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: May 20, 2026
Subject: MSBA Fiscal Year 2027 Budget Recommendation

The following memorandum presents a summary of Fiscal Year 2026 (FY26) expenditures and the proposed Fiscal Year 2027 (FY27) budget recommendation which was presented at the Administration, Operations and Finance Committee meeting on May 19, 2026.

The FY27 Budget Recommendation, Budget Recommendation Detail and the Key Assumptions in the FY27 Budget Recommendation reflects FY26 expenditures as of May 6, 2026, in addition to the budget recommendations proposed for FY27 (See Attachments 1A, 1B and 1C). Both the FY26 actuals and FY27 proposed budget are presented in the larger categories of Total Administrative expenses and Total Capital Pipeline Support Services expenses (Total Operating expenses) and Total Grant Program expenses, which combined represents the MSBA's Total Operating and Capital Budget.

Following the budget summary below is a brief discussion on the major revenue sources and the budget amounts for FY27.

Administrative Expenses

Total Administrative Expenses through May 6, 2026 were $13,051,068, or 65.95% of the total FY26 budget of $19,789,516. For FY27, a budget of $22,693,829 is being proposed, representing an increase in the budget of $2,904,313 or 14.68% and is summarized below as well as in Attachment 1C.

Salary expenditures through May 6, 2026 are $10,636,526 or 70.00% of the total FY26 budget of $15,195,655. Through June 30, 2026 total payroll expenses are projected to be $12,615,781or 86.06% of the FY26 budget.

Recruitment, retention and planning for succession remain a critical component of right-sizing the team. Staff have worked diligently to fill open positions and have successfully on-boarded 23 individuals during FY26. Although there has been significant effort, staff attrition and recruitment continue to challenge reaching full staffing levels, as 8 individuals left the MSBA during FY26. As of May 6, 2026, there were 113 full-time equivalent (FTE) positions and 20 open positions. For the FY27 budget, we are recommending a total of 141 FTEs, comprised of 113 FTEs, 20 open positions and an additional 8 FTE positions being requested as part of this budget. In addition, the budget includes 7 co-ops. Attachment 2 includes a listing of the 8 FY27 positions being requested, including benefits, for reference.

Based on these staffing levels, the FY27 salary budget recommendation is $16,809,389, which represents an increase of $1,613,734 or 10.62% over the FY26 budget. The main drivers of the proposed increase in the MSBA's salary budget for FY27 are accounted for by the following:

1. 8 additional FTEs, with budgeted salaries totaling $796,400.

2. $370,091 for Cost-of-Living Adjustments (COLA) which will be implemented in two phases:
   - 2.00% effective July 1, 2026, based on each employee's salary as of June 30, 2026 and
   - 2.00% effective January 1, 2027, based on each employee's salary as of December 31, 2026

3. Merit increases up to 3.00%. For budget purposes, this is budgeted at approximately $365,769; however, the actual merit awarded, from 0.00% to 3.00% of an employee's June 30, 2026, salary, will be based on the results of each employee's annual performance review and meeting specific goals. The actual merit amount awarded may be equal to or less but will not exceed this budgeted amount. This is projected to be implemented as of July 1, 2026.

Employee benefits and related expenses totaled $1,561,065 through May 6, 2026. This includes health, dental and vision insurance, workers compensation, unemployment, Paid Family and Medical Leave and other benefits. The proposed FY27 budget is $2,294,153, which represents a $783,303 or 51.85% increase over the FY26 budget of $1,510,850.

For FY27, the calculation of the proposed budget for certain employee benefit expenses has been revised. In prior years, the benefit projections for items such as health, dental and vision insurance were based on that year's spending projected through the end of the fiscal year with a growth rate layered on. The FY27 budget is based on actual enrollment at FY27 rates plus estimates for the 28 open and additional positions. Across these three benefits, this change is the main factor of the overall 51.85% increase noted above and results in an increase in the budget of $330,585 or 29.59% over the same budget amounts in FY26.

OPEB contribution represents MSBA's annual contribution to the irrevocable OPEB Trust that was created in FY12. For FY27, the recommendation is $25,000, the same amount that was budgeted and spent in FY26. As a result of the fully funded status of the MSBA OPEB plan, the annual contribution was reduced from $250,000 in FY25 to $25,000 in both FY26 and FY27. The change in the annual contribution amount reflects the overall financial health of the OPEB Trust. This budget will continue to be monitored and adjusted on a yearly basis as the total OPEB liability and the value of the OPEB assets can fluctuate from year to year.

Leased Space and Utilities (office lease, taxes, insurance, cleaning) were originally budgeted at $1,323,964 in FY26. Subsequently a budget adjustment at the February 2026 Board meeting transferred $920,502 from the rent expense line to other accounts to fund the office expansion project. This amount was available as the new office lease contained a payment

holiday whereby the FY26 lease payments do not start until June 2026. This resulted in a final FY26 budget of $403,462. The FY27 budget recommendation is $1,340,707, which accounts for a full year of lease payments.

The FY27 budget recommendation for Software/Licenses is $931,700 compared to $865,300 that was budgeted in FY26 representing an increase of $66,400 or 7.67%. Included in this line are software costs for document management, electronic signatures, Tableau, WDesk (a cloud-based financial report preparation software), the SparkRock ERP system, Questica budget system and other software to support IT initiatives.

Capital Pipeline Support Services

For Capital Pipeline Support Services, $13,370,000 is recommended for FY27, reflecting an increase of $2,124,086 or 18.89% over the FY26 budget of $11,245,914. This budget category includes funding for project related architectural services, project management services and commissioning, post-occupancy, costs of issuance, as well as other professional services such as financial advisory/investment management services.

The proposed FY27 budget includes an increase of $1,280,000 in project management services due to increased estimated costs associated with project management consultant services. The current contract with Keville Enterprises, Inc, expires on June 30, 2026. The MSBA has had contracts with construction consultants since FY22 to help supplement the MSBA's Construction Administration team due to staffing shortages. The increase is associated with the equivalent of 9.5 FTEs, three of which are manager level or higher.

Also, included in the FY27 budget is an increase of $1,700,000 in commissioning consulting expenses accounting for an increase of 32 total projects from the 184 in FY26 to 216 in FY27.

Total Operating Expenses

For Operating Expenses as of May 6, 2026, we have spent $17,886,847 of the budgeted amount of $31,035,430. For FY27 we are recommending an operating expense budget of $36,063,829 which includes expenses related to Administrative Expenses and Capital Pipeline Support Services. This represents an increase of $5,028,399, or 16.20% compared to FY26. Large increases in the budget from FY26 to FY27 were previously explained above.

Grant Program

Capital Pipeline Grants

Through May 6, 2026, expenditures for Capital Pipeline Grants were $647,289,317, or approximately 75.27% of the total amount of $859,919,139 budgeted for FY26. The FY26 budget amount includes the additional $100,000,000 budget increase approved at the April

2026 board meeting as actual FY26 spending was tracking close to the budget with two months remaining; one of which (June) historically averages over approximately $99,000,000 in payments.

The amount requested for FY27 is $876,614,125, reflecting an increase of approximately $16,694,986 or 1.94% of the amended FY26 budget. The FY27 Capital Pipeline Grant budget is comprised of $776,614,125 in CORE projects for 132 projects while the FY26 amended budget of $801,701,966 accounted for 123 projects. For ARP, the proposed FY27 budget is $100,000,000, which assumes 249 projects, the majority of which are from the 2024 and 2025 SOI invitations, while the FY26 ARP budget was $58,217,173, which assumed only 62 projects.

Total Operating and Capital Budget

For FY27, staff are recommending a total budget of $912,677,953. When compared to the FY26 total final approved budget of $890,954,569, which includes budget amendments, the FY27 budget recommendation represents an increase of $21,723,385 or 2.44%.

Below is the brief discussion on the major revenue sources and the budget revenues for FY27.

Major FY27 Revenue Budget

The MSBA funds the operating and capital budget primarily through the $.01 of dedicated sales tax revenue collected in the School Modernization and Reconstruction Trust Fund (SMART Fund) which is recorded on the books of the Commonwealth. The funds are transferred to the MSBA on a monthly basis. During FY26, actual sales tax revenues were $947,041,144 through March 2026. The FY27 sales tax revenue budget is estimated to be $1,305,000,000, which the MSBA has held at the same amount as FY2026.

In addition, the MSBA also receives federal interest subsidies on Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs). These subsidies are subject to a federal sequestration rate which is currently 5.70%. Through May 6, 2026, the MSBA received $11,465,862 (net of sequestration) of subsidy payments. In FY27, the net budget amount is $22,832,923. This revenue continues to be monitored as policies at the federal level could impact future amounts. FY27 will be the last year the subsidy amount will be $22,832,923 as the 2010A QSCB bonds are maturing in June 2027 and will be paid off thereby eliminating the associated subsidy. After FY27 only two bonds will remain that will have subsidies; the 2009B BABS and the 2011A QSCB bonds.

Finally, the MSBA has outstanding loans associated with 19 prior construction projects. These loans were issued with a 2.00% interest rate with the final repayment due in FY43. During FY26, $6,301,873.13 was received; $5,398,789.88 in principal and $903,083.25 in interest has been received. Total loan repayment due in FY27 is $6,193,898; $5,398,789.88 in principal and $795,107.80 in interest.

The total FY27 budget for these three revenue streams is estimated to be $1,334,026,821. Projected Revenues and Budgeted Expenditures are provided as Attachments 3 and 4. Attachment 3 is the Projected Revenues and Budgeted Expenditures for FY27. Attachment 4 is the Projected Revenues and Budgeted Expenditures, Actuals for FY26 as of May 6, 2026 and Projections through June 30, 2026.

Attachments:

1A – FY27 Budget Recommendation
1B – FY27 Budget Recommendation – Detail
1C – Key Assumptions in the FY27 Budget Recommendation
2 – FY27 New Position Listing with Projected Salaries and Benefits
3 – FY27 Projected Revenues and Budgeted Expenditures
4 – FY26 Projected Revenues and Budgeted Expenditures, Actuals as of May 6, 2026 and Projections through June 30, 2026
5 – Historical Sales Tax Revenues as of May 6, 2026

Attachment 1A - FY2027 Budget Recommendation

FY2027 Budget Recommendation - Cash Basis

July 1, 2025 to May 6, 2026

GL Category	GL Sub Category	GL Account Num Description	FY27 Budget Recommendation	Approved Final Budget FY2026*	$ Change	% Change FY27 Recommendation to FY26 Budget	Explanation	FY2026 YTD Actuals as of May 6, 2026	FY2026 Budget vs. Actual	% of FY2026 Budget Spent	FY2025 Budget	FY2025 Acutals	FY2025 Budget vs. Actual	% of FY2025 Budget Spent
Operating														
	Administrative Expenses													
		52100 - Payroll	$ 16,809,389	$ 15,195,655	$ 1,613,734	10.62%	A	$ 10,636,526	$ 4,559,129	70.00%	$ 13,029,527	$ 10,274,290	$ 2,755,237	78.85%
		52200 - Employee Benefits & Related Expenses	2,294,153	1,510,850	783,303	51.85%	B	1,561,065	(50,215)	103.32%	1,412,355	1,040,249	372,106	73.65%
		52212 - OPEB Trust Contribution	25,000	25,000	-	0.00%		25,000	-	100.00%	250,000	250,000	-	100.00%
		52250 - Travel & Reimbursement	165,789	130,374	35,415	27.16%	C	42,085	88,289	32.28%	93,530	69,015	24,515	73.79%
		52300 - Office Expenses & Training	728,290	818,372	(90,082)	-11.01%		72,791	745,581	8.89%	1,705,346	1,121,250	584,096	65.75%
		52350 - Payroll & Operational Services	80,000	107,500	(27,500)	-25.58%		42,179	65,321	39.24%	169,406	44,145	125,261	26.06%
		52400 - Leased Space	1,320,707	353,462	967,245	273.65%	D	56,633	296,829	16.02%	1,525,703	1,441,636	84,067	94.49%
		52499 - Utilities	20,000	50,000	(30,000)	-60.00%		8,053	41,947	16.11%	50,000	35,158	14,842	70.32%
		52600 - Office Equipment & Furniture	98,800	241,500	(142,700)	-59.09%	E	106,514	134,986	44.11%	909,633	482,123	427,510	53.00%
		52650 - Leased Office Equipment	10,000	16,000	(6,000)	-37.50%		5,254	10,746	32.84%	13,000	9,485	3,515	72.96%
		52700 - Information Technology	110,000	130,000	(20,000)	-15.38%		34,689	95,311	26.68%	120,000	97,068	22,932	80.89%
		52710 - Software/Licenses	931,700	865,300	66,400	7.67%		460,279	405,021	53.19%	754,531	367,330	387,201	48.68%
		59000 - Other Expenses	100,000	345,502	(245,502)	-71.06%	F	-	345,502	0.00%	173,849	-	173,849	0.00%
		Subtotal Administrative Expenses	**22,693,829**	**19,789,516**	**2,904,313**	**14.68%**		**13,051,068**	**6,738,448**	**65.95%**	**20,206,880**	**15,231,749**	**4,975,131**	**75.38%**
	Capital Pipeline Support													
		52599 - Other Professional Services	2,361,000	1,692,843	668,157	39.47%	G	471,374	1,221,469	27.85%	1,480,091	744,418	735,673	50.30%
		52800 - Project Related Consulting	8,960,000	6,126,495	2,833,505	46.25%	H	2,748,981	3,377,514	44.87%	7,178,000	6,270,309	907,691	87.35%
		52805 - School Survey	-	787,692	(787,692)	-100.00%	I	479,616	308,076	60.89%	4,500,000	4,087,379	412,621	90.83%
		52806 - Project Related Other - Post Occupancy Survey	339,000	337,005	1,995	0.59%		-	337,005	0.00%	211,000	70,569	140,431	33.45%
		52899 - Project Related Architectural Services	770,000	888,960	(118,960)	-13.38%	J	309,486	579,474	34.81%	894,200	764,996	129,204	85.55%
		54099 - Cost of Issuance	940,000	1,412,919	(472,919)	-33.47%	K	826,322	586,597	58.48%	1,080,000	10,000	1,070,000	0.93%
		Subtotal Capital Pipeline Support Expenses	**13,370,000**	**11,245,914**	**2,124,086**	**18.89%**		**4,835,779**	**6,410,135**	**43.00%**	**15,343,291**	**11,947,671**	**3,395,620**	**77.87%**
Total Operating Expenses			**36,063,829**	**31,035,430**	**5,028,399**	**16.20%**		**17,886,847**	**13,148,583**	**57.63%**	**35,550,171**	**27,179,420**	**8,370,751**	**76.45%**
Grant Program														
	Grant Program													
		51000 - Grant Payments												
		Core	776,614,125	801,701,966	(25,087,841)	-3.13%	L	620,045,510	181,656,456	77.34%	782,100,000	738,611,615	43,488,385	94.44%
		ARP	100,000,000	58,217,173	41,782,827	71.77%	M	27,243,807	30,973,366	46.80%	65,000,000	37,718,023	27,281,978	58.03%
		Subtotal Grant Program Expenses	**876,614,125**	**859,919,139**	**16,694,986**	**1.94%**		**647,289,317**	**212,629,822**	**75.27%**	**847,100,000**	**776,329,637**	**70,770,363**	**91.65%**
Total Operating & Grant Program			**$ 912,677,953**	**$ 890,954,569**	**$ 21,723,385**	**2.44%**		**$ 665,176,164**	**$ 225,778,405**	**74.66%**	**$ 882,650,171**	**$ 803,509,057**	**$ 79,141,114**	**91.03%**

* - Includes budget amendments approved at the February and April 2026 Board Meetings

Explanation of budget changes 1) equal to or greater than $100,000 AND 10.00% or 2) deemed significant, either qualitatively or quantitatively:

A - 8 new positions proposed in FY27, COLA 2% effective July 1, 2026 and 2% effective January 1, 2027, up to 3% merit, compensation and promotion adjustments.

B - Increase due to: 1) the 10.58% increase in the annual payroll, as certain items such as employer medicare and PFML are based on the gross salaries, 2) average increase of 9.22% in health insurance premiums accross all plans and 3) change in methodology used to calculate certain benefits (health, dental and vision insurance) in the FY27 budget. The FY27 budget includes amounts for all 28 open and new positions for these benefits which were previous not factored into prior budgets. By including these open and new positions, this resulted in an increase of 29.59% over the FY26 budget.

C - Increase is an approximately $21K increase combined in graduate and undergraduate tuition reimbursement accross all departments, with IT having the largest increase of approximately $17K as 3 staff are projected to attend graduate school during FY27. Also, in this line item is training, conferences, dues and license fees which increased by approximately $14K across all departments. The increase is due to the number of staff budgeted for these types of expenses as the MSBA prioritizes training and professional development of staff.

D - A budget adjustment at the February 2026 Board meeting moved approximately $921K budget from the FY 26 budget to fund the office expansion project as the new office lease contained a payment "holiday" where annual lease payments on the new office do not begin until June 2026.

E - FY26 budget included amounts for the purchase of new office equipment and furniture for the new office space.

F - This accounts for the contingency associated with the office expansion project.

G - Includes new initiatives for STE area guidelines ($100K), consulting for website ($100K) , datamaster plan ($550K) and document management ($100K). Partiall offsetting these increases was a decrease of $78k due to the completion of the compensation study and $25k due to the completion of the job evaluation analysis both in FY26. Approximately $10K decrease in the annual OPEB valuation report and $30K decrease in post issuance fees.

H - Increase in Project Management Services contract of $1.2 M for consultant work in the CA team; increase of $1.7 M for Commissioning is the result of projected phasing and billing for 216 projects.

I - The School Survey project was budgeted for and completed in FY26; no costs necessary in FY27.

J - Includes 4 Technical Services contract for architectural services and additional design services for the office expansion, which was approved at the February 2026 Board meeting.

K - FY27 budget is based on FY26 actuals, which included costs associated with new money issuance, refunding, tender and 2 defeasance transactions as FY26 was the first year since FY21 that the MSBA was in the market.

L - FY27 budgets for 107 projects while the FY26 budget accounted for 123 projects. FY26 includes the additional $100M budget increase approved at the April 2026 board meeting as actual FY26 spending was tracking close to the budget.

M - FY27 budget assumes 249 projects, the majority of which are from the 2024 and 2025 SOI invitations.

Attachment 1B - FY27 Budget Recommendation - Detail

FY2027 Budget Recommendation-Detail

July 1, 2025 to May 6, 2026

GL Category	GL Sub Category	GL Account Num Description	FY27 Budget Recommentation	Approved Final Budget 2026*	$ Change	% Change Recommendation to FY26 budget	FY2026 YTD Actuals as of May 6, 2026	FY2026 Budget vs. Actual	% of FY2026 Budget Spent	FY2025 Budget	FY2025 Acutals	FY2025 Budget vs. Actual	% of FY2025 Budget Spent
Operating													
	Administrative Expenses												
		52101 - Payroll - Regular/Straight	$ 16,501,649	$ 14,659,005	$ 1,842,644	12.57%	$ 7,179,362	$ 7,479,643	48.98%	$ 12,307,767	$ 6,527,444	$ 5,780,323	53.04%
		52102 - Payroll - Vacation Buyout	-	-	-	0.00%	62,896	(62,896)	0.00%	-	34,390	(34,390)	0.00%
		52103 - Federal Payroll tax	-	-	-	0.00%	937,513	(937,513)	0.00%	-	1,038,487	(1,038,487)	0.00%
		52104 - MA State Payroll Tax	-	-	-	0.00%	385,985	(385,985)	0.00%	-	416,771	(416,771)	0.00%
		52105 - VIL Taxes	-	-	-	0.00%	27,678	(27,678)	0.00%	-	14,884	(14,884)	0.00%
		52106 - EE Medicare Tax	-	-	-	0.00%	130,134	(130,134)	0.00%	-	138,259	(138,259)	0.00%
		52110 - Payroll - Mass State Employees Retirement	-	-	-	0.00%	973,647	(973,647)	0.00%	-	1,020,082	(1,020,082)	0.00%
		52111 - GIC Health - E/E Share	-	-	-	0.00%	291,988	(291,988)	0.00%	-	291,614	(291,614)	0.00%
		52112 - Payroll - GIC Life Insurance - E/E Share	-	-	-	0.00%	29,047	(29,047)	0.00%	-	23,121	(23,121)	0.00%
		52113 - Dental Insurance - E/E Share	-	-	-	0.00%	12,547	(12,547)	0.00%	-	14,883	(14,883)	0.00%
		52115 - Payroll - Long Term Disability	-	-	-	0.00%	17,627	(17,627)	0.00%	-	19,836	(19,836)	0.00%
		52116 - Payroll - Health Care Access	-	-	-	0.00%	30,804	(30,804)	0.00%	-	33,011	(33,011)	0.00%
		52117 - Deferred Comp. - Great West	-	-	-	0.00%	450,209	(450,209)	0.00%	-	452,053	(452,053)	0.00%
		52118 - Payroll - Dependant Care Assistance	-	-	-	0.00%	769	(769)	0.00%	-	769	(769)	0.00%
		52119 - MBTA Pass Program	-	-	-	0.00%	17,326	(17,326)	0.00%	-	13,742	(13,742)	0.00%
		52120 - Commuter Parking Benefit	-	-	-	0.00%	6,795	(6,795)	0.00%	-	7,493	(7,493)	0.00%
		52130 - Payroll - Other	-	-	-	0.00%	16,145	(16,145)	0.00%	-	20,181	(20,181)	0.00%
		52271 - Student Interns/Co-ops/Temps	207,740	286,650	(78,910)	-27.53%	37,438	249,212	13.06%	321,750	72,975	248,775	22.68%
		52273 - Temporary Services	100,000	250,000	(150,000)	-60.00%	28,617	221,383	11.45%	400,000	134,285	265,715	33.57%
		52204 - ER Medicare	242,286	156,000	86,286	55.31%	129,685	26,315	83.13%	152,145	138,293	13,852	90.90%
		52205 - Employer MA - Healthcare	-	31,200	(31,200)	-100.00%	22,253	8,947	71.32%	30,843	21,697	9,146	70.35%
		52206 - MA FLI/ER (Family)	35,090	22,000	13,090	59.50%	21,605	395	98.21%	9,660	17,630	(7,970)	182.51%
		52207 - MA MLI/ER (Medical)	116,966	90,000	26,965	29.96%	84,021	5,979	93.36%	43,470	68,562	(25,092)	157.72%
		52201 - Payroll Insurance - Workers Compensation	8,253	8,500	(247)	-2.91%	7,860	640	92.47%	7,818	7,466	352	95.50%
		52202 - GIC-Retiree Health - MSBA Share	160,000	56,100	103,900	185.20%	48,279	7,821	86.06%	56,100	(10,013)	66,113	-17.85%
		52203 - Unemployment Benefits	15,855	30,000	(14,145)	-47.15%	10,911	19,089	36.37%	46,935	5,989	40,946	12.76%
		52208 - GIC Heath - MSBA Share	1,581,746	1,017,450	564,296	55.46%	1,136,338	(118,888)	111.68%	966,178	706,105	260,073	73.08%
		52210 - Dental - MSBA Share	119,512	90,000	29,513	32.79%	90,573	(573)	100.64%	88,506	74,209	14,297	83.85%
		52211 - Vision - MSBA Share	14,444	9,600	4,844	50.46%	9,539	61	99.37%	10,700	10,311	389	96.36%
		52251 - Exigent Job-Related Expenses	3,000	1,750	1,250	71.43%	320	1,430	18.29%	2,049	546	1,503	26.65%
		52252 - Travel - Out of State	5,000	6,585	(1,585)	-24.07%	4,804	1,781	72.96%	2,000	1,921	79	96.05%
		52253 - Travel - Transport	30,270	30,475	(205)	-0.67%	14,542	15,933	47.72%	21,793	19,438	2,355	89.19%
		52254 - Job Related Tuition	12,000	8,000	4,000	50.00%	1,570	6,430	19.63%	10,995	10,630	365	96.68%
		52255 - Conferences, Dues, & License Fees	63,519	49,829	13,690	27.47%	9,113	40,716	18.29%	32,693	16,480	16,213	50.41%
		52256 - Tuition Graduate	52,000	33,735	18,265	54.14%	11,735	22,000	34.79%	24,000	20,000	4,000	83.33%
		52272 - Co-op Reimbursement	-	-	-	0.00%	-	-	0.00%	10	10	0	96.00%
		52301 - Miscellaneous	435,210	557,700	(122,490)	-21.96%	(19,078)	576,778	-3.42%	1,445,393	930,941	514,452	64.41%
		52302 - Office Expenses - Promotional	5,630	-	5,630	0.00%	-	-	0.00%	-	600	(600)	0.00%
		52304 - Courier / Postage	2,150	2,500	(350)	-14.00%	219	2,281	8.76%	2,448	265	2,183	10.83%
		52307 - Equipment Repair Costs or Maintenance Agreements	-	-	-	0.00%	-	-	0.00%	69	69	-	100.00%
		52310 - Exhibits, Displays, Promotional	6,000	8,700	(2,700)	-31.03%	1,855	6,845	21.32%	6,950	1,424	5,526	20.49%
		52312 - Meetings, Conference, Training Incidentals	5,500	5,500	-	0.00%	1,491	4,009	27.11%	6,341	695	5,646	10.96%
		52315 - Conference & Training Fees	111,300	95,200	16,100	16.91%	8,690	86,510	9.13%	70,421	65,107	5,314	92.45%
		52303 - Stationery & Printing	12,500	14,422	(1,922)	-13.33%	1,259	13,163	8.73%	26,000	7,241	18,759	27.85%
		52305 - Office Expenses - Cell Phones	4,500	4,500	-	0.00%	1,919	2,581	42.64%	4,500	3,385	1,115	75.22%
		52306 - Office Expenses - Office Telephones	30,000	30,000	-	0.00%	25,631	4,369	85.44%	30,000	26,978	3,022	89.93%
		52308 - Dues & Subscriptions	49,500	30,850	18,650	60.45%	18,138	12,712	58.79%	38,468	23,757	14,711	61.76%
		52311 - Water Rental	2,000	3,000	(1,000)	-33.33%	730	2,270	24.33%	3,000	2,097	903	69.90%
		52352 - Record (Archive) Management	51,000	51,000	-	0.00%	29,904	21,096	58.64%	50,973	48,190	2,783	94.54%
		52354 - Shredding and Removal	5,000	7,500	(2,500)	-33.33%	1,221	6,279	16.28%	7,500	4,650	2,850	62.00%
		52313 - Credit Card Purchases	-	-	-	0.00%	-	-	0.00%	-	-	-	0.00%
		52309 - Advertising	8,000	7,500	500	6.67%	810	6,690	10.80%	13,283	5,850	7,433	44.04%
		52652 - Leased - Other	-	-	-	0.00%	-	-	0.00%	-	-	-	0.00%
		52651 - Leased Office Equipment	9,000	12,500	(3,500)	-28.00%	5,254	7,246	42.03%	12,500	9,485	3,015	75.88%
		52653 - Agreements e.g Alarm System	1,000	3,500	(2,500)	-71.43%	-	3,500	0.00%	500	-	500	0.00%
		52407 - Office Cleaning	5,000	5,000	-	0.00%	-	5,000	0.00%	5,000	-	5,000	0.00%
		52408 - Office Building Maintenance	2,500	1,000	1,500	150.00%	-	1,000	0.00%	1,000	-	1,000	0.00%
		52401 - Rent or Lease	1,049,427	83,682	965,745	1154.07%	-	83,682	0.00%	1,275,000	1,239,847	35,153	97.24%
		52403 - Storage	-	-	-	0.00%	-	-	0.00%	7,000	4,455	2,545	63.64%
		52405 - Common Area Lease Charges	168,000	168,000	-	0.00%	-	168,000	0.00%	168,000	127,631	40,369	75.97%
		52402 - Parking	45,780	45,780	-	0.00%	27,250	18,530	59.52%	36,540	36,540	-	100.00%
		52406 - Comprehensive Insurance	50,000	50,000	-	0.00%	29,383	20,617	58.77%	33,163	33,163	-	100.00%
		52404 - Electricity	20,000	50,000	(30,000)	-60.00%	8,053	41,947	16.11%	50,000	35,158	14,842	70.32%
		52351 - Operational Service Charge	10,000	10,000	-	0.00%	4,911	5,089	49.11%	10,000	3,556	6,444	35.56%
		52135 - Payroll Processing	10,000	10,000	-	0.00%	1,435	8,565	14.35%	10,000	9,734	266	97.34%
		54009 - Trustee Fees	40,000	37,500	2,500	6.67%	35,833	1,667	95.55%	110,000	30,854	79,146	28.05%

Attachment 1B - FY27 Budget Recommendation - Detail

FY2027 Budget Recommendation-Detail

July 1, 2025 to May 6, 2026

GL Category	GL Sub Category	GL Account Num Description	FY27 Budget Recommentation	Approved Final Budget 2026*	$ Change	% Change Recommendation to FY26 budget	FY2026 YTD Actuals as of May 6, 2026	FY2026 Budget vs. Actual	% of FY2026 Budget Spent	FY2025 Budget	FY2025 Acutals	FY2025 Budget vs. Actual	% of FY2025 Budget Spent
		52355 - Screening & Selection Services	20,000	50,000	(30,000)	-60.00%	-	50,000	0.00%	39,406	-	39,406	0.00%
		52712 - Software and Licenses - External	818,700	758,800	59,900	7.89%	415,565	343,235	54.77%	652,531	333,213	319,318	51.06%
		52751 - IT Maintenance & Repair	113,000	106,500	6,500	6.10%	44,714	61,786	41.98%	102,000	34,117	67,883	33.45%
		52602 - Office Furniture	98,800	241,500	(142,700)	-59.09%	106,514	134,986	44.11%	909,633	482,123	427,510	53.00%
		52731 - Hardware - MSBA	110,000	130,000	(20,000)	-15.38%	34,689	95,311	26.68%	120,000	97,068	22,932	80.89%
		59000 - Other Expense	100,000	345,502	(245,502)	-71.06%	-	345,502	0.00%	173,849	-	173,849	0.00%
		52212 - OPEB Contribution	25,000	25,000	-	0.00%	25,000	-	100.00%	250,000	250,000	-	100.00%
		Subtotal Administrative Expenses	**22,693,828**	**19,789,516**	**2,904,313**	**14.68%**	13,051,065	6,738,451	65.95%	20,206,880	15,231,747	4,975,133	75.38%
	Capital Pipeline Support Services												
		52801 - Architectual Services	770,000	888,960	(118,960)	-13.38%	309,486	579,474	34.81%	894,200	764,996	129,204	85.55%
		52803 - Project Management Services	3,710,000	2,377,995	1,332,005	56.01%	-	2,377,995	0.00%	2,478,000	2,125,319	352,681	85.77%
		52804 - Enrollment Projection	50,000	200,000	(150,000)	-75.00%	1,497,206	(1,297,206)	748.60%	300,000	170,918	129,082	56.97%
		52821 - CX - Design Development & Construction Documents	580,000	370,000	210,000	56.76%	220,264	149,736	59.53%	350,000	321,889	28,111	91.97%
		52822 - CX - Bidding	190,000	130,000	60,000	46.15%	60,587	69,413	46.61%	200,000	38,631	161,369	19.32%
		52823 - CX - Construction Phase	1,500,000	1,000,000	500,000	50.00%	484,070	515,930	48.41%	1,200,000	1,090,335	109,665	90.86%
		52824 - CX - Acceptance Phase	1,700,000	1,100,000	600,000	54.55%	440,693	659,307	40.06%	1,400,000	1,306,277	93,723	93.31%
		52825 - CX - Project Closeout	440,000	280,000	160,000	57.14%	145,218	134,782	51.86%	300,000	194,472	105,528	64.82%
		52826 - CX - Post CX	490,000	320,000	170,000	53.13%	127,360	192,640	39.80%	250,000	106,250	143,750	42.50%
		52827 - CX - Reimbursable	300,000	300,000	-	0.00%	(322,911)	622,911	-107.64%	250,000	509,487	(259,487)	203.79%
		52806 - Post Occupancy Studies	339,000	337,005	1,995	0.59%	-	337,005	0.00%	211,000	70,569	140,431	33.45%
		52501 - General Consulting Services	1,922,500	1,251,843	670,657	53.57%	193,541	1,058,302	15.46%	933,051	309,422	623,629	33.16%
		52503 - Rebate Liability Valuation	20,000	22,000	(2,000)	-9.09%	19,080	2,920	86.73%	-	-	-	0.00%
		52504 - OPEB Liability Valuation	13,500	4,000	9,500	237.50%	-	4,000	0.00%	13,000	13,000	-	100.00%
		52505 - Investment/Financial Advisor	200,000	200,000	-	0.00%	142,160	57,840	71.08%	251,098	251,097	1	100.00%
		52506 - External Audit Fees	100,000	106,000	(6,000)	-5.66%	106,000	-	100.00%	130,000	107,140	22,860	82.42%
		52550 - Legal Services	100,000	100,000	-	0.00%	10,594	89,406	10.59%	117,442	63,759	53,683	54.29%
		54001 - Bond Legal Fees Post Issuance	-	29,000	(29,000)	-100.00%	-	29,000	0.00%	30,000	-	30,000	0.00%
		52551 - Banking Services	5,000	5,000	-	0.00%	-	5,000	0.00%	5,500	-	5,500	0.00%
		54002 - COI Legal Fees	200,000	536,869	(336,869)	-62.75%	165,500	371,369	30.83%	500,000	-	500,000	0.00%
		54003 - Rating Agency Fees	400,000	400,000	-	0.00%	362,500	37,500	90.63%	400,000	-	400,000	0.00%
		54004 - Underwriters Discount	-	368,000	(368,000)	-100.00%	-	368,000	0.00%	-	-	-	0.00%
		54005 - Bond Related Printing	25,000	25,000	-	0.00%	23,500	1,500	94.00%	30,000	-	30,000	0.00%
		54006 - Verification Agent	5,000	2,000	3,000	150.00%	4,800	(2,800)	240.00%	30,000	-	30,000	0.00%
		54007 - Financial Advisory Fees	300,000	36,050	263,950	732.18%	260,022	(223,972)	721.28%	100,000	-	100,000	0.00%
		54008 - Printing Cost of Issuance	-	10,000	(10,000)	-100.00%	-	10,000	0.00%	10,000	-	10,000	0.00%
		54010 - Other Fees Rating Agencies	10,000	10,000	-	0.00%	10,000	-	100.00%	10,000	10,000	-	100.00%
		52802 - Cost Estimating	-	48,500	(48,500)	-100.00%	96,495	(47,995)	198.96%	450,000	406,732	43,268	90.38%
		52805 - Needs Survey	-	787,692	(787,692)	-100.00%	479,616	308,076	60.89%	4,500,000	4,087,379	412,621	90.83%
		Subtotal Capital Pipeline Support Expenses	**13,370,000**	**11,245,914**	**2,124,086**	**18.89%**	**4,835,781**	**6,410,133**	**43.00%**	**15,343,291**	**11,947,672**	**3,395,619**	**77.87%**
Total Operating Budget			**36,063,828**	**31,035,430**	**5,028,399**	**16.20%**	**17,886,846**	**13,148,584**	**57.63%**	**35,550,171**	**27,179,419**	**8,370,752**	**76.45%**
Grant Program													
	Grant Program												
		51300 - CORE	776,614,125	801,701,966	(25,087,841)	-3.13%	620,045,510	181,656,456	77.34%	782,100,000	738,611,615	43,488,385	94.44%
		51300 - APR	100,000,000	58,217,173	41,782,827	71.77%	27,243,807	30,973,366	46.80%	65,000,000	37,718,023	27,281,977	58.03%
		Subtotal Grant Program Expenses	**876,614,125**	**859,919,139**	**16,694,986**	**1.94%**	**647,289,317**	**212,629,822**	**75.27%**	**847,100,000**	**776,329,638**	**70,770,362**	**91.65%**
Total Operating & Capital Budget			**$ 912,677,953**	**$ 890,954,569**	**$ 21,723,385**	**2.44%**	**$ 665,176,163**	**$ 225,778,406**	**74.66%**	**$ 882,650,171**	**$ 803,509,057**	**$ 79,141,114**	**91.03%**

Attachment 1C – Key Assumptions in the FY27 Budget Recommendation

Administrative Expenses

Salaries & Benefits

- FY2027 Salaries: Reflects current payroll, open and additional requested positions, co-ops.
    - Includes 141 FTEs for the year with anticipated start dates, broken down as follows:
        - 113 FTEs
        - 20 open positions
        - 8 additional positions requested for FY27 at an estimated combined salary of approximately $796K
- Includes $100K for temporary services, which is a decrease of $150K from the FY26 budget of $250K as a result of historical spending
- Reflects 7 Co-op positions at approximately $208K
- Reflects approximately $370K for Cost-of-Living Adjustments (COLA) increases which will be implemented in two phases:
    - 2% effective July 1, 2026, and
    - 2% effective January 1, 2027
    - The phases of the COLA implementation will be calculated as follows: 2% on each employee's salary as of June 30, 2026, and 2% on each employee's salary as of December 31, 2026.
- The budget includes merit increases up to 3%; with the actual merit awarded, from 0% to 3%, being based on annual performance program and staff meeting specific goals.
- Includes $75K for promotions and $35K for compensation adjustments

Other Post-Employment Benefits

- As a result of the fully funded status MSBA's OPEB Plan, the annual contribution was reduced from $250k in FY25 to $25k in both FY26 and FY27.
- This budget will be monitored on a yearly basis based on changes in OPEB liability and the Trust fund assets.
- 12 retirees or beneficiaries currently receiving OPEB benefits; total of 99 members as of December 31, 2023 (most recent information available and reported in the June 30, 2025 actuarial valuation report).

Leased Space & Utilities

- Includes office rent, real estate taxes, parking, storage, insurance and electricity
- A budget adjustment at the February 2026 Board meeting moved approximately $921K budget from the FY 26 budget to fund the office expansion project as the new office lease contained a payment "holiday" whereby the FY26 lease payments do not start until June 2026

Software/Licenses & Information Technology

- Includes funding for phone & internet, Office 365 licenses, Tableau, anti-virus/firewall, website hosting and additional funding to support growth in MSBA program, upgrades, increased software costs and licenses, and hardware
- Reflects $120K for document management and electronic signatures, IT consulting support and new initiatives of $75K
- Includes Asset Management system, financial reporting software, ERP and Budget systems, as well as Debt management system

Capital Pipeline Support

- $8.9M for Project related consulting
  - $3.7M Keville
  - $5.2M Commissioning
- Other Professional Services
  - Includes additional costs for IT Consulting Services and work on MSBA's Website of $100K and costs associated with the annual financial statement audit of $100K
  - $200K for Investment/Financial Advisor
  - $100K for Legal services
- Decrease in funding for post occupancy to $339K
- Staff are continuing to monitor anticipated project activity, debt and revenue to determine if and when to enter the market. This budget for the cost of issuance has been included as a placeholder to allow for the possibility of market transactions in FY 27 based on the costs experienced in FY 26 for new money issuance, refunding, tender and 2 defeasance transactions.
- The School Survey project was budgeted for and completed in FY26 for $788K; no costs necessary in FY27.

Grant Program

- Total Grant Program Budget for FY27 - $876.6M
  - For the CORE program, FY27 budgets for 107 projects totaling approximately $776.6M; FY26 amended budget accounted for 123 projects totaling approximately $801.7M for Capital Pipeline projects. FY26 budget includes the additional $100M budget increase requested at the April 2026 board meeting as actual FY26 spending was tracking close to the FY26 budget.
  - FY27 budget totals $100M for ARP projects, which is an increase of $41.8M from the FY26 budget of $58.2M. The FY27 budget assumes 249 projects, the majority of which are from the 2024 and 2025 SOI invitations, while the FY26 budget assumed only 62 projects.

Attachment 2 - FY27 New Positions Listing with Projected Salaries and Benefits

Title	Department	Grade	Description	Anticipated Start Date *	FY27 Budgeted Salary per FTE	FY27 Benefits Budgeted
Deputy Director of Program Management	1100 - Capital Planning	15	FY27 New Position 1	August 1, 2026	$ 151,800.00	$ 10,838.85
Capital Program Manager	1100 - Capital Planning	12	FY27 New Position 2	October 1, 2026	92,325.00	8,671.08
Senior PM - Design	1100 - Capital Planning	13	FY27 New Position 3	October 1, 2026	103,425.00	8,671.08
Senior PM - Design	1100 - Capital Planning	13	FY27 New Position 4	November 1, 2026	91,933.33	7,587.19
Program Manager 2 - Design	1100 - Capital Planning	11	FY27 New Position 5	November 1, 2026	73,266.67	7,587.19
Project Manager 1 - Design	1100 - Capital Planning	10	FY27 New Position 6	November 1, 2026	66,600.00	7,587.19
Business Analyst	3500 - IT	11	FY27 New position 7	September 1, 2026	91,583.33	9,754.96
IT Project Manager	3500 - IT	14	FY27 New position 8	September 1, 2026	125,466.63	9,754.96
				Total	$ 796,399.97	$ 70,452.50

Attachment 3 - FY27 Projected Revenue and Budgeted Expenditures
(amounts in thousands)

	FY2027 Proposed Budget	**Scenario 1** 5% reduction to sales tax revenue	**Scenario 2** 5% reduction to sales tax revenue & no subsidies	**Scenario 3** 10% reduction to sales tax revenue	**Scenario 4** 10% reduction to sales tax revenue & no subsidies
FY2027 projected revenues[1]:					
Sales tax	$ 1,305,000	$ 1,239,750	$ 1,239,750	$ 1,174,500	$ 1,174,500
BABS and QSCB subsidies	22,833	22,833	-	22,833	-
Loan repayments	6,194	6,194	6,194	6,194	6,194
Total FY2027 projected revenues	1,334,027	1,268,777	1,245,944	1,203,527	1,180,694
FY2027 projected expenditures[2]:					
Administrative expenses	(22,661)	(22,661)	(22,661)	(22,661)	(22,661)
Capital pipeline support services	(13,400)	(13,400)	(13,400)	(13,400)	(13,400)
CORE project	(776,614)	(776,614)	(776,614)	(776,614)	(776,614)
ARP project	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Debt service:					
Prinicipal	(307,020)	(307,020)	(307,020)	(307,020)	(307,020)
Interest	(217,155)	(217,155)	(217,155)	(217,155)	(217,155)
Total FY2027 projected expenditures	(1,436,850)	(1,436,850)	(1,436,850)	(1,436,850)	(1,436,850)
FY2027 sinking fund deposits	(11,445)	(11,445)	(11,445)	(11,445)	(11,445)
FY2027 surplus/(deficit)	$ (114,268)	$ (179,518)	$ (202,351)	$ (244,768)	$ (267,601)

[1] Revenue does not include amounts for interest income due to the volatility of interest rates and changes in investment market values. The amount required by the liquidity reserve policy approved by the board is not reflected.

[2] Impact of change in legislation to increase cap and remove ARP from the annual cap will likely impact future fiscal year budget recommendations as projects move from eligibility/feasibility to construction.

Attachment 4 - FY26 Projected Revenue and Budgeted Expenditures
Actuals as of May 6, 2026 and Projections to June 30, 2026
(amounts in thousands)

	Budget		Actuals	Projections
	FY2026 Original Budget	FY2026 Final Budget*	FY2026 Actuals As of May 6, 2026	FY2026 Projections to June 30, 2026
FY2026 revenues[1]:				
Sales tax	$ 1,305,400	$ 1,305,400	$ 947,041	$ 1,280,165
BABS and QSCB subsidies	22,833	22,833	12,556	16,800
Loan repayments	6,302	6,302	6,302	6,302
Total FY2026 revenues	1,334,535	1,334,535	965,899	1,303,267
FY2026 expenditures[2]:				
Administrative expenses	(20,005)	(20,005)	(13,051)	(15,661)
Capital pipeline support services	(11,030)	(11,030)	(4,836)	(5,803)
CORE project	(701,702)	(801,702)	(620,046)	(799,800)
ARP project	(58,217)	(58,217)	(27,244)	(29,888)
Debt service:				
Prinicipal	(183,865)	(183,865)	(165,715)	(165,715)
Interest	(201,861)	(201,861)	(172,924)	(177,052)
Total FY2026 expenditures	(1,176,680)	(1,276,680)	(1,003,816)	(1,193,919)
FY2026 sinking fund deposits	(13,288)	(13,288)	(11,445)	(11,445)
FY2026 surplus/(deficit)	$ 144,567	$ 44,567	$ (49,362)	$ 97,903

* - Includes $100 million capital pipeline grant budget adjusted approved at the April 2026 Board meeting

[1] Revenue does not include amounts for interest income due to the volatility of interest rates and changes in investment market values. The amount required by the liquidity reserve policy liquidity reserve policy approved by the board is not reflected.

[2] Reflects distribution of supplemental grants faster than expected with most of the payments ocurring in FY25. Impact of change in legislation to increase cap and remove ARP from the annual cap will likely impact future fiscal year budget recommendations as projects moving from eligibility/feasibility to construction.

Attachment 5 - Historical Sales Tax Collections by Fiscal Year

Fiscal Year	Sales Tax Revenues	$ Change from Prior Year	% Change from Prior Year
2026*….....	$ 947,041,144	$ (337,265,857)	-26.26%
2025….....	1,284,307,001	40,520,119	3.26%
2024….....	1,243,786,882	(20,216,821)	-1.60%
2023….....	1,264,003,703	75,131,107	6.32%
2022….....	1,188,872,596	87,461,530	7.94%
2021….....	1,101,411,066	184,104,198	20.07%
2020….....	917,306,868	24,106,486	2.70%
2019….....	893,200,382	45,220,912	5.33%
2018….....	847,979,470	31,189,553	3.82%
2017….....	816,789,917	18,259,187	2.29%
2016….....	798,530,730	34,504,966	4.52%
2015….....	764,025,764	36,499,475	5.02%
2014….....	727,526,289	45,479,893	6.67%
2013….....	682,046,396	11,552,333	1.72%
2012….....	670,494,063	15,851,432	2.42%
2011….....	654,642,631	17,558,687	2.76%
2010….....	637,083,944	(10,714,945)	-1.65%
2009….....	647,798,889	(42,956,453)	-6.22%
2008….....	690,755,342	(1,021,568)	-0.15%
2007….....	691,776,910	7,735,141	1.13%
2006….....	684,041,769	17,874,127	2.68%
2005….....	666,167,642	23,939,394	3.73%
2004….....	642,228,248	-	0.00%
Average growth though FY25, most completed fiscal year			3.46%

* - Amounts through March 2026