

A stylized graphic of a city skyline with various building heights, rendered in a light blue color, positioned at the top of the slide.

# **Massachusetts School Building Authority**

**FY 2011 Budget Recommendation**

**Board of Directors Meeting**

**May 26, 2010**

# FY 2010 Finance Update

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- New grant program firmly established with over 150 projects in Capital Pipeline
  - Over \$72M new program payments made year-to-date in FY'10
- \$431M in grants paid out through Prior Grants program in FY'10
- \$249M in grants paid out to expedited Waiting List projects in FY'10
- SMART Fund sales tax revenue collections are tracking at approximately \$600M (approx. \$102M less than FY'09 “floor”)
- Authority's administrative budget remains disciplined
  - Over 10% favorable variance to FY'10 Board Approved Budget

# Waiting List Liability Update

|  |               |
|--|---------------|
| Original Estimated Liability - 2004        | \$4.1B        |
| Unanticipated Increase to Liability - 2005 | <u>\$1.4B</u> |
| Total Waiting List Liability               | <u>\$5.5B</u> |
| <br>                                       |               |
| Audit Savings to Date                      | \$380M        |
| Estimated Payments                         | <u>\$4.4B</u> |
| Remaining Liability                        | <u>\$712M</u> |
| <br>                                       |               |
| Estimated Annual Payments                  | \$291M        |
| Remaining Progress Payments                | \$421M        |

# Prior Grant Commitments

|   |               |
|---|---------------|
| Original Estimated Prior Grant Commitment | \$5.1B        |
| Audit Savings to Date                     | \$400M        |
| Payments to Date                          | <u>\$2.4B</u> |
| Remaining Commitment                      | \$2.3B        |

# FY2011 MSBA Operations & Grant Program Budget Recommendations

## Board Approved FY 2010 vs. FY 2011 Proposed Budget Recommendations

| Expense Category   | FY 2010                  |                        |                         |               | FY 2011                 |                         |               |  |
|--|--------------------------|------------------------|-------------------------|---------------|-------------------------|-------------------------|---------------|--|
|  | FY2010 Board<br>Approved | Est. Actual<br>FY 2010 | Variance                | %             | FY 2011                 | Variance                | %             |  |
| <b>Administrative Expense Budget</b>                         |                          |                        |                         |               |                         |                         |               |  |
| Salaries & Benefits  | \$ 4,064,114             | \$ 3,562,440           | \$ (501,674)            | -12.3%        | \$ 4,064,114            | \$ -                    | 0.0%          |  |
| General & Administrative Office Expenses                     | \$ 197,362               | \$ 153,522             | \$ (43,840)             | -22.2%        | \$ 197,362              | \$ -                    | 0.0%          |  |
| Occupancy & Utilities  | \$ 907,054               | \$ 917,337             | \$ 10,283               | 1.1%          | \$ 907,054              | \$ -                    | 0.0%          |  |
| Consulting & Professional Support Services                   | \$ 199,411               | \$ 170,901             | \$ (28,510)             | -14.3%        | \$ 199,411              | \$ -                    | 0.0%          |  |
| Information Technology                                       | \$ 324,204               | \$ 154,610             | \$ (169,594)            | -52.3%        | \$ 324,204              | \$ -                    | 0.0%          |  |
| <b>Total Administrative Expense Budget</b>                   | <b>\$ 5,692,145</b>      | <b>\$ 4,958,811</b>    | <b>\$ (733,335)</b>     | <b>-12.9%</b> | <b>\$ 5,692,145</b>     | <b>\$ -</b>             | <b>0.0%</b>   |  |
| <b>Other Post Employment Benefits (OPEB)</b>                 | \$ 1,422,200             | \$ 1,422,200           | \$ -                    | 0.0%          | \$ 350,000              | \$ (1,072,200)          | -75.4%        |  |
| <b>Capital Program Professional Support Services</b>         |                          |                        |                         |               |                         |                         |               |  |
| Project Related Legal, Audit & Professional Support Services | \$ 8,725,000             | \$ 2,074,790           | \$ (6,650,210)          | -76.2%        | \$ 8,725,000            | \$ -                    | 0.0%          |  |
| Cost of Issuance   | \$ 250,000               | \$ 366,679             | \$ 116,679              | 46.7%         | \$ 250,000              | \$ -                    | 0.0%          |  |
| <b>Total Capital Program Professional Support Services</b>   | <b>\$ 8,975,000</b>      | <b>\$ 2,441,470</b>    | <b>\$ (6,533,531)</b>   | <b>-72.8%</b> | <b>\$ 8,975,000</b>     | <b>\$ -</b>             | <b>0.0%</b>   |  |
| <b>Grant Program</b>   |                          |                        |                         |               |                         |                         |               |  |
| Prior Grants <sup>[1]</sup>                                  | \$ 326,908,227           | \$ 431,161,634         | \$ 104,253,407          | 31.9%         | \$ 293,461,162          | \$ (33,447,065)         | -10.2%        |  |
| Waiting List Annual Payments <sup>[2]</sup>                  | \$ 28,516,085            | \$ 34,004,090          | \$ 5,488,005            | 19.2%         | \$ 25,442,964           | \$ (3,073,121)          | -10.8%        |  |
| Waiting List   | \$ 694,499,159           | \$ 249,457,350         | \$ (445,041,809)        | -64.1%        | \$ 421,996,936          | \$ (272,502,222)        | -39.2%        |  |
| New Program Grants   | \$ 500,000,000           | \$ 107,131,447         | \$ (392,868,553)        | -78.6%        | \$ 500,000,000          | \$ -                    | 0.0%          |  |
| <b>Total Grant Program</b>                                   | <b>\$ 1,549,923,471</b>  | <b>\$ 821,754,521</b>  | <b>\$ (728,168,950)</b> | <b>-47.0%</b> | <b>\$ 1,240,901,062</b> | <b>\$ (309,022,409)</b> | <b>-19.9%</b> |  |
| <b>Grand Total - Operating Budget</b>                        | <b>\$ 1,566,012,817</b>  | <b>\$ 830,577,001</b>  | <b>\$ (735,435,816)</b> | <b>-47.0%</b> | <b>\$ 1,255,918,208</b> | <b>\$ (310,094,609)</b> | <b>-19.8%</b> |  |

[1] Estimated annual amount pursuant to the Prior Grant payment schedule. Total outstanding liability for FY12-FY23 is approximately \$2.0B.

[2] Estimated annual amount pursuant to the Waitlist Annual payment schedule. Total outstanding liability for FY12-FY24 is approximately \$264M.

# Capital Program Professional Support Services Summary

|   | <b>FY2010 Board Approved</b> | <b>FY2010 Est. Actual</b> | <b>FY2011 Budget</b>    |
|---|------------------------------|---------------------------|-------------------------|
| Architectural Services  | 1,750,000                    | 840,187                   | 1,975,000               |
| Project Related IT Development  | 500,000                      | 524,755                   | 625,000                 |
| Audit   | 500,000                      | 4,776                     | 25,000                  |
| Cost of Issuance  | 250,000                      | 366,679                   | 375,000                 |
| Other   | 175,000                      | 69,142                    | 175,000                 |
| Legal   | 75,000                       | 61,841                    | 75,000                  |
|   | <b><u>3,250,000</u></b>      | <b><u>1,867,381</u></b>   | <b><u>3,250,000</u></b> |
| Commissioning Agents  | 2,500,000                    | 93,184                    | 2,500,000               |
| Project Management Services   | 2,000,000                    | 376,770                   | 2,000,000               |
| Cost Estimating Services  | 1,000,000                    | 73,461                    | 1,000,000               |
| Green School Advisor  | 225,000                      | 30,673                    | 225,000                 |
|   | <b><u>5,725,000</u></b>      | <b><u>574,088</u></b>     | <b><u>5,725,000</u></b> |
| <b>Project Related Legal, Audit &amp; Professional Support Services</b> | <b>8,975,000</b>             | <b>2,441,470</b>          | <b>8,975,000</b>        |

# FY 2010 /FY2011 Outlook

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## **FY2010**

- SMART Fund collections for FY2010 are tracking towards \$600M
- Anticipate issuing approximately \$150M in Qualified School Construction Bonds prior to June 30<sup>th</sup>

## **FY2011**

- First Year the MSBA receives full 1 penny of Dedicated Sales Tax
  - Final phase-in to 100% of Dedicates Sales Tax Revenue
  - 0% growth assumption after accounting for additional phase-in
  - Estimated Dedicated Sales Tax collections: \$630M
- Borrowing Assumptions for FY2011
  - Issue remaining QSCB allocation in late fall