

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 17, 2026
Subject: MSBA Fiscal Year 2026 Budget Update

The following is a summary of the Massachusetts School Building Authority's ("MSBA's") Fiscal Year 2026 (FY2026) budget and expenditures update through April 10, 2026.

The FY2026 approved budget is \$791 million, to date we have spent \$633.4 million. The budget is broken down by the categories of operating expenses and grant program. The operating budget is comprised of administrative expenses and capital pipeline support services.

Operating Expenses

Total Operating Expenses budget (which include the MSBA Expenses and Capital Pipeline Support Services) for FY2026 is \$31 million, to date we have spent \$15 million or 48.3% of the budget.

MSBA Expenses

MSBA Expenses include budgets for Payroll, Employee Benefits, Office Expenses, Leased Space, Office Equipment, Software, etc. These are budgets related to the administration of the MSBA. The Total MSBA Expenses budget for FY2026 is \$19.8 million, to date we have spent \$10.5 million or 53%.

Payroll budget for FY2026 salaries totaled \$15.2 million, to date we have spent \$8.7 million or 57% as of April 10th. The total payroll budget reflects 134 full-time equivalents (FTE) and 7 co-op positions (which includes co-ops, interns and finance fellows). As of April 10, 2026, there were 112 positions filled (110 full-time and 2 co-ops). Currently, there are 29 open positions consisting of 24 full-time and 5 co-ops

For Employee Benefits, the budgeted amount for FY2026 is \$1.5 million. As of April 10, 2026, \$1.2 million or 78% of the budget has been spent. Employee Benefits include budgets for employer medical, dental, vision, and unemployment.

Leased Space and Utilities the original budget amount for FY2026 was \$1.32 million (\$1.0 million for leased space and \$320 thousand for comprehensive insurance, parking and utilities). The Board, at the February 2026 meeting approved a budget transfer of \$921 thousand for the office expansion project. These funds were available due to the rent holiday whereby the annual rent payments will not begin until June 2026. As of April 10th, \$61 thousand has been spent on parking and comprehensive insurance.

OPEB the FY2026 budget is \$25 thousand which is a reduction of \$225,000 or 90% from the FY2025 budget. The reduction in the budget reflects the overall financial health of the OPEB Trust whereby the Trust is overfunded in comparison to the total OPEB liability by \$2.8 million (as of the FY2025

actuarial valuation report). The OPEB contribution of \$25 thousand was processed on October 29, 2025. Staff continue to monitor the status of the OPEB trust and the associated liability in order to guide funding recommendations.

Capital Pipeline Support

Capital Pipeline Support Services the total budget for FY2026 is \$11.2 million and consists of Other Professional Services, Project Related Consulting, Post Occupancy Survey, Architectural Services, School Survey and Cost of Issuance.

Other Professional Services include financial advisory/investment management services, legal services, audit services and general consulting services. The FY2026 budget is \$1.8 million. As of April 10th, \$394 thousand, or 22.3% of the budget has been spent.

The budget for Project Related Consulting includes funding for cost associated with project management services for consultants to assist in managing projects in the construction administration phase, commissioning services that provide each core and ARP project with a commissioning consultant, and other costs for enrollment support services. The FY2026 budget for Project Related Consulting is \$6.1 million. To date, \$2.4 million or 40% of the budget has been spent.

For FY2026, the total budget for Post Occupancy Survey, Architectural Services and School Survey is \$2.0 million. To date, \$775 thousand has been spent.

Cost of Issuance are the costs associated with the issuance of the 2025A and 2025B bonds that closed in September 2025. These costs included legal (both bond and disclosure counsel), financial advisory, verification agent and other related fees. The FY2026 budget is \$1.3 million. As of April 10th, \$858 thousand was spent and were paid out of bond premiums.

Grant Program

Grants are payments to districts for Core and ARP projects. Core grants are intended for new construction, addition, and/or renovation projects. The Accelerated Repair Program (ARP) is the program that focuses on the replacement of roofs, windows, doors and heat pump conversions in existing school facilities. The total budgeted amount for FY2026 is \$759.9 million, to date we have spent \$618.4 million or 81.3% of the budgeted amount for Grants. The amount spent on Core projects is \$591.5 million or 96% of the total \$618.4 million. The amount spent on ARP projects is \$26.9 million or 4% of the total. On average, the weekly spending on grants is \$15 million.

As of April 10, 2026, actual district payments are tracking close to the budget with 11 weeks of payments remaining to be made through June 30, 2026. Due to the variability in reimbursement requests, staff are recommending an increase to the capital budget of \$100 million, please see agenda number 14 of the Board packet for more information.