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: August 19, 2025
Subject: MSBA Fiscal Year 2025 & 2026 Budget Updates

The following is a summary of the Massachusetts School Building Authority's (Authority) Fiscal Year 2025 (FY25) expenditures through June 30, 2025 as well as the Fiscal Year 2026 (FY26) update through August 14, 2025.

Administrative Expenses

Total Administrative Expenses budget for FY25 was $20.3 million. The original budget was $17.8 million and was increased due to an approved budget revision of $2.5 million to account for costs associated with the office move in June. The unaudited actual costs to date are $14.8 million or 73% of the revised budget. FY26 is budgeted at $19.8 million or $469K or 2% less than FY2025.

The Salary budget for FY25 was $13.0 million for a full-time equivalent (FTE) count of 127. The unaudited expense as of June 30, 2025 was $10.3 million or 79% of the revised budget. For FY26 the budget totals $15.2 million for a total full-time equivalent (FTE) count of 140. This includes an estimated amount of $323,204 for a 3% cost of living adjustment (COLA) and an estimated $311,125 for a merit pool, up to 3%. COLA adjustments and merit adjustments for FY26 were implemented effective July 1, 2025. As of August 14, 2025, there were 103 positions filled and 37 positions open for a total FTE of 140.

Leased Space and Utilities budget for FY25 was $1.6 million, of which $1.4 million or 95% has been spent to date. The FY26 budget is $1.3 million representing a 15.8% decrease primarily due to the lower rent payments at the new offices at 10 Post Office Square.

OPEB budget for FY25 was $250,000. Funds equal to the budget were transferred to the OPEB Trust on October 31, 2024. The FY26 OPEB budget is $25K which is a reduction of $225,000 or 90.00% from the FY25 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 $2.1 million.

Operating Expenses

Capital Pipeline Support Services budget for FY25 was $15.2 million. The original budget was $15.1 million and was increased due to an approved budget revision of $179 thousand to account for costs associated with the June office move. To date we have spent $10.7 million or 70% of the budget. The FY26 budget is $11.2 million, $4 million or 36% less than FY25. This decrease of $3.7 million or 92% of $4.0 million is due to much of the School Survey work being completed.

Total Operating Expenses

Total Revised Operating Expense (which includes Administrative and Capital Pipeline Support Services) spent for FY25 was $25.5 million or 54% of the budget. For FY26 the budget is $31.0 million or 12.7% less than FY25. As previously noted in Capital Pipeline Support Services, the completion of the School Survey work in FY25 accounts for most of this budget decrease.

Grant Program

Capital Pipeline Grants

The total budget for FY25 was $847.1 million, as of June 30, 2025 we have spent $776.3 million, or 90% of the budget for Capital Pipeline Grants. The total expended amount includes payments related to the Authority's Supplemental Grants, which are reflected below the line on the Board Budget Report. FY26 is budgeted at $760 million, a decrease of $87.2 million or 10.3% less than FY25.

Total Operating and Capital Budget

The Authority's total overall budget (including operating and capital expenditures) for FY25 was $883 million. As of June 30, 2025, we have spent $786.7 million, or 89% of the budget. The total budget of $883 million included the approved budget amendment of $2.7 million for the office move that occurred in June 2025.

FY26 Budget and Actual

Total FY26 is budgeted at $791 million, which represents a decrease of $91.7 million or 10.4% compared to the FY25 budget. As of August 14, 2025, we have spent $92 million or 12% of the total budget, with the Grant Program spending 97% of the total expenses to date or $89.3 million.

As we are early in FY26, budget to actual analysis would be premature. However, the Authority looks forward to providing budget to actual updates as FY26 progresses.