



# Boston Public School

**FY25, 26, 27 Finance Update**  
**December. 17th. 2025**

## **BPS Opportunity and Achievement Gap Policy**



*Every child, in every classroom, in every school of the Boston Public Schools system has the same opportunity to achieve the greatness within them as anybody else.*

## **BPS Inclusive Education Plan**



*All of our schools must recognize the abilities, languages, cultures, and life experiences of our students to teach them and help them reach their individual and diverse needs. Both student data and the lived experiences of our students, families, and staff prompt the urgent need to deliver on a promise and mandate of inclusive education and the right of every student's preparedness for college, career, and life.*

# Fiscal Year (FY) 25-27 Overview

*Tonight we will discuss our **last**, **current** and **next** fiscal years impacts, challenges and plans.*



**AGENDA**

FY25

- ❖ Fiscal year ended on June 30, 2025
- ❖ BPS ended the year within budget, but needed to offset cost overruns with temporary funding

FY26

- ❖ Current fiscal year, running through June 30, 2026
- ❖ We are projecting significant cost overruns in certain areas that will require active management

FY27

- ❖ Fiscal year beginning July 1, 2026 and running through June 30, 2027 (SY26-2027)
- ❖ Full budget proposal February 4, 2026



# Last Fiscal Year: 2025 Budget Close

## FY25 spending compared to budget

Every year, we strive to manage the approved budget as closely as possible. And every year, we see areas where we spend more or less than projected during the budget process.

- ❖ Areas of higher than originally expected costs:
  - Health Insurance (\$11M)
  - Transportation (incl. Special Education) (\$15M)
  - Special Education (\$20M)
  - Food Services (\$3M)
- ❖ Areas where we identified operational savings and re-prioritized available funds:
  - Temporary funding from the end of ESSER (\$20M)
  - Available Special Education Revenue (\$30M)
  - Unspent non-personnel funding (\$5M)
  - Facilities costs (\$4M)





# Current Fiscal Year: 2026 Progress Update



# FY26 Financial Projection



## Costs are exceeding our Allotted Revenue to Date

- ❖ Areas of higher than originally expected costs:
  - Health Insurance - Rate increase and usage higher than expected (\$18M)
  - Transportation Costs (\$8M)
  - Special Education Out of District Costs (\$6M)
  - Food Services - Continued use of contracted meals during Central Kitchen construction (\$2M)
  - Full-Time Employees (\$15M) - Continued reduction in vacancy rate

# FY26 Financial Projection



**We are managing costs aggressively to balance budget**

- ❖ FY26 Cost Management Strategies
  - Pause of central hiring, stipends, and contract spending (started on 11.7.2025)
  - Active cost management in Transportation, Facilities and Food Services
  - IEP review for appropriate support systems to ensure every student reaches their full potential.
  - Management of positions in schools with under enrollment with a focus on vacancies

**While managing costs, we have continued to invest in our academic priorities:**

- ❖ Inclusive Education
- ❖ New Bilingual Programs
- ❖ NeXT and BATA East
- ❖ Alt Ed and Secondary Early College and Career





## FY27 Planning





# FY27 Financial Pressures



This will be a very difficult budget season so we are being very thoughtful about our planning. Several significant financial pressures in addition to a decline in enrollment factor into our planning:

- ❖ **Escalating Health Insurance Costs:** Significant rise due to higher rates and increased FTEs (Full-Time Equivalents)—a major state trend
- ❖ **Rising Transportation Expenses:** Driven by increased demand for door-to-door services and IEP mandated bus monitors
- ❖ **Accelerating Special Education Costs:** Rapid growth in related services is increasing central budget demands
- ❖ **Cost Increases from Collective Bargaining Agreements:** Increased costs based on the agreements with all of our large unions.



# FY27 Challenges



*In addition to significant cost increases in a few particular areas there are other things happening at the same time that make this year particularly challenging*

1. Enrollment is declining, and the decline is hitting some schools harder than others.
2. Schools that have traditionally been held harmless or other temporary funding are moving to our new funding system.
3. The rules of the funding system are new and will need to be explained across our communities.



# FY27 Central Office Efficiencies Strategies



**Our first step when facing financial challenges is to review underlying assumptions and work to identify efficiencies in Central Budgets:**

- ❖ The Budget Team worked with central office departments to complete a detailed review of their budgets and identify areas where reductions could be made.
- ❖ These proposals were reviewed with senior leadership and teams were pushed to reduce any internal or staff facing positions with a focus on maintaining student supports.

# FY27 Central Office Efficiencies (So Far)



We identified **\$16.5M** (2.4% excluding benefits) in **operational efficiencies** in Transportation, Facilities and Food and Nutrition Services with a thorough review of projected spending and identifying small, but significant policy and program changes that lowered costs.

We then reviewed all **Central Office budgets** for strategic alignment and student impact and identified another **\$12.5M** (1.9% excluding benefits) in Budget Savings





# Reimagining School Funding



Weighted Student Funding was no longer meeting the needs of our school communities. Many schools had fallen below the threshold for minimum compliance.

After several years of planning with community, **we are rolling out a new, rules based funding formula beginning with Fiscal Year 2027.** Since this is new, it will take a few years to fully implement the use of the formula.

During this transition time, we are working with schools to ensure that the use of the new formula does not result in any single school facing funding changes that are overly disruptive to the student experience.

# FY27 Reimagined School Funding Formula



## Key things to know:

- ❖ It is still rules based, we are giving all stakeholders the information they need to calculate every school budget
- ❖ We are moving from a weighted student funding model to a model that allocates:
  - Specific positions that are required in budgets
  - Differentiated per pupil funding in places with flexibility
- ❖ As a system, compliance is funded first, then flexible dollars are allocated.
- ❖ Flexible funding is differentiated by need



## Our FY27 proposal will reflect the challenging realities of declining enrollment



- ❖ Enrollment decline will lead to corresponding reductions of school FTE.
- ❖ Continued commitment from the City will allow continuing investments in our main priorities:
  - Inclusive education
  - Expanded bilingual programs
- ❖ Long-Term Facilities Plan: Implementing approved changes and preparing for future school closure, merger, and reconfiguration recommendations.



# Why have positions increased while enrollment has declined?



*Recovering from the pandemic and addressing the increase of the number students with disabilities and multilingual learners required us to add more staff. We will continue to assess student need to determine what positions will be maintained or eliminated.*

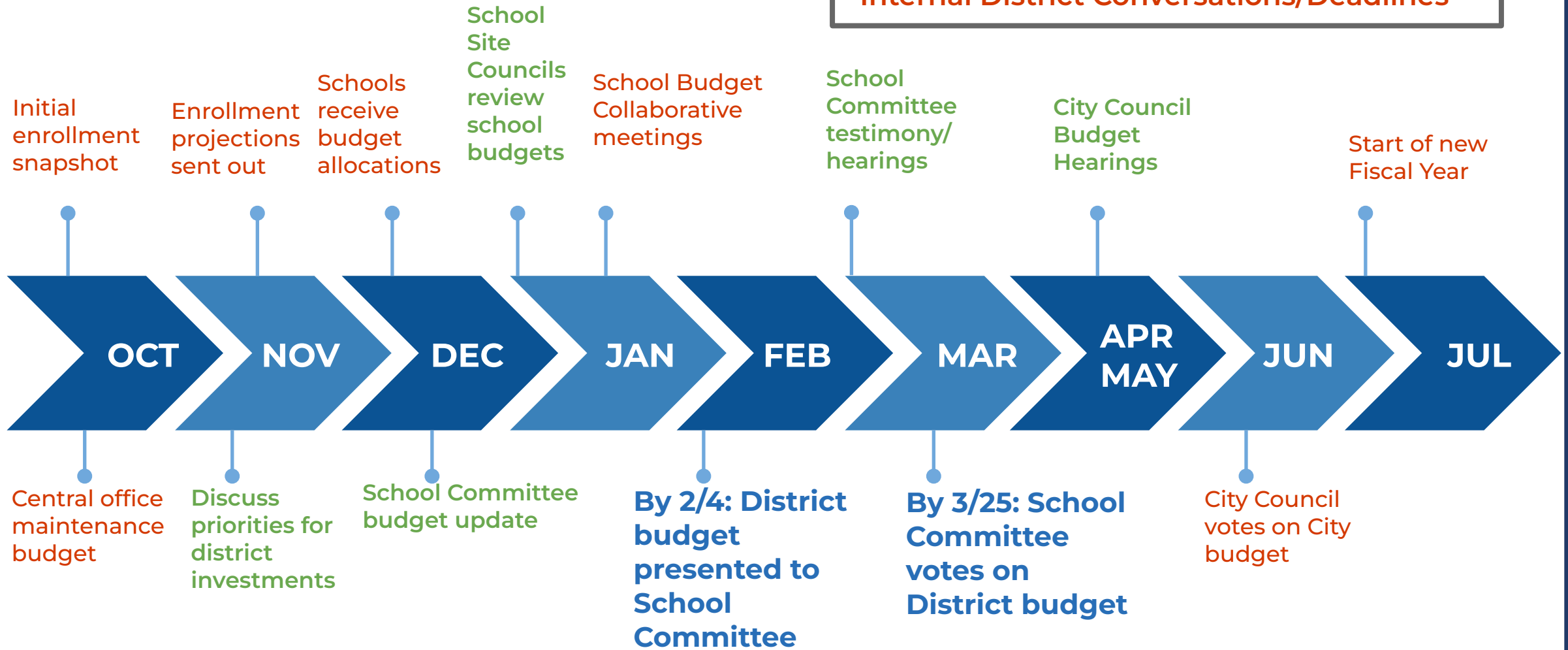
School Year	All Staff	Teachers	Paras	Support Staff	Enrollment
<b>2019–20</b>	9,266	4,550	1,744	609	53,534
<b>2025–26</b>	10,710	4,853	1,973	1,061	46,824
<b>Change</b>	1,444	333	229	452	-6,710
<b>%</b>	+16%	+7%	+13%	+74%	-13%



# Budget Season Timeline:

## Opportunities for Community Engagement

### Internal District Conversations/Deadlines



The Boston Public Schools Fiscal Year runs from July 1- June 30; the bulk of budget development for the upcoming fiscal year happens between November and March.

# Questions



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# Appendix



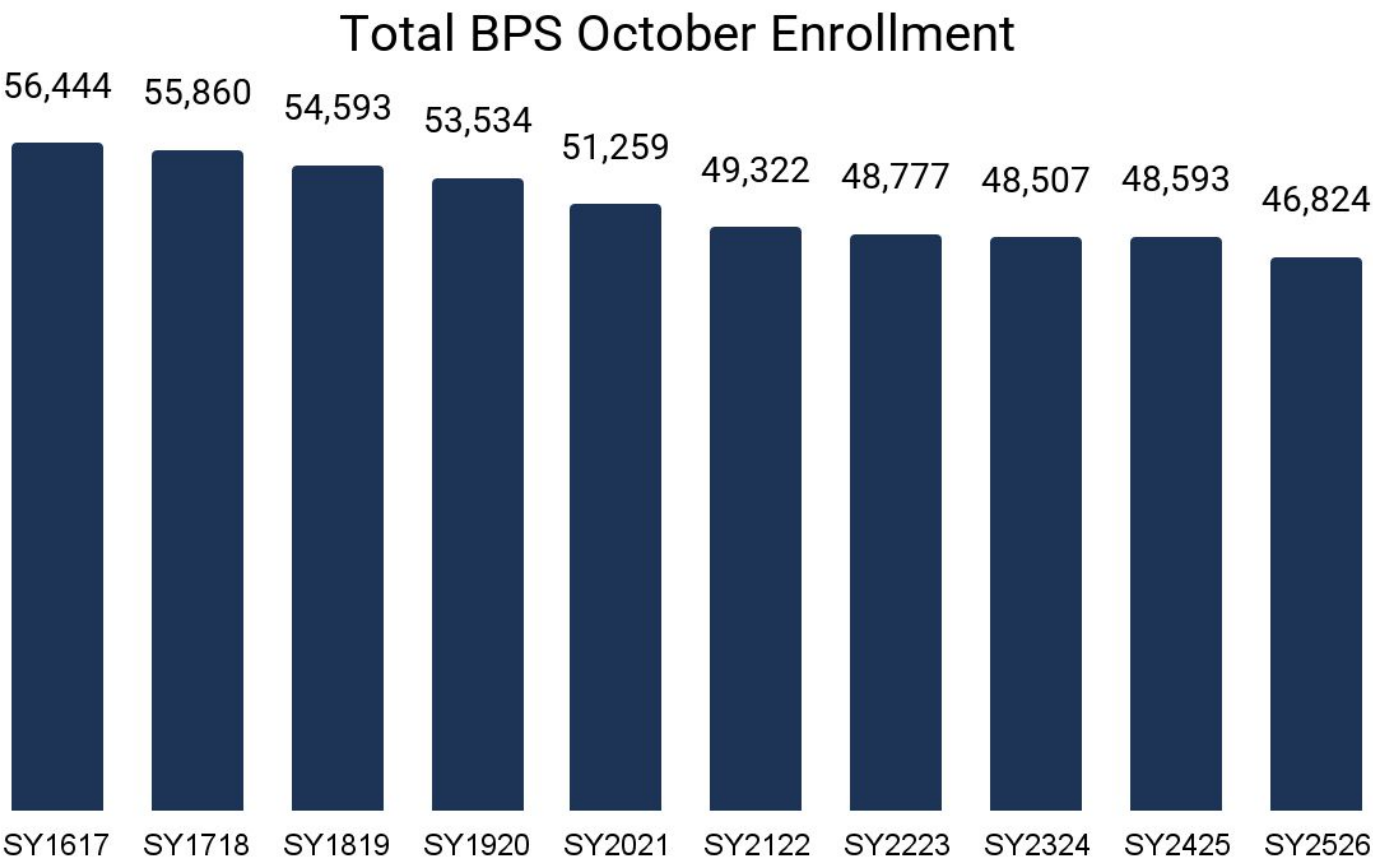
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# Enrollment Trends



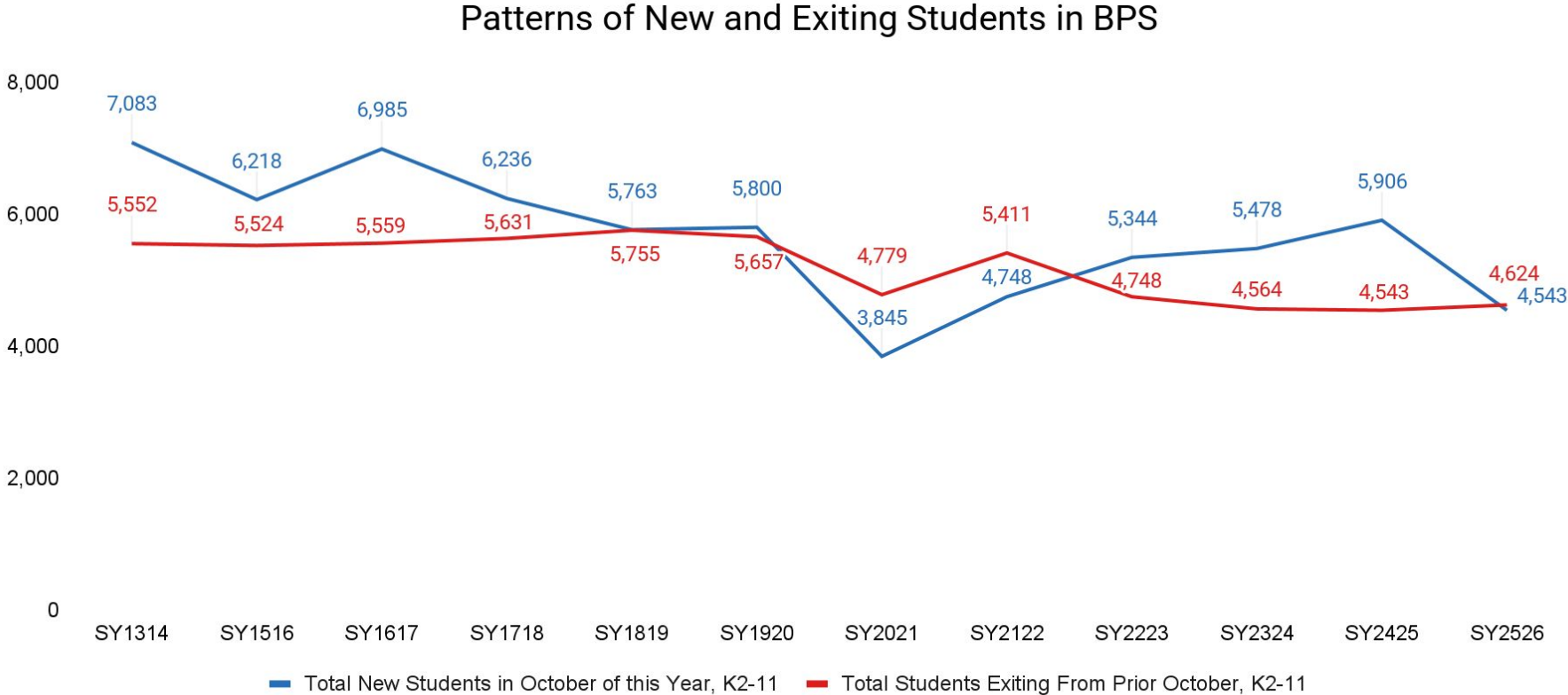
Total enrollment in BPS has declined by 1,700 students (4%) since last October.



# Enrollment Trends



After three years of more students entering than exiting, the **number of students leaving** is roughly the same as the **number of new students**.

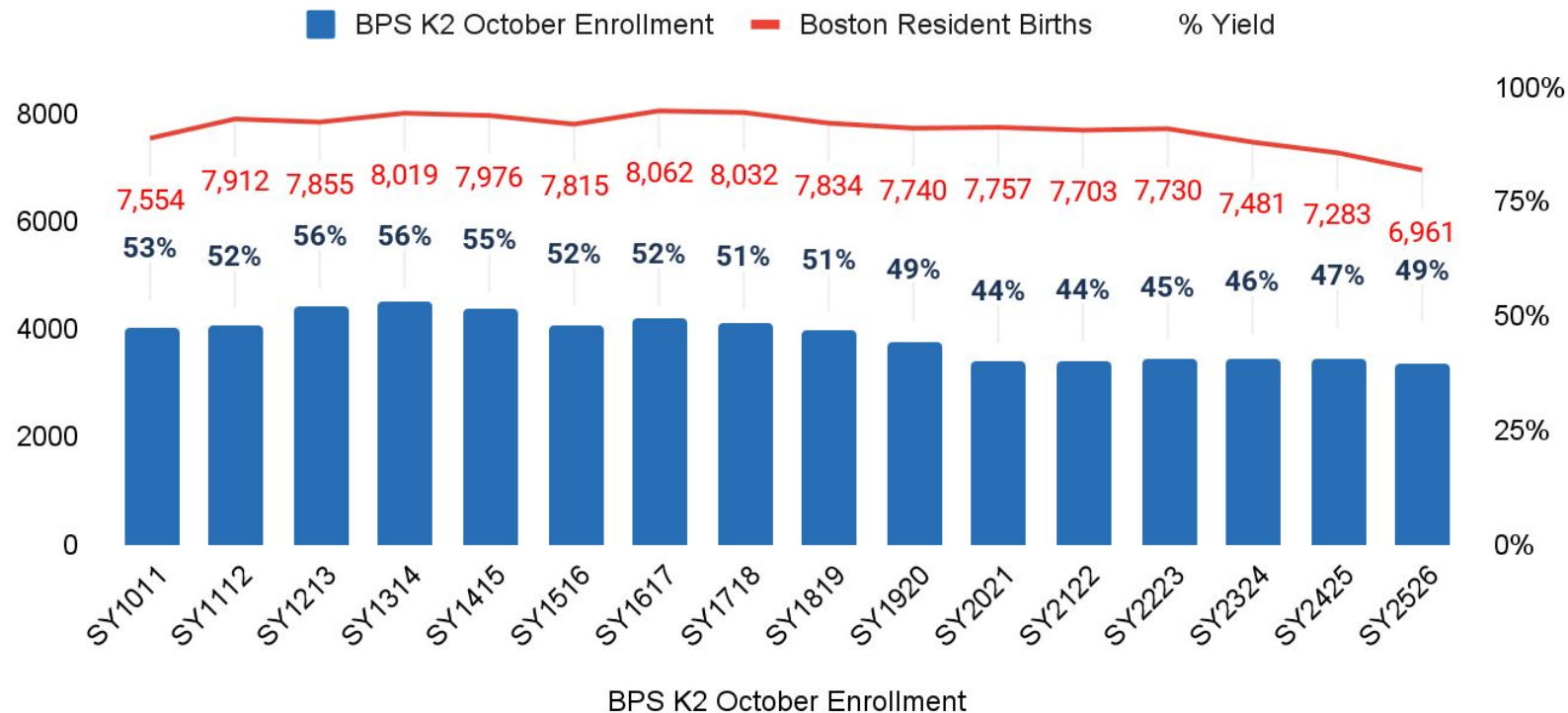


# Enrollment Trends



Elementary declines were driven by fewer resident births and smaller K2 classes entering and moving through the system.

Boston Residents Births and BPS K2 Enrollment 5 Years Later





# Enrollment Trends



Elementary enrollment has stabilized, but prior year declines have begun to impact secondary enrollment.

