



2008 – 2009 Annual Report

# Massachusetts School Building Authority

## Mission

The Massachusetts School Building Authority provides funding to create affordable, sustainable and efficient schools for local communities. Through its grant program, the Massachusetts School Building Authority works with local communities to identify school facility needs, develop fiscally responsible and educationally appropriate solutions, and create safe, sound and sustainable learning environments.

## About the Cover



Wally Heller, from the Cunningham School in Milton, won the 3rd Annual My Ideal School Contest



Montclair School, Quincy

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# Treasurer's Letter

## Dear Citizen,

It is my pleasure to present to you the Massachusetts School Building Authority's (MSBA) 2008-2009 Annual Report. The MSBA is committed to creating an efficient and financially sustainable program to fund school facility capital improvement projects. As Chairman of the MSBA Board, I would like to continue to build on the success we have enjoyed and highlight some of our achievements.



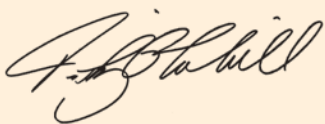
Over the last five years, the MSBA has made significant improvements to the process of funding school construction in the Commonwealth. To date, the MSBA has paid over \$6.6 billion in reimbursements to cities and towns for school construction projects. More than 415 projects on the waiting list have received a payment from the MSBA, with over 316 projects completely paid off. In addition, over 748 audits of the 800 audit backlog inherited from the former program have been substantially completed, which has saved communities \$2.9 billion in avoided interest costs.

Another notable accomplishment is the creation and implementation of a Model School Program. The Model School Program is just one of many creative and innovative ways the MSBA works with communities to save taxpayer dollars while maximizing the quality of educational programs for students and teachers.

The MSBA is collaborating with municipalities to equitably invest up to \$2.5 billion in schools across the Commonwealth by finding the right-sized, most fiscally responsible and educationally appropriate solutions to create safe and sound learning environments. Selection of school projects for funding under the new grant program is a competitive process. Grants are awarded to projects that present the greatest need and urgency for capital improvements.

Our commitment is to protect taxpayer dollars by improving the school building grant process and avoiding the mistakes of the past in the funding and construction of school facilities.

It is an honor to serve as Chairman of the Massachusetts School Building Authority. I am proud of our achievements in creating a school building process that is accountable and sustainable and that works in the best interests of the state taxpayers while providing a strong educational foundation for the children of the Commonwealth.



Timothy P. Cahill  
Treasurer and Receiver General

## Board of Directors

### **Timothy P. Cahill**

Chairman,  
Treasurer and Receiver General

### **Jeff Wulfson**

Designee of the Commissioner  
of Education

### **Matthew J. Gorzkowicz**

Designee of the Secretary  
of Administration and Finance

### **Richard Bertman**

Founding Principal,  
CBT Architects

### **Terry Kwan**

Former teacher and Brookline  
School Committee member

### **Mary Grassa O'Neill**

Secretary of Education,  
Archdiocese of Boston

### **Lisa Turnbaugh**

Program Management Leader,  
Bank of America

# From the Executive Director

## Advisory Board

**Greg Beeman,**  
President/CEO, Associated  
Builders & Contractors,  
MA Chapter

**Bruce Bolling,**  
Executive Director,  
Massachusetts Alliance  
of Small Contractors

**Edward Bouquillon,**  
Superintendent-Director,  
Minuteman Regional  
High School

**Francis X. Callahan,**  
President, MA Building  
Trades Council, AFL-CIO

**Amy Cotter,**  
Senior Program Manager,  
Metropolitan Area  
Planning Council

**Katherine Craven,**  
Executive Director, MSBA

**Sean Cronin,**  
Deputy Town  
Administrator, Brookline

**The Honorable  
A. Joseph DeNucci,**  
State Auditor

**Dominic D'Eramo, P.E.,**  
American Council of  
Engineering Companies of MA

**James Hudson Crissman, FAIA,**  
Boston Society of Architects

**Philip Katz,**  
Massachusetts Teachers  
Association and  
Massachusetts Federation  
of Teachers

**Monica Lawton,**  
Executive Director,  
Associated Subcontractors  
of Massachusetts

**Maureen Marshall,**  
Superintendent, Quabbin  
Regional School District

**The Honorable  
Michael McGlynn,**  
Mayor of Medford

**Robert Petrucelli,**  
President/CEO, Associated  
General Contractors  
of Massachusetts

**The Honorable  
Gregory W. Sullivan,**  
State Inspector General

**Michael Widmer,**  
President, Massachusetts  
Taxpayers Foundation

For more than 50 years, Massachusetts taxpayers supported a generous program for local school construction, but one with no consistent annual funding stream for the school building needs expressed by local communities. In 2004, State Treasurer Tim Cahill and the Massachusetts Legislature created the independent Massachusetts School Building Authority.

Today, I am happy to report that the MSBA has worked to create a system that relies on both the demonstrated needs of school districts and a collaborative approach to solving those problems in a fiscally responsible way.

- MSBA has distributed over \$6.6 billion in payments to local communities, \$4 billion more than would have been expended if the MSBA had not been created.
- MSBA has radically changed the way school construction grants are distributed, creating a pay/audit system that relieves local taxpayers of the burden of financing the state's share of the project.
- In calendar year 2010, MSBA funds will leverage local taxpayer monies to fund over \$1.3 billion in school construction or repair projects breaking ground in Massachusetts. This will improve the educational conditions for thousands of schoolchildren while creating much needed construction jobs.

As you will read in this Annual Report, our mission is to help local communities create and maintain affordable, sustainable and sound learning environments for schoolchildren while working within our available budget funded from proceeds of Massachusetts' sales tax receipts. The MSBA will never over-promise to a school district and under-deliver on expectations.

The MSBA operates on a simple premise: we need to stretch our limited financial resources in a responsible manner to help school districts improve public school buildings across the entire Commonwealth.

I look forward to continuing and improving upon our past successes working with our terrific municipal partners.

Sincerely,



Katherine P. Craven  
Executive Director



## SUCCESS THROUGH REFORM

# \$6.6 Billion in Payments To Cities, Towns and Regional School Districts

In just the last five years, the Massachusetts School Building Authority has made significant improvements to the process of funding school construction, renovation and repair projects throughout the Commonwealth, resulting in cost effective, educationally sound learning facilities.

To fulfill its mission of bringing reform and innovation to the school building process, the MSBA has accomplished the following:

- ▶ **Made over \$6.6 billion** in payments to cities, towns and regional school districts
  - **Made full or partial payments to more than 415 of the 428** projects on the waiting list, with funding available for the remaining projects once they begin construction
- ▶ **Instituted an accelerated audit program** that has completed more than 748 of the 800 audit backlog inherited from the former program
  - **Saved the taxpayers of Massachusetts over \$997 million**
  - **Generated \$2.9 billion** in avoided local interest costs
- ▶ **Made more than 450 site visits to more than 160 school districts** as part of the MSBA's review and due diligence process
- ▶ **Created specialized Task Forces** as part of our ongoing efforts to fully engage outside experts and stakeholders to advise the MSBA in the development of policy recommendations
  - Vocational Technical Educational Task Force, Science Lab Task Force, Maintenance Task Force, Regionalization Task Force
- ▶ **Established a Designer Selection Panel** to assist districts with the selection of qualified design professionals and to ensure an impartial and objective design selection process
- ▶ **Created an Owner's Project Manager Review Panel** to assist districts with the selection of qualified OPM's
- ▶ **Committed to investing \$300 million** to upgrade and repair vocational technical high schools across the Commonwealth

## Achievements



Kuss Middle School, Fall River

**Saved state taxpayers over  
\$997 million**

# Model School Program

## SAVINGS THROUGH INNOVATION

### Providing a Strong Foundation for the Future



**Reduces Project Costs  
and Completion Time**

The Model School Program seeks to effectively adapt and re-use the design of successful, recently constructed high schools. Model Schools are efficient in design and easy to maintain, contain optimal classroom and science lab space, can easily accommodate higher or lower enrollments, incorporate sustainable, “green” design elements when possible and are flexible in educational programming spaces while encouraging community use.

Districts participating in the Model School Program are eligible to receive five additional percentage points which are added to the base rate of MSBA reimbursement. In the current economy, the savings and higher reimbursements can mean the difference between a school district being able to afford a new facility and being forced to continue using a deficient one.



## Model School Program Realizes \$30 Million in Savings for Norwood



In May 2008, when the Town of Norwood entered into discussions with the MSBA about building a new high school, the proposed cost for the 203,000 square foot project was over \$100 million. In January 2009, MSBA's Board of Directors approved a new 227,000 square foot school with a total budget of \$73.9 million.

This approximate \$30 million in savings is a direct result of Norwood's participation in the MSBA's Model School Program. Rather than reinventing the wheel for each new school, the Model School Program reduces project costs and completion time by adapting proven

elements from recently completed schools and tailoring them to local needs to ensure cost-efficient, easy-to-maintain designs. Thanks to this innovative and sensible program, construction in Norwood got underway in May, instead of November.

Since the inception of the Model School Program, several districts in addition to Norwood have been invited to participate in the program. These include:

- Hampden-Wilbraham Minnechaug High School
- Plymouth North High School
- Natick High School
- Tewksbury Memorial High School
- West Springfield High School

**Approximately \$30 million in savings is a direct result of Norwood's participation in the MSBA's Model School Program.**

# Statement of Interest Update

## CONNECTING WITH COMMUNITIES

### Working Closely With Districts to Better Understand the Needs of Communities



Fiske Elementary School, Lexington



West Springfield High School



Cambridge Rindge and Latin High School

Submitting a Statement of Interest (SOI) is the critical first step in the MSBA's program for school building construction and renovation grants. The MSBA's program is a non-entitlement, competitive grant program. Grants are awarded by the MSBA Board of Directors based on need and urgency, as expressed by the district in the SOI and validated by the MSBA through its due diligence efforts once the SOI has been submitted.

The MSBA has implemented a rolling capital pipeline for project approvals. Working closely with districts, the MSBA is constantly evaluating and assessing SOIs to better understand the needs of communities. The MSBA may move an SOI into the capital pipeline at any time depending on those regular evaluations. An SOI may require several votes by the MSBA Board of Directors as it moves through the various stages of project approval required by the MSBA's new program for school construction and renovation grants.

Based on lessons learned from the former program which showed that districts can typically handle only one school project at a time, the MSBA asks each district that submits multiple SOIs to prioritize one SOI for the MSBA's due diligence efforts. This request for districts to prioritize their needs does not mean that every district will receive funding for a project or that other projects in a district for which an SOI has been submitted will not be considered for funding. Rather, the request is simply to allow the MSBA to focus its due diligence efforts on the district's priority school facility.



## STATEMENTS OF INTEREST SUMMARY

### Fiscal Year 2008

New SOIs	432
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### Fiscal Year 2009

New SOIs	47
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Refreshed SOIs	183
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### Fiscal Year 2010

New SOIs	51
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Refreshed SOIs	167
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Lincoln School, Melrose



Village School, Marblehead

### Statement of Interest — MSBA Due Diligence Process

The MSBA has been focusing its due diligence efforts on the district-identified priority SOI. These efforts include reviewing and analyzing the SOI, visiting schools to assess overcrowding, conducting senior study site visits with teams of architects and engineers, reviewing enrollment trends and forecasts, reviewing educational programs, and meeting with local officials to help determine which school facilities are most in need of attention.

In determining which school facilities across the Commonwealth are in most need of capital investment, the MSBA considers the following assessment criteria:

**Building Condition** — whether the building exhibits signs of moderate to severe deficiencies in multiple building systems, such as the roofing system, windows and doors, heating and ventilation systems

**Building Capacity** — whether the building exhibits signs of moderate to severe overcrowding including excessive class sizes, inadequate number of classrooms, conversion of non-educational space to educational uses

**Educational Program** — whether the ability to support the required educational program is adversely affected by the building's condition and/or capacity

**Structural Deficiency** — whether the building has clearly documented structural deficiencies that pose an immediate risk to the health and safety of building occupants

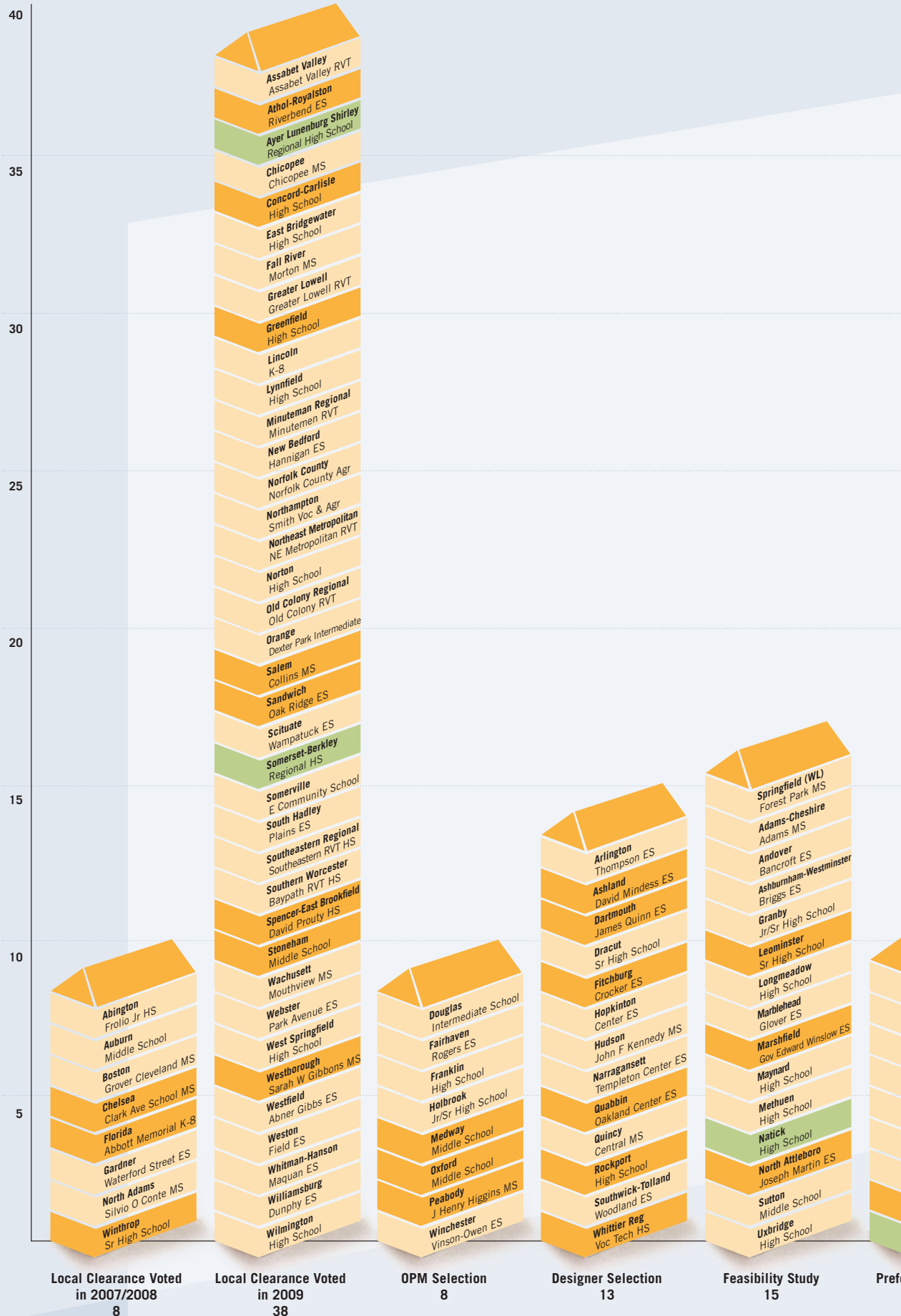
**Maintenance** — a review of the district's routine capital maintenance procedures and investments

To view a list of all SOIs submitted to the MSBA by district, please visit:

[www.massschoolbuildings.org](http://www.massschoolbuildings.org)

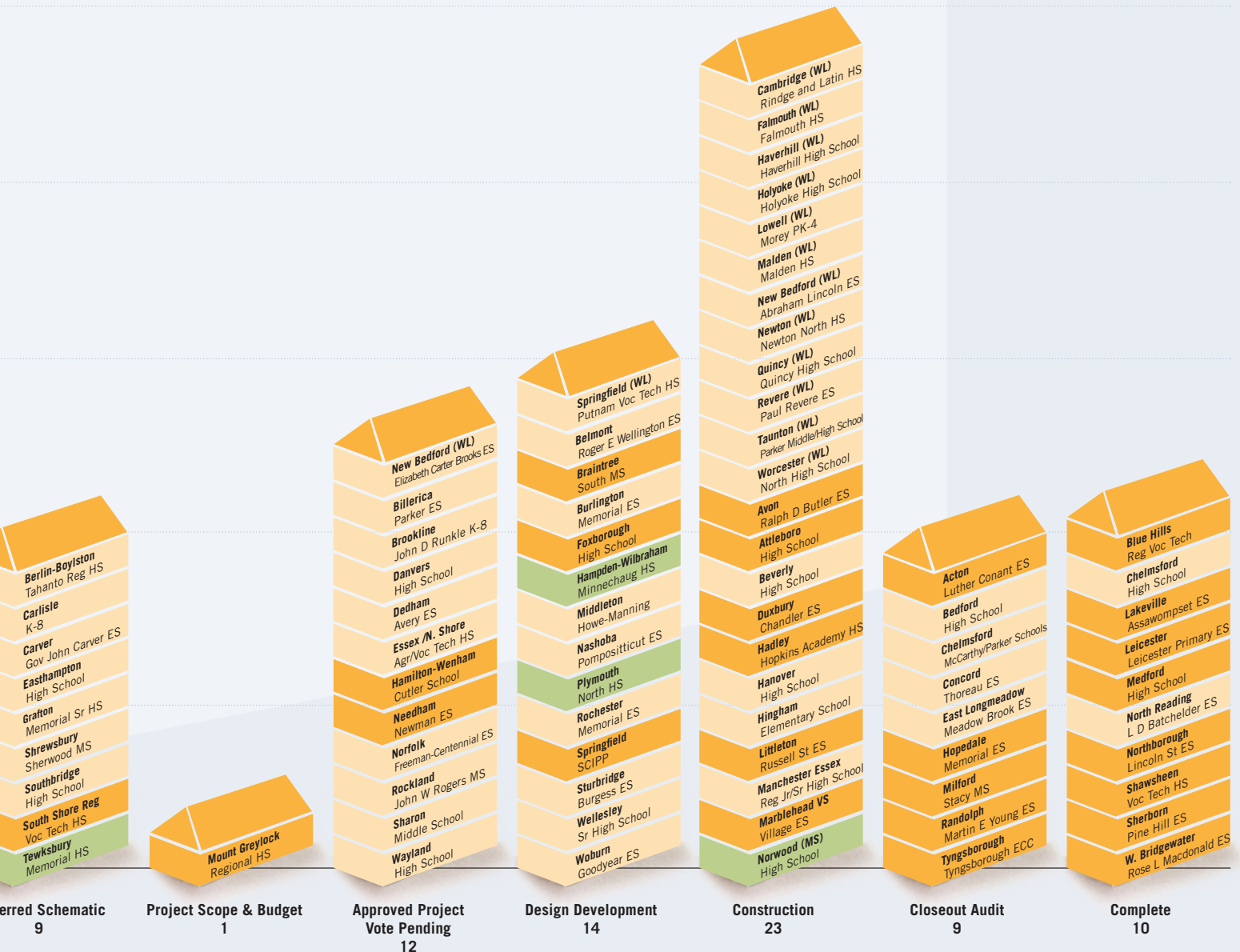
# Capital Pipeline Chart

## Project Status



## Total Projects = 160

- Repair
- Model School



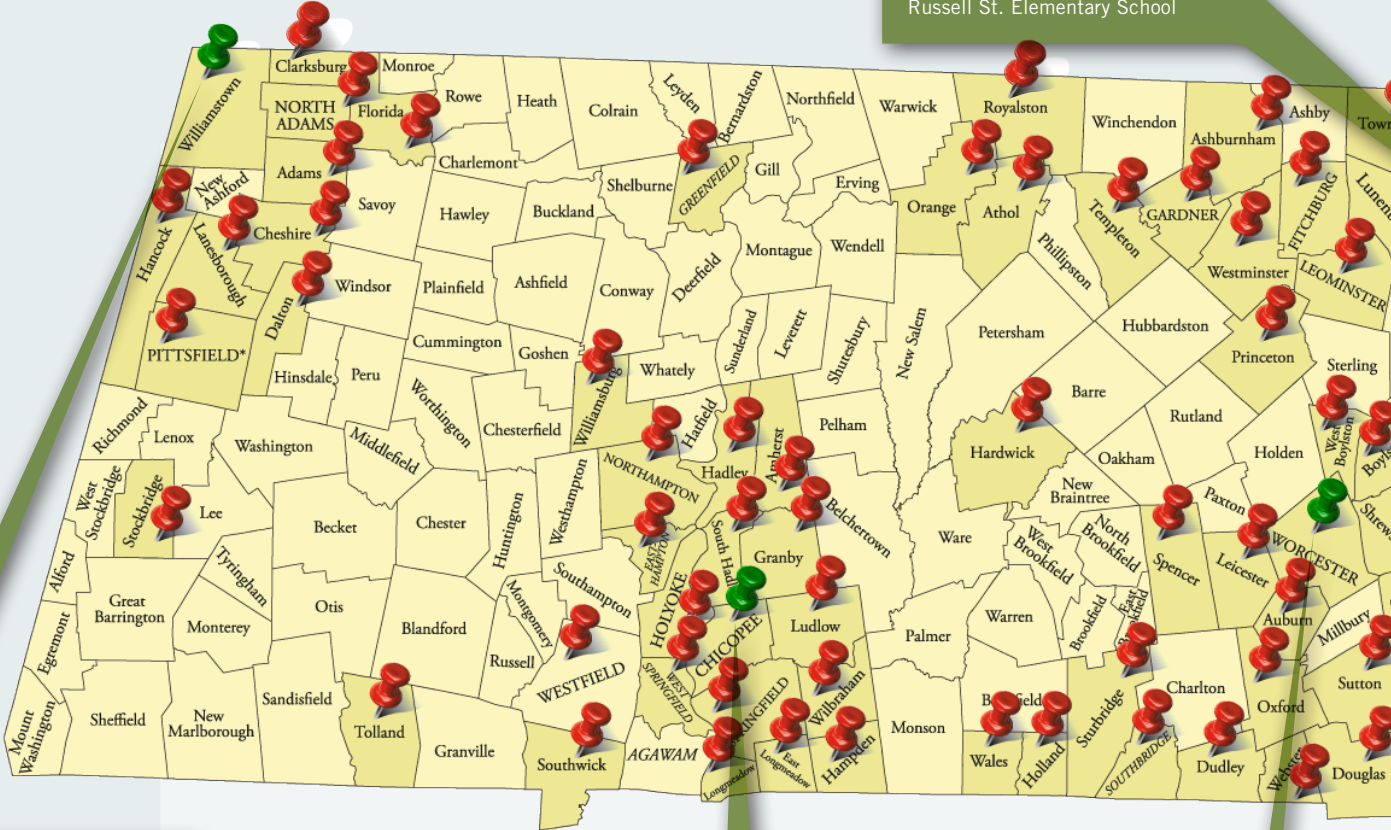


## ON THE ROAD WITH THE MSBA

### Meetings, Site Visits, Hearings and Projects



Russell St. Elementary School



Katherine Craven shows the MSBA Board of Directors a piece of the crumbling roof from Mt. Greylock High School



Chicopee Comprehensive High School



Worcester North High School



Haverhill High School



Malden High School



Taunton High School



## Voc / Tech Renew and Repair Program

### BUILDING OPPORTUNITY

## Maintaining a Key Component of the Commonwealth's Economy



In July 2009, the MSBA launched the Vocational, Technical and Agricultural School Renew and Repair Program. The program commits \$100 million to upgrading and repairing nine vocational technical high schools that have submitted Statements of Interest. This funding is in addition to the \$200 million the MSBA has already committed to Voc/Tech schools over the past two years. This combined \$300 million investment is the largest the state has made in its vocational technical schools in 30 years.



The MSBA requires towns in each vocational school district to match the MSBA's investment before work can begin. The program aims to leverage local and private business dollars to maintain Voc/Tech schools, which are a key component of the Commonwealth's economy.

The MSBA will provide \$100 million for improvements in the following vocational technical or agricultural schools that have pending SOIs with the MSBA:

- Assabet Valley Regional Tech High School
- Bay Path Regional Voc/Tech High School
- Greater Lowell Technical High School
- Minuteman Career and Technical High School
- Norfolk County Agricultural High School
- Northeast Metro Technical High School
- Old Colony Regional Voc/Tech High School
- Smith Vocational and Agricultural High School
- Southeastern Regional Voc/Tech High School



The time was right for this initiative: the state's vocational technical schools are aging while more than 2,800 students are on waiting lists to get into these schools. There is also an added educational benefit to this inventive program since students themselves can often work on the building repairs or upgrades.

Shawsheen Valley Regional Vocational  
Technical High School, Billerica

**The \$300 million investment is the largest  
the state has made in its vocational technical  
schools in 30 years.**



## MAXIMIZING ACCOUNTABILITY

### Protecting the Taxpayers' Investment

## OPM Review Panel



OPM Review Panel members Jack Yunits and Kevin Sullivan

Owner's Project Managers are the centerpiece of the MSBA's efforts to maximize accountability and the return on taxpayers' investment in school construction. As a representative of both the owner and the MSBA, an OPM is the focal point for project management and accountability.

The MSBA's Owner's Project Manager (OPM) Review Panel was formed to ensure that school districts receive the highest quality OPM services. Its mission is to assist districts with the selection of qualified OPMs, who will orchestrate the process of design and construction from beginning to end. According to state law, if construction costs are estimated to be \$1.5 million or more, an OPM is required. Selection and approval is a qualifications-based process, and an OPM generally must be registered with the Commonwealth as a professional engineer or architect and have

a minimum of 5 years of experience in the construction and supervision of the construction of public buildings. An OPM brings to the table the experience and know-how often not available on building committees alone.

An OPM works as a consultant through the completion of the project and must be completely independent from the designer, general contractor and any sub-contractors involved in the project at all times. The OPM Review Panel meetings are open to the public and are held once a month.

### Owner's Project Manager Review Panel:

**Francis X. Callahan,**  
President, Massachusetts  
Building Trades Council, AFL-CIO

**Katherine P. Craven,**  
Executive Director, MSBA

**Dominic D'Eramo, P.E.,**  
American Council of Engineering  
Companies of Massachusetts

**Thomas J. Flynn,**  
Executive Director, New England  
Regional Council of Carpenters

**Mary A. Gately,**  
Director of Marketing Services,  
Associated General Contractors  
of Massachusetts

**Michael J. Lambert,**  
Director of Design and  
Construction Services, DCAM

**Michael McNally,**  
President, Maverick Construction

**Mary Pichetti,**  
Director of Capital  
Planning, MSBA

**The Honorable Kevin J. Sullivan,**  
Senior Vice President,  
Director of Government Banking,  
Sovereign Bank; Former Mayor,  
City of Lawrence

**The Honorable Jack Yunits,**  
Senior Vice President,  
The Liberty Square Group;  
Former Mayor, City of Brockton

# Designer Selection Panel

## WELL DESIGNED SCHOOLS

### Encouraging Sustainability and Efficiency

#### Members of the Designer Selection Panel

**Gordon Borek, P.E.**

**Joseph Buckley, P.E.,**  
Chief Engineer, MSBA

**Katherine P. Craven,**  
Executive Director, MSBA

**James Hudson Crissman, FAIA,**  
Consulting Architect

**Jennifer A. Ducey, P.E.,**  
Fay, Spofford & Thorndike

**Bernard Feldstein,**  
AIA Emeritus, Chair

**John F. Jumpe Jr., P.E.,**  
Director of Project  
& Construction  
Management, MSBA

**Michael L. McKimmey, P.E.,**  
DCAM Deputy Commissioner,  
Vice Chair

**Mary Pichetti,**  
Director of Capital  
Planning, MSBA

**David Squire,**  
Public Member

**Charles Tseckares, FAIA,**  
Principal, CBT/Childs  
Bertman Tseckares, Inc.

**Ken Wexler,**  
Chairman, Elaine  
Construction Co, Inc.



Swampscott High School

The statute that created the MSBA places tremendous emphasis on planning, due diligence and prioritization of MSBA resources. The creation of the Designer Selection Panel (DSP) was a major reform of the school building construction process, aimed at ensuring that school districts receive the highest quality design services.

The MSBA's DSP is authorized to select designers, programmers and entities providing feasibility studies in connection with public school construction projects seeking funding from the MSBA and whose construction cost will potentially be \$5 million or more. The DSP, which includes the participation of local officials associated with a project, plays a critical role in the selection and recommendation of the best available design firms for the modernization and construction of

Massachusetts public school facilities to ensure that state dollars are invested in better designed schools that are structurally safe and that encourage student learning.

The creation of the DSP, which is composed of design and construction experts and local officials, will help to secure the best possible input to deliver well designed schools that encourage teaching and student learning for Massachusetts children.

**The DSP will help to secure the best possible input to deliver well designed schools that encourage teaching and student learning for Massachusetts children.**

## PRODUCTIVE PARTNERSHIPS

# Accommodating 21st Century Educational Needs

## Task Forces

The MSBA seeks the advice of outside experts and stakeholders as it develops policies to maximize Massachusetts taxpayers' return on their investment in school buildings. As part of a proactive approach to ensuring that the Commonwealth's school buildings can effectively accommodate 21st century educational needs, the MSBA has assembled several task forces to inform the public of its work in key areas.

### **Maintenance Task Force**

As part of the MSBA's focus on the life cycle cost of Massachusetts school buildings, this Task Force is working to preserve taxpayers' investments by:

- Identifying benchmarks that could be used to ascertain what defines good, average or poor building maintenance practices
- Compiling resources on best practices to help school districts achieve excellence

### **Regionalization Task Force**

The Regionalization Task Force was convened to identify barriers to regionalization and potential means of overcoming those barriers. The MSBA Board of Directors has already approved a Task Force recommendation to offer up to an additional 6 percentage points in reimbursement for school districts that join to form a new regional district.

### **Vocational-Technical Education Task Force**

Regional vocational-technical high schools offer complex educational programs that require a specialized approach. This Task Force is developing recommendations for assessment criteria that can be applied in the evaluation of individual schools.

### **Science Laboratories Task Force**

The Science Lab Task Force is developing recommendations on the design of efficient and cost-effective middle and high school science laboratories that meet state Department of Elementary and Secondary Education standards. The Task Force is also focusing on recommended fittings, fixtures and equipment.





# Audit Update and Pro-Pay Overview

## FISCAL RESPONSIBILITY

**Audit Program: Saving Taxpayer Dollars**  
**Pro-Pay: Consistent and Predictable Payments**



Attleboro High School Roof Repair

### Saving the taxpayers of Massachusetts:

- **\$2.9 billion in avoided interest costs**
- **\$997 million in project related costs**

### Audit Update

Since November 2004, the MSBA has been diligently working to resolve a backlog of over 800 audits inherited from the former program for local school building projects. As of December 31, 2009, 748 audits of the 800 audit backlog have been substantially completed, saving the taxpayers of Massachusetts over \$997 million in project related costs and an additional \$2.9 billion in avoided interest costs.

### Pro-Pay Overview

Through its “pay-as-you-build” Progress Payment System, the MSBA reimburses districts for eligible project costs during construction. After a community enters into a Project Funding Agreement with the MSBA and submits project costs that have been incurred and paid locally, the MSBA audits the submitted invoices and reimburses the district for eligible project costs. The MSBA typically makes payment within 15 days of receiving the reimbursement request.

The major benefits to the system are:

- Communities avoid having to borrow the MSBA's share of project costs, which reduces both the amount of debt on the local books and interest costs related to financing.
- Communities receive the full amount of the MSBA's share of project costs during construction and its close-out audit. No longer do they have to wait 20 years to receive their full grant.
- The MSBA is auditing projects as they are built, avoiding the many-year delay between project completion and final cost reconciliation.
- Consistent, predictable payments allow communities to better manage their cash flow.



## Financial Overview 2008

For fiscal year 2008, the MSBA's primary funding sources were a portion of the Commonwealth's state-wide sales tax revenue, and the remaining proceeds of the MSBA's 2007 Series A Bonds and other debt obligations.

The primary component of the MSBA's expenditures for fiscal year 2008 was grant payments to cities, towns and regional school districts. These grant payments totaled approximately \$814 million. The other major component of the MSBA's expenditures resulted from the \$247.5 million expended on debt service and related costs from debt obligations issued by the MSBA.

At the end of fiscal year 2004, according to data maintained under the former program and furnished to the MSBA, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects, with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.1 billion. In addition, according to data compiled under the former program and furnished to the MSBA, approximately 428 school projects were maintained on a waiting list for funding ("Waiting List projects"), with the Commonwealth's estimated share of the

borrowing and construction costs for these projects totaling approximately \$5.5 billion. The amounts the MSBA will ultimately fund for approved eligible project costs will be determined through an audit of the completed project conducted by the MSBA. These audits may increase or decrease the project cost estimates and will determine the actual amount to be reimbursed.

At the end of fiscal year 2008, the MSBA's estimated remaining liability totaled approximately \$1.4 billion for Waiting List projects and approximately \$3.2 billion for Prior Grant projects. The MSBA expects to fund its remaining share of approved eligible project costs for Waiting List projects over the next several years upon completion of an audit of each project. The MSBA expects to fund its remaining share of approved eligible project costs for Prior Grant projects according to the schedule that was established by the Department of Education which continues through fiscal year 2023.

*\*\* The information above was derived from the MSBA's audited financial statements for the fiscal year ending June 30, 2008 and the Official Statement for the Massachusetts School Building Authority's Dedicated Sales Tax Bonds, 2007 Series A. This information is provided for general information purposes only and is not intended to be the basis of, and should not be relied upon in making, an investment in the MSBA's Bonds. The information set forth above is dated as of a certain date and has not been updated since that date, and the MSBA disclaims any duty to provide an update of any information contained in this section.*

# Financials 2008

Fiscal Year ended June 30, 2008

Source: Massachusetts School Building Authority Audited Financial Statements for Fiscal Year 2008

<b>REVENUES</b>		<b>(IN THOUSANDS) 2008</b>
Dedicated Sales Tax		634,700
Other Income		85,868
<b>Total Revenues</b>		<b>720,568</b>

<b>EXPENDITURES</b>		
Grant payments to Cities, Towns and Regional School Districts		813,952
Administration		8,791
Debt Service and Cost of Issuance		247,464
<b>Total Expenditures</b>		<b>1,070,207</b>
<b>Fund Balance</b>		<b>(349,639)</b>

<b>ASSETS</b>		
Cash, Cash Equivalents & Other Assets		1,550,054
Funds held by Bond Trustee		498,110
Sales Tax due from the Commonwealth		97,097
<b>Total Assets</b>		<b>2,145,261</b>

<b>LIABILITIES</b>		
Accounts Payable & Other Liabilities		785
Grants payable to Cities, Towns and Regional School Districts		3,771,421
Value of Waiting List "Commitment" Projects		793,383
Outstanding Authority Debt and Accrued Interest		4,675,656
<b>Total Liabilities</b>		<b>9,241,245</b>
<b>Net Assets</b>		<b>(7,095,984)</b>

<b>WAITING LIST &amp; PRIOR GRANTS PROJECT SUMMARY</b>		
Value of Outstanding Estimated Waiting List Grants		(1,659,296)
Value of Outstanding Estimated Prior Grants		(3,753,930)
<b>Total Amount of Outstanding Grants Beginning of Year</b>		<b>(5,413,226)</b>
Waiting List Grants Payments & Adjustments		296,202
Prior Grants Payments & Adjustments		552,220
<b>Waiting List &amp; Prior Grant Payments &amp; Adjustments FY 2009 Total</b>		<b>848,422</b>
Estimated Remaining Waiting List Grants		(1,363,094)
Estimated Remaining Prior Grants		(3,201,710)
<b>Total Amount of Estimated Remaining Grant Payments</b>		<b>(4,564,804)</b>



# Financial Overview 2009

For fiscal year 2009, the MSBA's primary funding sources were a portion of the Commonwealth's state-wide sales tax revenue, and the remaining proceeds of the MSBA's 2007 Series A Bonds and other debt obligations.

The primary component of the MSBA's expenditures for fiscal year 2009 was grant payments to cities, towns and regional school districts. These grant payments totaled approximately \$706.3 million. The other major component of the MSBA's expenditures resulted from the \$264.9 million expended on debt service and related costs from debt obligations issued by the MSBA.

At the end of fiscal year 2004, according to data maintained under the former program and furnished to the MSBA, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects, with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.1 billion. In addition, according to data compiled under the former program and furnished to the MSBA, approximately 428 school projects were maintained on a waiting list for funding ("Waiting List projects"), with the Commonwealth's estimated share of the

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# Financials 2009

Fiscal Year ended June 30, 2009

Source: Massachusetts School Building Authority Audited Financial Statements for Fiscal Year 2009

<b>REVENUES</b>	<b>(IN THOUSANDS) 2009</b>
Dedicated Sales Tax	702,300
Other Income	46,821
<b>Total Revenues</b>	<b>749,121</b>

<b>EXPENDITURES</b>	
Grant payments to Cities, Towns and Regional School Districts	706,282
Administration	6,472
Debt Service and Cost of Issuance	264,857
<b>Total Expenditures</b>	<b>977,611</b>
<b>Fund Balance</b>	<b>(228,490)</b>

<b>ASSETS</b>	
Cash, Cash Equivalents & Other Assets	1,230,057
Funds held by Bond Trustee	505,444
Sales Tax due from the Commonwealth	168,984
<b>Total Assets</b>	<b>1,904,485</b>

<b>LIABILITIES</b>	
Accounts Payable & Other Liabilities	872
Grants payable to Cities, Towns and Regional School Districts	3,314,850
Value of Waiting List "Commitment" Projects	463,552
Outstanding Authority Debt and Accrued Interest	4,593,964
<b>Total Liabilities</b>	<b>8,373,238</b>
<b>Net Assets</b>	<b>(6,468,753)</b>

<b>WAITING LIST &amp; PRIOR GRANTS PROJECT SUMMARY</b>	
Value of Outstanding Estimated Waiting List Grants	(1,363,094)
Value of Outstanding Estimated Prior Grants	(3,201,710)
<b>Total Amount of Outstanding Grants Beginning of Year</b>	<b>(4,564,804)</b>

Waiting List Grants Payments & Adjustments	425,782
Prior Grants Payments & Adjustments	388,403
<b>Waiting List &amp; Prior Grant Payments &amp; Adjustments FY 2009 Total</b>	<b>814,185</b>

Estimated Remaining Waiting List Grants	(937,312)
Estimated Remaining Prior Grants	(2,813,307)
<b>Total Amount of Estimated Remaining Grant Payments</b>	<b>(3,750,619)</b>

<b>MSBA NEW PROGRAM</b>	
New Program Grant Commitments Total (as of December 31, 2009)	777,139



## In the News

### **Boston Globe editorial**

July 23, 2008

*Smart Schools, not edu-palaces*

“State Treasurer Timothy Cahill is wisely urging cities and towns to adopt off-the-shelf architectural plans that could cut school building costs by as much as 30 percent... For too many years, the planning, building, and funding of school projects in Massachusetts were a mess. Good projects lingered endlessly on waiting lists while ill-conceived ones went forward.”

### **Worcester Telegram and Gazette editorial**

February 24, 2008

*Two North High Schools,  
two different outcomes*

“The authority was a godsend to Worcester after inflation and costly add-ons pushed cost of the badly needed school... The new, cost-conscious approach to school building worked well for Worcester, which broke ground for its North High last fall. If other communities hope to achieve similar positive results, however, a similar willingness to collaborate diligently in the process is essential.”

### **Worcester Telegram and Gazette editorial**

May 27, 2008

*Back to basics*

“Mr. Cahill has made it clear that the blank-check approach to school-construction aid is a thing of the past. While taxpayers willingly help communities statewide to provide children with the fundamentals of a sound education, visions of architectural grandeur need not be part of the curriculum.”

### **The Patriot Ledger editorial**

April 7, 2008

*Our Opinion: If we build it, they will learn*

“While the days of Taj Mahals being built where a school should sit are passed... \$2.6 billion in the next five years is a welcome sight not just for education but for local jobs as well.”

### **The Enterprise editorial**

July 22, 2008

*Overspending on school construction*

“... Cahill has made it clear he'll scrutinize building plans far more than in the program's previous incarnation.... That's good. School construction costs are out of hand...”

### **Andover Townsman editorial**

February 14, 2008

*New approach on school money  
makes sense*

“The MSBA also reviews project scopes, designs and costs. It provides incentives for communities to maintain their buildings. It provides more money to those who run their building efficiently.... All of these approaches make sense not only for Andover taxpayers, but all state taxpayers. It's better to spend money on actual construction, rather than on interest payments.”

### **Worcester Telegram and Gazette editorial**

July 31, 2009

*Fiscally secure for voc ed enhancements*

“For taxpayers, the program is doubly sensible, in that it asks towns in each vocational school district to match any state monies-at roughly 50 percent-before work can proceed. The idea of a state and local partnership is wise, particularly when times are tough. It gives communities an incentive to invest in vocational education, while discouraging frills that have inflated the costs of school projects...”

**“The idea of a state and local partnership is wise, particularly when times are tough.”**

Worcester Telegram and Gazette

July 31, 2009





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