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 26, 2026
RE: MSBA Fiscal Year 2026 & 2027 Budget Updates

The following is a summary of the Massachusetts School Building Authority's (Authority) Fiscal Year 2026 (FY26) expenditures through June 30, 2026 (unaudited) as well as the Fiscal Year 2027 (FY27) update through August 7, 2026.

Administrative Expenses

Total Administrative Expenses budget for FY26 was $19.9 million while the actual FY26 costs were $15.6 million or 78.3% of the revised budget. FY27 is budgeted at $22.7 million or $2.8 million or 14.0% greater than FY26.

The Salary budget for FY26 was $15.2 million for a full-time equivalent (FTE) count of 141. FY26 expenses were $12.5 million, which represented 82.5% of the revised budget. For FY27 the budget totals $16.8 million for a total FTE count of 148. This includes an estimated amount of $370,091 for COLA adjustments that will be implemented in two phases: 2% effective July 1, 2026 based on each employee's salary as of June 30, 2026 and 2% effective January 1, 2027 based on each employee's salary as of December 31, 2026. The merit pool up to 3% is estimated at $365,769 to be implemented as of July 1, 2026. As of August 7, 2026, there were 116 positions filled and 32 positions open for a total FTE of 148.

Leased Space and Utilities was originally budgeted at $1.3 million for FY26. At the February 2026 Board meeting a budget transfer of $920,502 was approved from rent expense 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 did not start until June 2026. The adjusted FY26 budget was $353 thousand. As of June 30, 2026, $104 thousand has been spent. The FY27 budget is $1.3 million.

OPEB budget and actuals for FY26 was $25,000. This is the same amount budgeted in FY25 which reflects the overall financial health of the OPEB Trust. The FY27 OPEB budget is $25,000 the same amount that was budgeted in FY26. 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.

Capital Pipeline Support Services

The Capital Pipeline Support Services budget for FY26 was $11.1 million. As of June 30, 2026, we have spent $6.2 million or 56.1% of the budget. The FY27 budget is $13.4 million, $2.2 million or a 20.2% increase over the FY26 budget. The increase in the budget from FY26 to FY27 is due to an estimated increase of $1.3 million associated with project management consultant services.

Total Operating Expenses

Total Operating Expense (which includes Administrative and Capital Pipeline Support Services) was $21.8 million for FY26 or 70.4% of the budget. For FY27, the budget is $36.1 million, which represents a 16.2% increase over the final FY26 budget.

Grant Program

Capital Pipeline Grants

The total final budget for FY26 was $859.9 million, which included a budget increase of $100 million, which was approved at the April 2026 Board meeting. During FY26, a total of $769.8 million, or 89.5% of the budget was spent on Capital Pipeline Grants. FY27 is budgeted at $876.6 million, which is an increase of $16.7 million or 1.9% more than the final FY26 budget.

Total Operating and Capital Budget

The Authority's total overall budget (including operating and capital expenditures) for FY26 was $891.0 million. As of June 30, 2026, we have spent $792.0 million, or 88.8% of the budget.

FY27 Budget and Actual

Total FY27 is budgeted at $912.7 million, which represents an increase of $21.7 million or a 2.4% increase compared to the FY26 budget. As of August 7, 2026, we have spent $84.0 million or 9.2% of the total budget, with the Grant Program spending 96.8% of the total expenses to date or $81.3 million.

As we are early in FY27, budget to actual analysis would be premature. However, the Authority looks forward to providing budget to actual updates as FY27 progresses.