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: February 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 February 13, 2026.

Administrative Expenses

Total Administrative Expenses budget for FY2026 is $19.9 million, to date we have spent $9.3 million or 47%.

Total Payroll budget for FY2026 salaries totaled $15.2 million, which reflects 134 full-time equivalents (FTE) and 7 co-op positions (which includes co-ops, interns and finance fellows). As of February 13, 2026, there were 114 positions filled (112 full-time and 2 co-ops). We have spent $7.7 million or 51% of the approved budget amount. Currently, there are 27 open positions consisting of 22 full-time and 5 co-ops

Leased Space and Utilities the budgeted amount for FY2026 budget is $1.3 million, however only $61 thousand has been spent as of February 13, 2026. 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 budget for FY2026 is $11.1 million, and to date we have spent $3.7 million or 33% of the budget. In September 2025, the MSBA closed on the 2025A and 2025B bonds, which were comprised of new money bonds, current refunding bonds, tender and cash defeasance of prior outstanding bonds. The total amount expended for cost of issuance associated with the 2025A & B transactions was $822 thousand, which 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 $13 million or 42% of the budget.

Grant Program

Capital Pipeline Grants

The total budgeted amount for FY2026 is $759.9 million, to date we have spent $508.4 million or 67% of the budgeted amount for Capital Pipeline Grants. The total amount expended includes payments related to the MSBA Supplemental Grants.

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 $521.5 million or 66% of the budget.