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: December 2, 2025
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 November 28, 2025.

Administrative Expenses

Total Administrative Expenses budgeted for FY2026 is $19.8 million, to date we have spent $6.2 million or 31%.

Total Payroll is budgeted for FY2026 salaries totaling $15.2 million which reflects 133 full-time equivalents (FTE) and 7 co-op positions. As of November 28, 2025, there were 114 positions filled (113 full-time and 1 co-op). Currently, there are 26 open positions consisting of 20 full-time and 6 co-ops. We have spent $5.2 million or 34% of the approved budget amount.

Leased Space and Utilities the budgeted amount for FY2026 budget is $1.3 million, however only $35 thousand has been spent as of November 28, 2025. The lease agreement for 10 Post Office Square that was entered into during June 2025 includes a rent holiday whereby the annual rent payments do not begin until June, 2026.

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.

Operating Expenses

Capital Pipeline Support Services the total budgeted amount for FY2026 is $11.2 million, to date we have spent $2.4 million or 22% of the budget. In February 2025 the Board authorized the MSBA to issue new money bonds, current refunding bonds and tender offer. The total amount expended for Cost of Issuance was $822 thousand, these expenses were paid out of bond premiums.

Total Operating Expenses

Total Operating Expenses budget (which include the Administrative and Capital Pipeline Support Services) for FY2026 is $31 million, to date we have spent $8.7 million or 28% of the budget.

Grant Program

Capital Pipeline Grants

The total budgeted amount for FY2026 is $759.9 million, to date we have spent $337.1 million or 44% of the budgeted amount for Capital Pipeline Grants. The total amount expended includes payments related to the MSBA Supplemental Grants. The CORE and supplemental grant payments are being funded from the $500 million Series 2025A New Money bond proceeds.

Total Operating and Capital Budget

The Authority's total overall budget (including operating and capital expenditures) for FY2026 is $791 million, to date we have spent $345.8 million or 44% of the budget.