

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: October 17, 2023
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 October 6, 2023.

As part of the engineering of the new financial accounting system, the general ledger chart of account codes, which represent specific line-item categories of administration and operating expenses, was re-designed to align expense types and departmental functions more specifically. The purpose of this effort was to streamline the accounting and financial reporting of the MSBA's operations.

Therefore, the comparison of Fiscal Year 2022 expenses to Fiscal Year 2023 administrative and operating expenditures, while not significantly different, were not an exact comparison due to some categories of expenses having been realigned as between the two fiscal years. Total Grant Program expenses remained the same as there are only three-line items in this budget category – Capital Pipeline Payments, Prior Grant Payments, and Wait List Payments.

On May 24, 2023, the Board approved the Authority's Fiscal Year 2024 Budget. Expenditures as of October 6, 2023 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 October 6, 2023 were \$3 million or 22% of the total amount budgeted for Fiscal Year 2024.

Salary expenditures are \$2.3 million or 23% 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. \$77K or 7.5% 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 \$1.46 million in Fiscal Year 2024; the amount expended to date is \$483K or 33% of the budgeted amount.

Utilities are budgeted at \$50K in Fiscal Year 2024; \$8.3K or 17% has been expended 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 are transferred to the OPEB Trust annually on November 1, 2023.

Operating Expenses

Capital Pipeline Support Services expenditures to date in Fiscal Year 2024 are \$808K or 9.4% 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 \$4 million or 5.8% 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 \$127 million or 17% of the total \$818.6 million budgeted for Fiscal Year 2024.

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 \$136 million or approximately 16% of the total amount of the approved Fiscal Year 2024 budget.