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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: June 18, 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 projected expenditures through June 10, 2024.

On May 24, 2023, the Board approved the Authority's Fiscal Year 2024 Budget. Projected expenditures through June 30, 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 projected through June 30, 2024 are \$12.5 million or 91% of the total amount budgeted for Fiscal Year 2024.

Salary expenditures are projected to be \$8.9 million or 91% 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. The total budget amount of \$1.03million is projected to be spent for employee benefits, with a year-end projection of \$1.1 million or approximately \$105K over the budgeted amount. This is due to increases in health insurance premiums in Fiscal Year 2024 that were not known at the time of the development and approval of the Fiscal Year 2024 budget. The budget for employee benefits was determined by taking into consideration prior year 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 projected amount to be expended is \$1.44 million or 99% of the budgeted amount.

Utilities are budgeted at \$50K in Fiscal Year 2024; we are projecting to spend \$23K or 46% of the budget amount for 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 projected expenditures for Fiscal Year 2024 are \$5.0 million or 59% 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) are projected to be \$17.5 million or 79% of the total amount budgeted of \$22.3 million for Fiscal Year 2024.

Grant Program

Capital Pipeline Grants

Expenditures for Capital Pipeline grants are projected to be \$729.0 million or 89% 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. The total projected amount to be expended is \$751.5 million or approximately 89% of the total amount of the approved Fiscal Year 2024 budget.