38,352	11,648	50,000	0	0%
OFFICE SUPPLIES	12,000	2,690	9,310	12,000	0	0%
PRINTING & PUBLICATIONS, DUES	5,000	190	4,810	5,000	0	0%
TELEPHONE/DATA SVCS.	10,000	2,173	7,827	10,000	0	0%
OFFICE EQUIPMENT (COMPUTER/FURN.)	6,000	4,118	1,882	7,000	1,000	17%
Total OPERATING BUDGET	\$778,337	\$307,826	\$470,511	\$918,763	\$140,426	18%
CAPITAL FUNDED						
SALARY	564,538	259,594	304,944	615,754	51,216	9%
RETIREMENT PLAN CONTRIBUTION*	82,656		82,656	90,154	7,499	9%
MEDICAL INSURANCE	60,977		60,977	42,072	(18,905)	(31%)
CAP FUNDED ADMIN	76,000		76,000	75,000	(1,000)	(1%)
Total Capital Funded	784,170	259,594	524,576	822,981	38,810	5%
Operating Budget Net of Capital Reimb.	\$1,562,507	567,420	\$995,088	\$1,741,744	\$179,237	11%

NOTES:

- (a) The Contract for Financial Assistance, Management and Services, dated February 1, 2003 is made between The Commonwealth of Massachusetts (the "Commonwealth"), acting by and through the Board of Higher Education (the "Board") established under Chapter 15A of the General Laws of the Commonwealth, and the Massachusetts State College Building Authority (the "Authority"), a body politic and corporate and public instrumentality of the Commonwealth established under Chapter 703 of the Acts of 1963 of the Commonwealth (as amended, the "Act").

- (b) Annual Capital Improvement Reserve Expenses include expenditures for building repairs and expenditures for capital planning. The Capital Improvement Reserve is established in the Trust Agreements and is funded in accordance with the Trust Agreement requirements.

The Authority will prepare assessment notices for payment to Bond Trustee before October 10, 2006 and April 10, 2007 as required by the Trust Agreements.

**Draft Approved at a Meeting of the Massachusetts
State College Building Authority held on
December 13, 2005**

**Kenneth Wissman
Secretary/Treasurer**