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: June 16, 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 actual expenses updated through June 12, 2026.

The FY2026 approved budget is $891.0 million. To date, we have spent $773.3 million or 86.79% of the budget. 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 includes the MSBA Expenses and Capital Pipeline Support Services) for FY2026 is $31.0 million. To date, we have spent $20.3 million or 65.5% of the budget.

MSBA Expenses

MSBA Expenses include budgets for Payroll, Employee Benefits, Office Expenses, Leased Space, Office Equipment, Software, etc. These budgets are related to the administration of the MSBA. The Total MSBA Expenses budget for FY2026 is $19.8 million. To date, we have spent $14.7 million or 74.09%.

Payroll budget for FY2026 salaries totaled $15.2 million. To date, we have spent $12.0 million or 79.18% as of June 12, 2026. 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 June 12, 2026, there were 116 positions filled (112 full-time and 4 co-ops). Currently, there are 25 open positions consisting of 22 full-time and 3 co-ops.

For Employee Benefits, the budgeted amount for FY2026 is $1.5 million. As of June 12, 2026, $1.6 million of the budget has been spent. Employee Benefits include budgets for employer medical, dental, vision, and unemployment. In FY26, we have spent over the approved budget amount for employee benefits which will be funded by funds available on the Payroll line. In FY27, the calculation for employee benefits was revised from budgeting based on prior years spending to budgeting based on current enrollment and including projections for open and new positions.

Leased Space and Utilities the original budget amount for FY2026 was $1.32 million ($1.0 million for leased space and approximately $300 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 office rent payments will not begin until June 2026. As of June 12, 2026, $69 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 by $2.8 million, in comparison to the total OPEB liability (as of the June 30, 2025 actuarial valuation report, the most recent information available). 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. Actual costs as of June 12, 2026 are $5.7 million or 50.27% of the budget.

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 June 12, 2026, $543 thousand, or 30.61% of the budget has been spent.

The budget for Project Related Consulting includes funding for costs 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, $3.1 million or 51.41% 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, $1.1 million or 54.34% has been spent.

Cost of Issuance are the costs associated with the issuance of the 2025A&B bonds that closed in September 2025 as well as the cash defeasance which was executed in April 2026. 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 June 12, 2026, $867 thousand was spent and were paid out of bond premiums ($821 thousand) for the 2025A&B bonds and unrestricted funds ($46 thousand) for the defeasance.

Grant Program

Grants are payments to districts for Core and Accelerated Repair Program (ARP) projects. Core grants are intended for new construction, addition, and/or renovation projects. ARP is the program that focuses on the replacement of roofs, windows, doors and heat pump conversions in existing school facilities. At the April 2026 Board meeting, a budget increase of $100 million

was approved for the grant program. The total budgeted amount for FY2026 increased from $759.9 million to $859.9 million. As of June 12, 2026, we have spent $752.9 million or 87.56% of the revised FY2026 Grants budget. Of the actual total of $752.9 million, Core payments totaled $724.6 million or 96.23% while ARP totaled $28.3 million or 3.77%. On average, the weekly spending on grants is $15.1 million.