



Saint Paul
PUBLIC SCHOOLS

Fiscal Year 2026 (FY26) Budget Presentation

**Special Meeting of the Board of Education
April 29, 2025**

Our Goal for the 2025-26 Budget Process

To build a balanced 2025-26 budget that:

- ✓ adheres to financial constraints
- ✓ demonstrates alignment to SPPS Achieves focus areas
- ✓ addresses students' learning needs
- ✓ reflects community values and Board of Education parameters

How School District Budgets Work

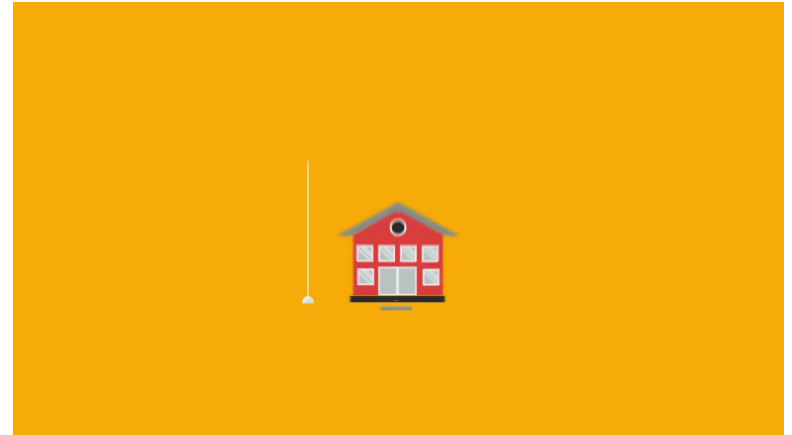
SPPS must create a balanced budget based on our revenue (funding sources) and expenses.

School district budgets come from many funding sources with specific rules that dictate how the money can be spent.

Sources of funding:

- State - income and sales taxes
- Local - property taxes
- Federal - Title I and special education funding

This video provides an overview of how school budgets work in Minnesota



Key Drivers to a School District Budget

1. Enrollment
2. State funding formula (Basic allowance and all categories)
3. Property taxes, especially Voter Approved Referendums
4. Employment contracts
5. Other: Inflation, federal funding, transportation, utilities, technology, other special initiatives

How School District Budgets Work

Minnesota's per pupil funding formula is based on enrollment. This amount is intended to provide the fundamental financial support for the education program.

- 2024-25 fiscal year base formula = **\$7,281 per pupil**
- 2025-26 fiscal year base formula = **\$7,481 per pupil**

The funding formula includes additional components to address the diverse needs of students and districts, such as:

- Compensatory revenue - based on free and reduced meal eligibility
- English Learner revenue
- Special education aid
- Transportation aid
- Other specific programs like gifted and talented education, extended time programs (summer school), and full-service community schools
- Inflation adjustment - 2.74% on base formula

School districts can seek additional funding through local property tax levies. For SPPS, it is \$1,167 per pupil for 2025-26. This generates \$40.4 million for FY26.

2025-26 Budget Overview

SPPS is estimating a budget shortfall for 2025-26 of approximately **\$51.1M**

Revenue = \$681M

Expense = \$732.1M

To minimize the impact of this shortfall on students and schools, the Board of Education has agreed to use **\$34.9M** in reserve funds (fund balance). The remaining **\$16.2M** will come from a combination of budget cuts and new revenue.

Causes for budget shortfall:

- Increased expenses, including employee wages and benefits and rising costs of goods and services
- No anticipated increases to state, federal or local revenue to adjust for inflation, apart from the base funding formula and the local operating levy

How Budget Decisions Are Made

Community Budget Priorities

Feb 2024 - Community budget priorities established based on engagement with 10,000+ students, staff and families about what they value most about their education (see slide 8)

Board Parameters

Jan 2025 - The Board of Education set parameters for what the district should prioritize (see slide 9)

Budget Reductions

Feb/March 2025 - District leaders make decisions for funding and reductions based on the Board's parameters and community values

Budget Implementation

March/April 2025 - Principals and department leaders make choices around staffing, contracts and programming based on available funding and contractual obligations



Many required expenses fall outside of these priorities and must be funded using available resources, such as utilities, insurance, state and federal mandates, employment contracts and other fixed costs

2025-26 Community Budget Priorities

Budget decisions are guided by the [community priorities](#) gathered from over 10,000 students, staff and family members during the 2023-24 school year. These priorities include:

- Increasing a sense of belonging and safety in our school communities
- Ensuring students are respected and reflected in their curriculum and classrooms
- Prioritizing literacy instruction to ensure that all students can read and create a foundation of success in school and in life



2025-26 Board Budget Parameters

In addition, the SPPS Board of Education created three parameters, or guidelines, for the 2025-26 budget:

1. Sustaining funding for early education to retain and prepare students for success through their elementary education and to meet third-grade literacy standards
2. Sustaining funding efforts to increase enrollment
3. Sustaining expenditures related to increasing student engagement and decreasing student absenteeism

2025-26 School Budgets

SPPS is committed to keeping budget reductions outside of schools and classrooms as much as possible. As part of this commitment, school budgets reflect the following priorities:

Category	Description
Elementary School	<ul style="list-style-type: none">• No composite classrooms in grades PreK-1• Increased specialist flexibility
Middle School	<ul style="list-style-type: none">• Accommodates middle school model and block schedule• New middle school and expanded programs
High School	<ul style="list-style-type: none">• Accommodates variety of high school course offerings• Maintains Career Pathways, AVID and 9th grade supports
Class Sizes & Student Supports	<ul style="list-style-type: none">• Maintains class size averages and mental health support staff at all grades/schools

While there will be some reductions at individual schools, **the overall amount allocated to schools will increase by approximately 6%, or \$26.2 million, in 2025-26**, due primarily to increased student enrollment, more students in special education and expanded middle school options.

2025-26 Department Budgets

Each central office department will make reductions in one or more of the following areas: staffing, contracts and vendor services, travel and supplies, and service levels. **71% of the overall budget reductions for 2025-26 are coming from central office departments.**

Division/Departments	Reduction
Schools & Learning Alternative Education, American Indian Education, Athletics, College and Career Readiness, Leadership Development, Multilingual Learning, School Support, Specialized Services, Teaching and Learning	\$6.4M
Administration & Operations Communications, Community Education, Equal Employment Opportunity, Facilities, Family Engagement and Community Partnerships, Nutrition Services, Security and Emergency Management, Student Placement, Technology Services, Transportation	\$3.8M
Financial Services, Human Resources, and Equity, Strategy & Innovation Accounts Payable and Receivable, Purchasing and Procurement, Student Accounting and State Reporting; Educator Development, Employee and Labor Relations, Talent Acquisition, Total Rewards; Equity, Federal Programs, Innovation, Research, Evaluation and Assessment	\$1.3M
TOTAL DEPARTMENT REDUCTIONS	\$11.5M

FY26 Budget Shortfall Progress (Reductions)

Description	Amount	Running Total
Estimated FY26 Budget Shortfall	-	-\$51.1M
Use of assigned and unassigned fund balance	\$34.9M	-\$16.2M
Division of Schools & Learning	\$6.4M	-\$9.8M
Division of Administration & Operations	\$3.8M	-\$6.0M
Divisions of Finance, Human Resources and Equity, Strategy & Innovation	\$1.3M	-\$4.7M
Additional reductions (Board of Education, General Counsel, and districtwide supplemental pay)	\$650,000	-\$4.1M

FY26 Budget Shortfall Progress (Expenses)

Description	Amount	Running Total
Additional districtwide expenses (transportation, substitute teaching, utilities, technology and teacher supplemental pay)	\$5.8M	-\$9.9M

FY26 Budget Shortfall Progress (Revenue)

Description	Amount	Running Total
Revised per pupil aid, voluntary Pre-K, Medical Assistance funds, interest earnings	\$5.4M	-\$4.5M
Revenue from iPad sales	\$4.5M	\$0
Inflation Reduction Act federal rebate for geothermal	\$2M*	*Funds anticipated but not yet received

Current School District Budget Landscape

Schools districts across Minnesota are facing budget uncertainty and potential shortfalls for the coming school years due to:

- Flat or declining enrollment (as state funding is per-pupil)
- The end of one-time federal pandemic relief funds
- Inflation and rising operational costs
- Escalating labor costs

The state legislature has also proposed some changes to education spending in the coming biennium to address a projected state budget deficit. These proposals are currently being debated in the legislature.

As a result, SPPS is making additional budget cuts for 2025-26 due to increasing expenses and funding that has not kept up with the real costs of running a school district.

This video explains the current school budget landscape in Minnesota



Budget Timeline Update

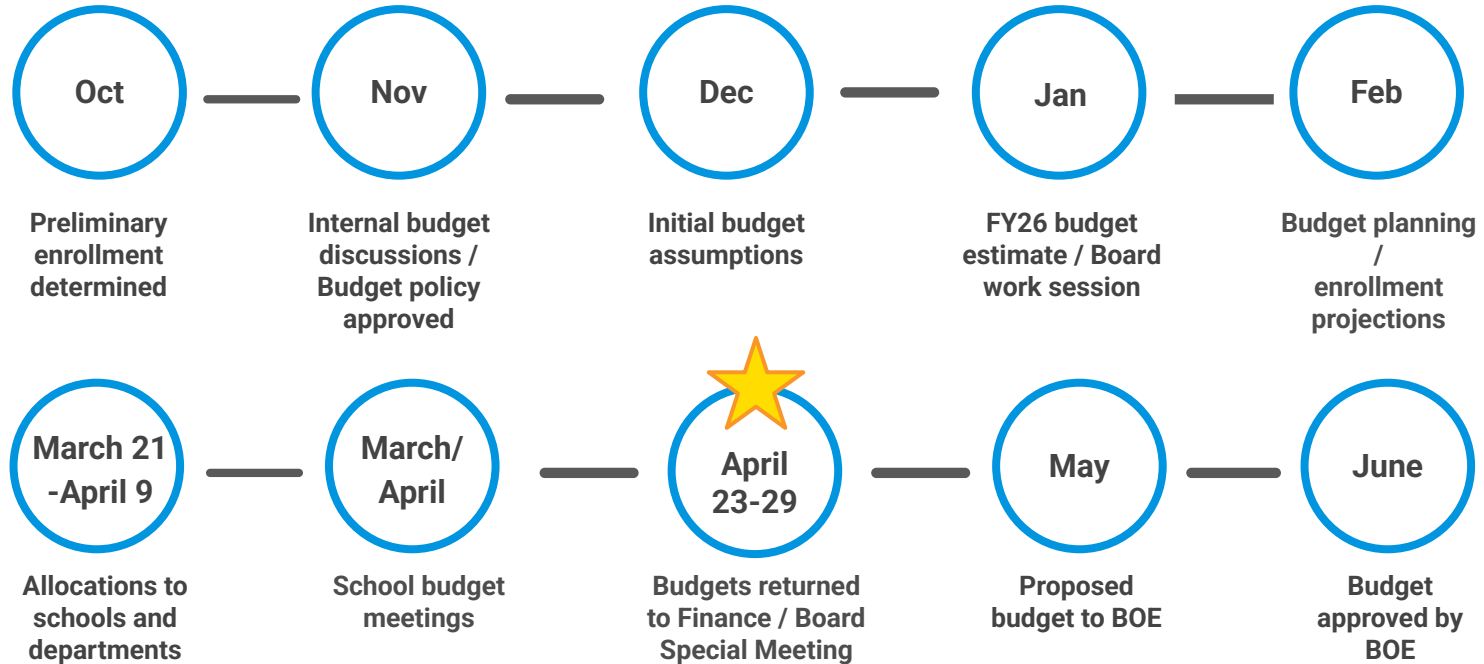
- All schools and central office departments have received their budgets for FY26
- Schools hosted community budget information meetings between March 26-April 18
- Initial staff reduction letters were distributed on April 25 to employees whose positions are being cut due to budget or non-renewed due to performance
- The Board of Education is hosting this special meeting regarding the budget on April 29

Next Steps

- The Board will address the public comments heard on April 29 at the Committee of the Board meeting on May 6
- The proposed FY26 budget will be presented to the Board on May 20
- The Board will vote to approve the budget on June 10
- The district must reach a balanced budget by June 30 that meets our students' needs

The latest updates about Saint Paul Public Schools' 2025-26 budget can be found at spps.org/fy26budget

FY26 Budget Timeline



PUBLIC COMMENT