

MEMORANDUM

To: Board of Directors, Massachusetts School Building Authority
From: James A. MacDonald, First Deputy Treasurer, Chief Executive Officer
Mary L. Pichetti, Executive Director, Deputy Chief Executive Officer
Date: April 12, 2024
Subject: MSBA Fiscal Year 2024 Budget Update

The following is a summary of the Massachusetts School Building Authority's ("MSBA's") Fiscal Year 2024 expenditures through April 12, 2024.

On May 24, 2023, the Board approved the Authority's Fiscal Year 2024 Budget. Expenditures as of April 12, 2024 are reflected in the budget report attached to this memorandum. Administrative and operating expenditures as between Fiscal Year 2023 and Fiscal Year 2024 are now aligned with the Authority's revised general ledger chart of account codes.

Administrative Expenses

Total Administrative Expenses through April 12, 2024 were \$9.3 million or 68% of the total amount budgeted for Fiscal Year 2024.

Salary expenditures are \$6.6 million or 68% of the total amount budgeted for Fiscal Year 2024. For Fiscal Year 2024, the Salary budget of \$9.8 million included 75 full-time employees, 12 open full-time positions MSBA-wide with varied start dates, a 4% cost of living adjustment estimated at \$494K (or COLA), a 3% Merit/Pay Equity and Promotion adjustment at 6 months of \$124K, and 11 current and open Co-Op/Fellow positions at varying start dates. COLA adjustments for this fiscal year were implemented effective July 2, 2023. \$604K or 59% of the total amount of \$1.03 million has been spent to date for expenses related to employee benefits. The budget for employee benefits was determined by taking into consideration prior spending and an overall inflation factor of 4.8%.

Occupancy and Utilities The lease for office space was budgeted at \$1.4 million in Fiscal Year 2024; the amount expended to date is \$1.2 million or 82% of the budgeted amount.

Utilities are budgeted at \$50K in Fiscal Year 2024; \$19K or 38% of the budget has been spent to date in Fiscal Year 2024.

The budget for Fiscal Year 2024 for OPEB is \$250,000 with the objective of maintaining fully funded status. Funds were transferred to the OPEB Trust on November 1, 2023.

Operating Expenses

Capital Pipeline Support Services expenditures to date in Fiscal Year 2024 are \$3.7 million or 43% of the total amount of \$8.6 million budgeted for this fiscal year. Existing budget line items such as Financial Advisory services, Legal services, External Audit fees, etc. were moved to this expense category in Fiscal Year 2023.

Total Operating Expenses

Total Operating Expenses (which includes Administrative and Capital Pipeline Support Services) to date are \$13.0 million or 58% of the total amount budgeted for Fiscal Year 2024 of \$22.3 million.

Grant Program

Capital Pipeline Grants

Expenditures for Capital Pipeline grants to date are \$487.0 million or 59% of the total \$818.6 million budgeted for Fiscal Year 2024. The total amount expended includes payments related to the MSBA Supplemental Grants. The payments related to the Supplemental Grants are reflected below the line on the Board Budget Report.

Legacy Projects

Prior Grants: Prior Grant payments have been fully paid off as of December 2022.

Waiting List: The amount budgeted for Fiscal Year 2024 is \$5 million, and this program was fully paid off in September 2023.

Total Operating and Capital Budget

The Authority's total overall budget (including operating and capital expenditures) for Fiscal Year 2024 is \$846 million. To date, the total amount expended is \$539.0 million or approximately 64% of the total amount of the approved Fiscal Year 2024 budget.