

# Presentation to the Board



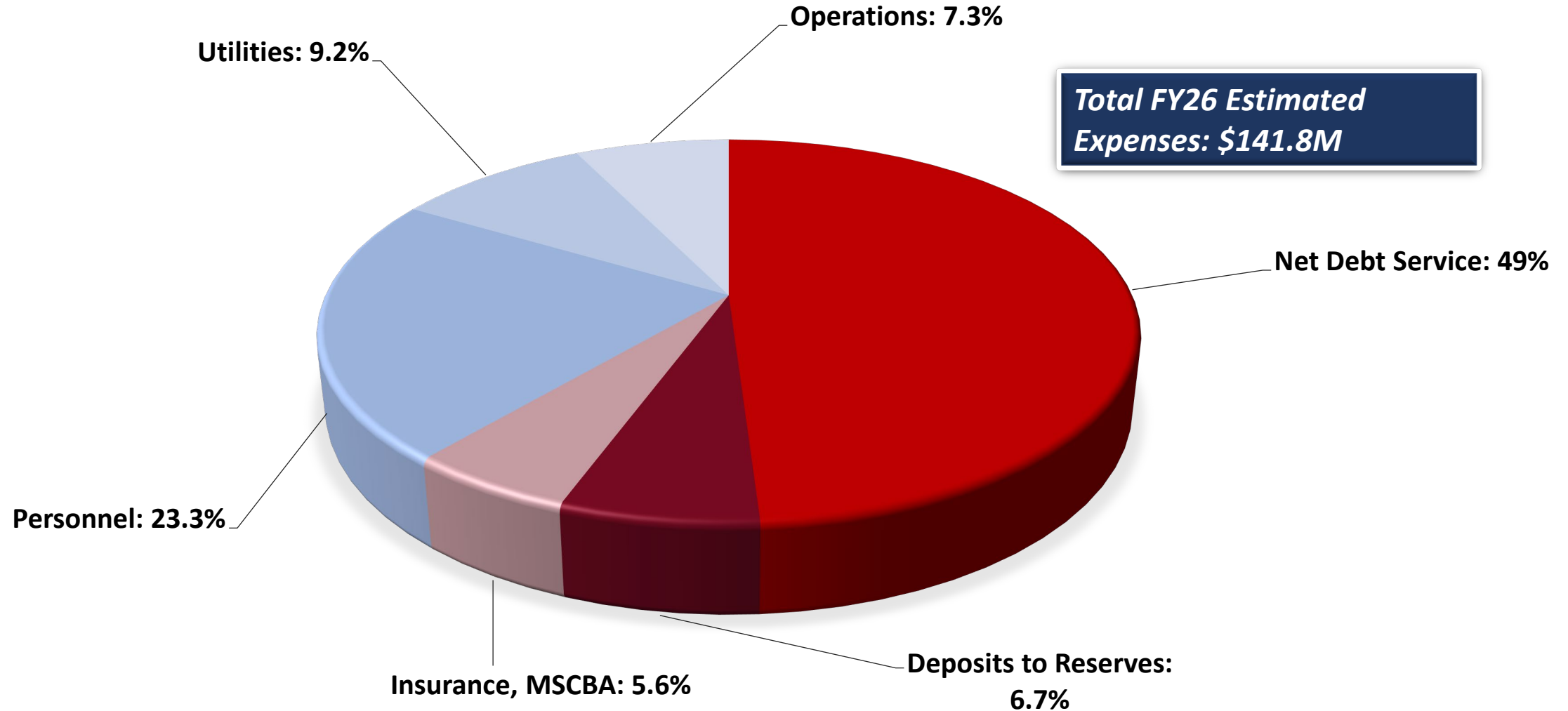
*January 28, 2025*

# Rent & Budget Approval

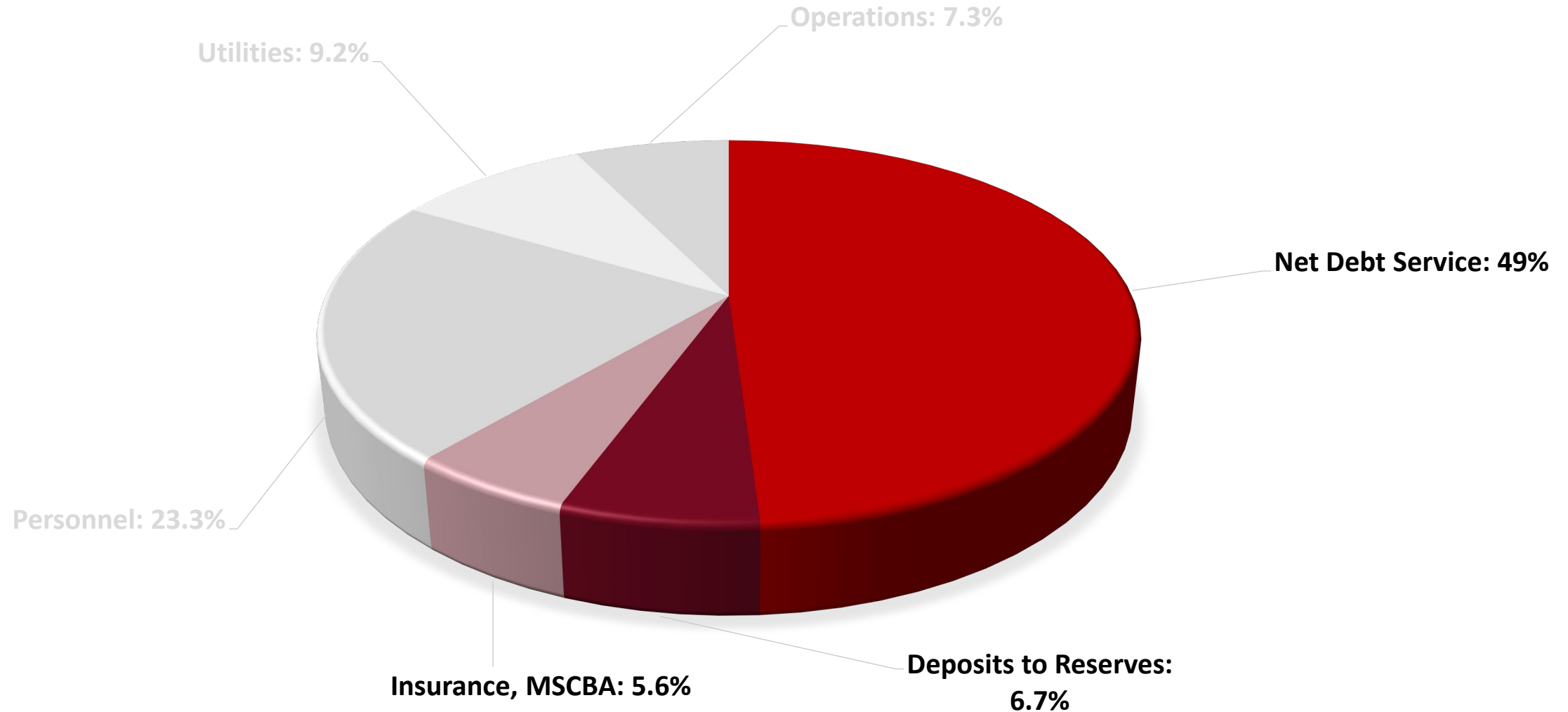
# Process for Rent Increase Recommendation

- **September 2024:** Proforma documents sent out to campuses
- **November 1, 2024:** Universities return draft budgets to MSCBA
- **November 15, 2024:** MSCBA finalizes rent recommendations upon final review with universities
- **December 2024:** MSCBA compiles and reviews all nine state university operational housing budgets
- **January 28, 2025:** Approval by MSCBA Board
- **Submission to Board of Higher Education (BHE) by February 1<sup>st</sup>**
  - BHE has until March 31st to formally approve. If not voted on by the BHE by March 31st, the Rent Certificate will be automatically approved (as per the Contract for Financial Assistance)

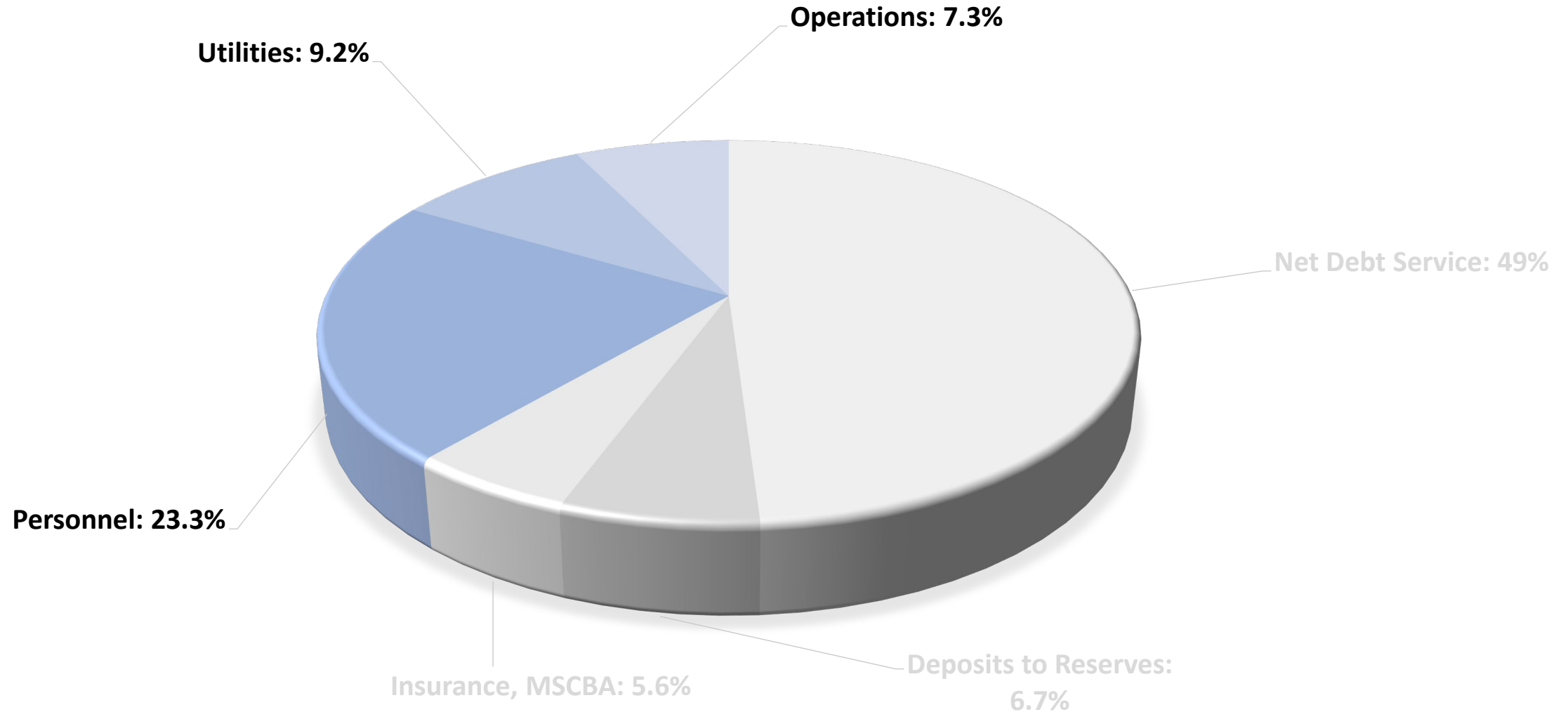
# A Review of Estimated Residence Hall Expenses



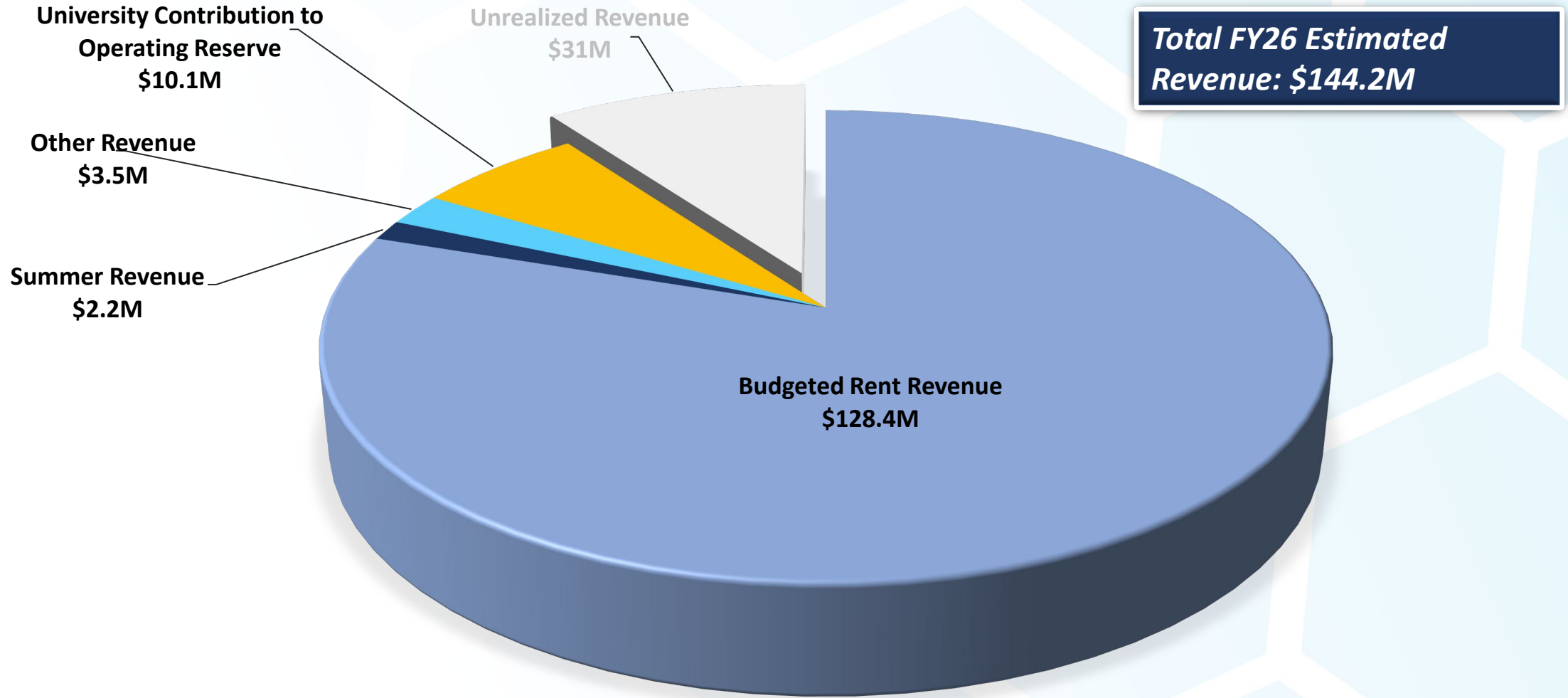
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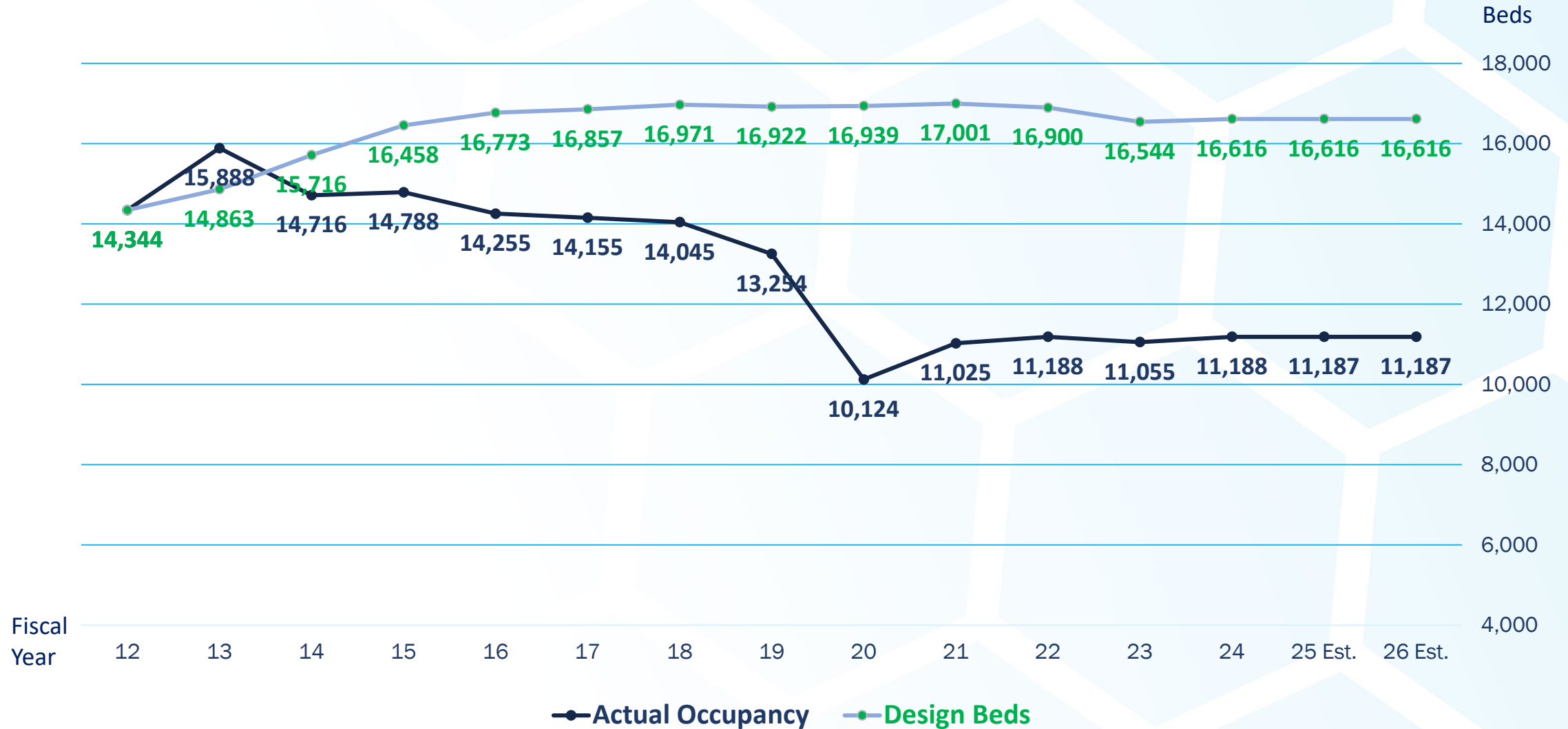
# A Review of Estimated Residence Hall Expenses



# A Closer Look at Residence Hall Revenue



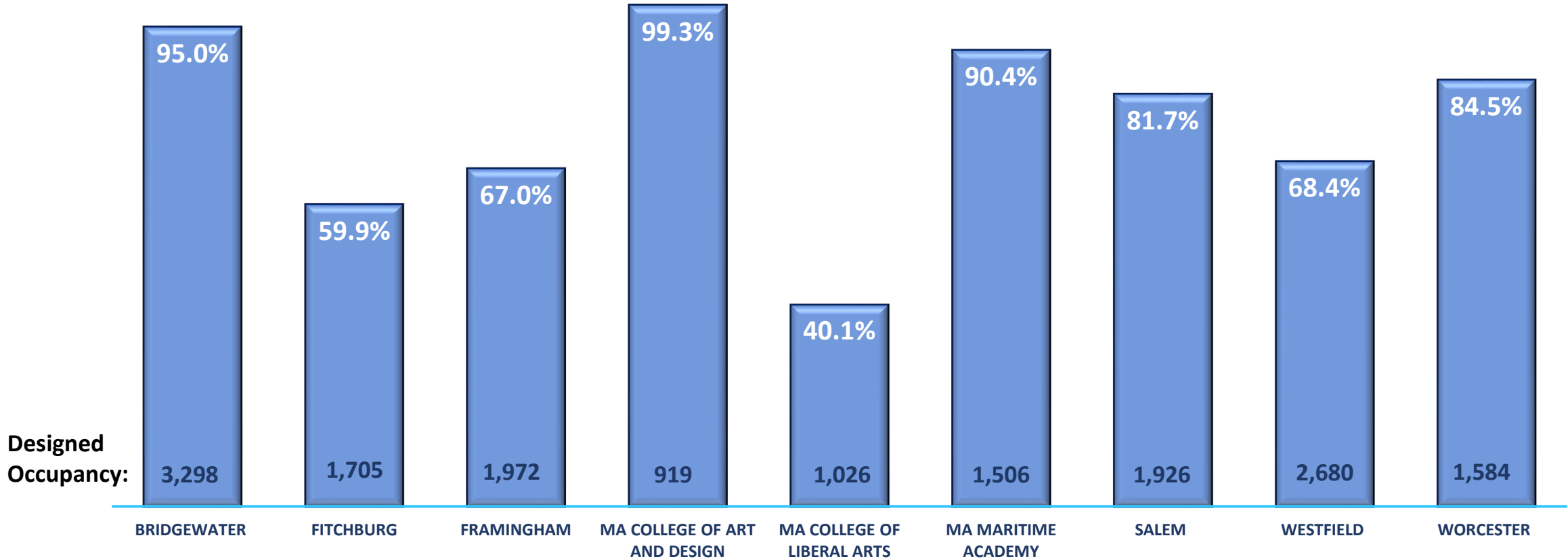
# Design Occupancy vs Actual Occupancy



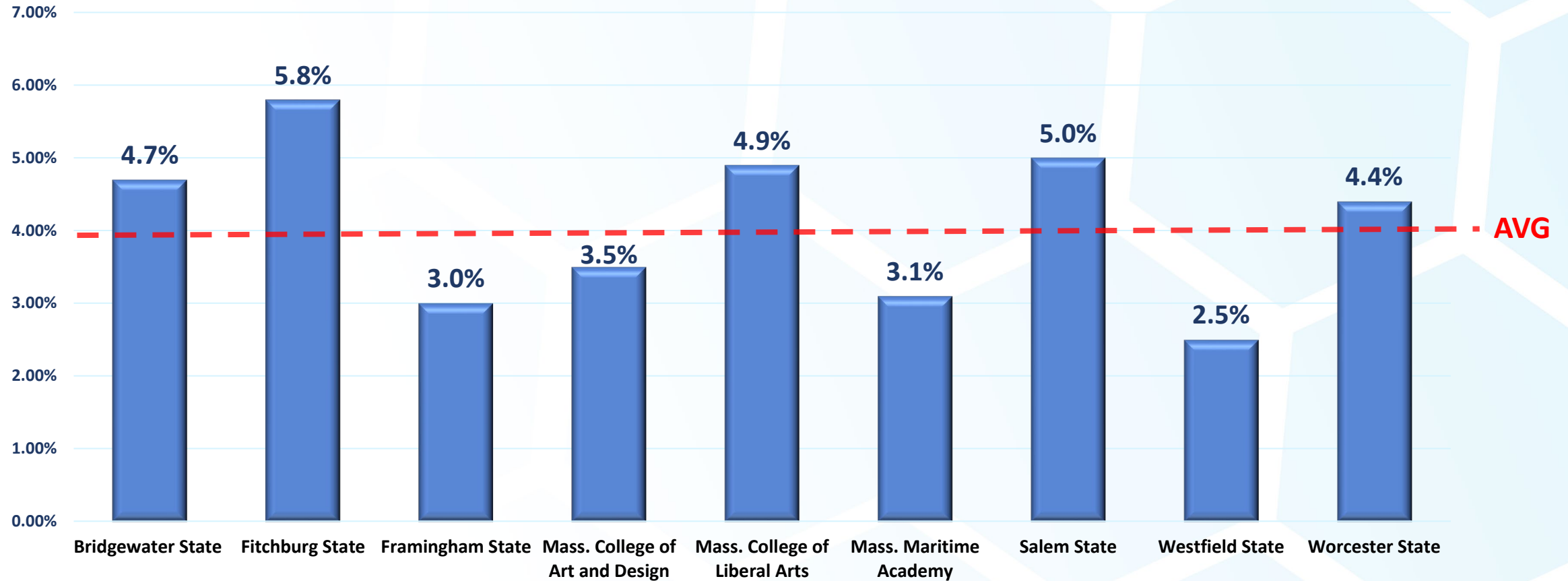


# Housing Capacity as a % of Designed Occupancy

*Data from Fall 2024*



# Rent Increases by Campus (FY25 vs. FY26)



# Residence Hall Trust Fund Budget: Schedule 3

	FY24 Actual (\$)	FY25 Update (\$)	FY26 Proposed (\$)	FY26/25 Variance (\$)	FY26/25 Variance (%)
<b>OPENING FUND BALANCE a/o JULY 1 (RHTF)</b>	<b>\$30,456,238</b>	<b>\$28,307,090</b>	<b>\$20,782,474</b>	<b>(\$7,524,616)</b>	<b>-26.6%</b>
<b>REVENUES</b>					
Academic Year Revenue (net of grants)	116,471,203	122,235,344	128,416,956	<b>6,181,611</b>	<b>5.1%</b>
Summer Rental and Conference	2,897,071	2,153,447	2,194,425	<b>40,978</b>	<b>1.9%</b>
University Support for Projects	565,000	565,000	565,000	-	<b>0.0%</b>
Other Income	4,763,309	4,254,422	3,513,042	<b>(741,380)</b>	<b>-17.4%</b>
Housing Grants	(5,409,352)	(5,559,242)	(5,364,088)	<b>195,154</b>	<b>-3.5%</b>
University Support for the Operating Reserve	5,819,506	10,345,000	10,600,000	<b>255,000</b>	<b>2.5%</b>
<b>TOTAL REVENUES</b>	<b>\$125,106,736</b>	<b>\$133,993,970</b>	<b>\$139,925,334</b>	<b>\$5,931,364</b>	<b>4.4%</b>
<b>EXPENDITURES</b>					
<b>Building Expenses</b>	<b>\$51,002,031</b>	<b>\$53,097,739</b>	<b>\$56,026,774</b>	<b>\$2,929,035</b>	<b>5.5%</b>
<b>MSCBA Residence Hall Assessments</b>	<b>70,541,755</b>	<b>82,095,847</b>	<b>85,827,198</b>	<b>\$3,731,350</b>	<b>4.5%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$121,543,786</b>	<b>\$135,193,586</b>	<b>\$141,853,972</b>	<b>\$6,660,386</b>	<b>4.9%</b>
<b>Change in Net Position</b>	<b>(\$2,149,148)</b>	<b>(\$1,199,616)</b>	<b>(\$1,928,638)</b>	<b>(\$729,022)</b>	<b>60.8%</b>
Project Funds Transfer	(5,712,098)	(6,325,000)	(3,600,000)	<b>2,725,000</b>	<b>-43.1%</b>
<b>ENDING FUND BALANCE a/o June 30 (RHTF)</b>	<b>\$28,307,090</b>	<b>\$20,782,474</b>	<b>\$15,253,836</b>	<b>(\$5,528,638)</b>	<b>-26.6%</b>
<i>Fund Balance / Prior Year Expenditures</i>	23.0%	15.9%	11.1%		
<b>DESIGN OCCUPANCY TOTAL</b>	<b>16,616</b>	<b>16,616</b>	<b>16,616</b>	-	<b>0.0%</b>
System Beds (built prior to CY 2000)	9,809	9,809	9,809	-	<b>0.0%</b>
Campus Beds (built in or after CY 2000)	6,807	6,807	6,807	-	<b>0.0%</b>

# Operating Budget Revenues (Schedule 1)

	FY24 Actual	FY25 Updated	FY 26 Proposed
<b>REVENUES</b>			
<b>Assessment Revenues</b>	\$97,673,335	\$ 114,986,268	\$ 116,719,494
Residence - Gross DS & Other	73,979,932	87,112,228	88,624,794
Student Life Gross DS & Other	23,693,403	27,874,040	28,094,700
<b>Debt Service Credits</b>	(6,994,380)	(7,687,064)	(6,680,142)
DSRF Interest Earnings and Corpus Releases	(4,152,413)	(4,647,275)	(4,157,416)
Build America Bonds Subsidy	(1,880,509)	(1,778,744)	(\$1,672,727)
Capitalized Interest and Other	(961,459)	(1,261,045)	(850,000)
<b>Net Assessment Revenues</b>	\$90,678,954	\$107,299,204	\$110,039,352
<b>Other Revenues</b>	450,000	450,000	450,000
DSRF Interest Earnings for Supplemental System CIR Deposits	450,000	450,000	450,000
<b>TOTAL REVENUES</b>	\$91,128,954	\$107,749,204	\$110,489,352

# Operating Budget Expenses (Schedule 1)

	FY24 Actual	FY25 Updated	FY 26 Proposed
<b><u>EXPENDITURES &amp; DEPOSITS TO RESERVES</u></b>			
<b>Operating Expenses</b>	\$4,414,207	\$4,947,408	\$5,433,026
Authority Operating Budget (excl. Capital*)	2,594,746	2,848,492	2,860,340
Property and Liability Insurance	1,819,461	2,098,916	2,572,686
<b>Net Debt Service &amp; Deposits to Reserves</b>	\$86,945,312	\$102,913,162	\$105,011,999
Net Debt Service Due	76,370,942	91,833,300	93,419,123
System Capital Improvement Reserve	4,890,764	5,156,874	5,397,650
Supplemental System Capital Improvement Reserve	450,000	450,000	450,000
Campus Project Capital Reserve	3,833,605	4,072,988	4,345,226
Multipurpose Reserve	400,000	400,000	400,000
Supplemental Reserve	1,000,000	1,000,000	1,000,000
<b>TOTAL EXPENDITURES &amp; DEPOSITS TO RESERVES</b>	\$91,359,519	\$107,860,570	\$110,445,025
<b>Revenues Minus Expenditures &amp; Reserves</b>	(\$230,564)	(\$111,366)	\$44,327
<i>Change/Revenues</i>	-0.25%	-0.10%	0.04%
<i>Debt Service/Expenditures &amp; Reserves</i>	83.6%	85.1%	84.6%
<i>Management Fee Transfers for PM Salary &amp; Expense</i>	\$818,304	\$876,003	\$804,640

# MSCBA Operating Budget



# Authority Operating Budget (Schedule 2)

Expenditure Category	FY24	FY25	FY25	FY26	FY26	FY26
	Approved	Approved	Projected	Recommended	Recommended \$ Change (vs. FY25 Approved)	Recommended % Change (vs. FY25 Approved)
Authority Operating Salary	1,405,042	1,587,296	1,643,224	1,634,675	47,378	3%
Consultants	303,000	322,222	322,222	365,074	42,853	13%
Legal & Accounting	210,000	255,000	330,000	296,500	41,500	16%
Occupancy Expense	314,139	320,000	320,000	336,000	16,000	5%
Authority Administrative Expense	132,000	213,046	213,046	228,091	15,045	7%
Authority Capital Salary+Costs	687,009	745,511	876,003	804,640	59,129	8%
Operating Budget Inclusive of Capital	3,051,190	3,443,076	3,704,494	3,664,980	221,904	6%
Operating Budget Exclusive of Capital	2,364,182	2,697,564	2,828,492	2,860,340	162,776	6%

# MSCBA Operating Budget Recommendation

## Notable Changes *(FY26 Proposed vs. FY25 Board Approved)*

### ▪ **Staffing**

- 4% pool for salary increases for COLA and merit adjustments of approximately \$148k
- Conclusion of Project Management staff augmentation (decrease in costs of \$110k)

### ▪ **Legal Costs**

- FY25 expense projection increase of 65% (approximately \$75k)
- FY26 recommended allocation of \$149k
  - 30% increase over FY 25 approved (or approximately \$34,500)

### ▪ **Network Support (Contracted Service)**

- Contract escalation for IT Vendor (NetCov): 10% (or approx. \$15k)

 **FY26 Recommended Increase over FY25 Board Approved: \$162,000 (6%)**



# Key Takeaways

- Anticipated revenues, inclusive of use of reserves, **is sufficient to meet all ongoing expenses for the campus residence halls in FY26**
- **Average rent increase is 4%** across the 9 state university campuses
- **Recommended MSCBA operating budget is 6% over FY25 board approved budget, or approximately \$162k**
- **Housing capacity -- as a % of designed occupancy – has stabilized at approximately 71%**, with several campuses below 70%
- **Opportunities with the proposed higher education bond bill** will aid in the development of adaptive reuses strategies for all campuses