



Saint Paul
PUBLIC SCHOOLS

Fiscal Year 2027 (FY27) Budget Update

Committee of the Board Meeting
January 6, 2026

Presentation Objectives

- Update the Board on FY26 budget and fund balance
- Review FY27 budget assumptions
- Share budget engagement summary to date
- Review FY27 budget timeline and important dates



FY26 Budget and Fund Balance Update

FY25 and FY26 Budget and Fund Balance Update

- FY25 unassigned fund balance (audited): \$51.9M, 6.65 percent.
- For FY26, the District has budgeted a decrease in total fund balance by **\$35.5 million**. This will bring the unassigned fund balance to 5.13 percent of general operating expense.

FY26 Budget Update

- For FY 26, lower than expected K-12 enrollment by roughly 500 students will impact revenue.
- District administration and finance staff will continue to make updates and revisions throughout the next 30 days.
- The FY26 revised budget will be presented at the February Board of Education meeting.

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FY27 Budget Assumptions

Key Drivers to a School District Budget

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

FY27 Budget Assumptions

- Budget must adhere to School Board policy 701.01 by maintaining a minimum of a 5% unassigned fund balance
- Preliminary enrollment projection: Decrease of additional 400 students for SY26-27. This is in addition to the 500 fewer-than-projected students in SY25-26.
- No other changes to other parts of the funding formula: extended time, local option revenue, operating capital, LTFM, etc.
- Slight increases to special education and English learner revenue formula will also be applied

Assumptions (Continued...)

- Inflationary increases to non-employment expense, such as transportation, utilities, technology, etc.:
 - overall average of **4.0%**
- Paid Family Leave will add **\$1.4 million** in expense in FY27
- Four critical employment contracts are settled for the FY27 budget year, with a few to be negotiated in spring 2026.
 - The increases in these contracts will impact the costs also, with total amounts still to be finalized.

Voter-Approved Increase to Operating Levy

- The current operating levy will increase by \$1,073 per student, per year, generating approximately **\$37.2 million** per year in new revenue
- This levy will extend for 10 years with annual inflation adjustments
- The approved 2025 school district referendum will provide greater financial stability for FY27
- Due to **decreased enrollment**, the **state funding formula** and **employee contract settlements**, budget adjustments will need to be made

FY27 Anticipated Revenue

General Education Revenue based on projected enrollment	\$517,639,241
Property Taxes, including new school district referendum	\$185,829,424
Additional Special Education and English Learner Aid	\$23,674,213
Federal Sources	\$49,039,002
Interest Earned on Investments	\$8,000,000
Compensatory Adjustment	-\$2,008,245
Total FY27 Revenue	\$782,173,635

FY27 Anticipated Expense

Current FY26 Adopted Budget	\$767,046,514
Assumption of an overall average of 4 percent inflation	\$30,681,861
Continued expansion of of existing plans and programs	\$1,021,000
Strategic plan development	\$75,000
Staffing adjustments due to 900 fewer students (30 FTEs)	-\$3,000,000
Paid family leave	\$1,400,000
Total FY27 Expense	\$797,224,375

FY27 Fund Balance Outlook

	(in Millions)	Percent
FY26 Estimated Ending Fund Balance	\$39.38	5.13%
FY27 Initial Budget Shortfall	\$15.1	3.05%
Ending FB in FY27 with \$15.5M in cost containment. This is in addition to the \$3M in FTE reductions already factored into the the FY27 estimated expense in previous slide.	\$39.83	5.00%
(Note: \$15.5M is used to account for an increase in expense for FY27. This requires a slight increase to the cost containment to maintain at least a 5.0 percent fund balance.		

FY27 Budget Assumptions (Continued)

- Based on these assumptions, the District's estimated expense could exceed its revenue in FY27 by approximately **\$15.1 million**

*This is 1.88% of total budget

- Revenue = **\$782.2 million** Expense = **\$797.2 million**
- Factors that could alter this estimated shortfall:
Enrollment, state funding formula, employment contracts, operational savings in areas such as substitute teaching and supplemental pay, impact of new federal policies and structure pertaining to education and the economy.

The Pathway Forward

- Anticipated ending FY26 Fund Balance: \$39.38 million, 5.13%
- The FY27 shortfall can be addressed via normal employee attrition and disciplined spending on discretionary choices. No anticipated need to use fund balance
- As revenue and cost estimates evolve from January-March, additional adjustments and updates will be made

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Budget Engagement

Dec. 11 Budget Meetings

- 86 parents, staff and community member participants
 - In-person in 5 languages and online (for specific language groups)
 - Strong participation from Karen (n=18) and Spanish-speaking families (n>40)
- Exit survey feedback
 - 80% of participants felt they were able to share their opinions or provide feedback
 - 83% of participants felt engaged
 - 93% of participants identified as a parent or guardian of one or more children in SPPS



Dec. 11 Budget Meetings (Initial Themes)

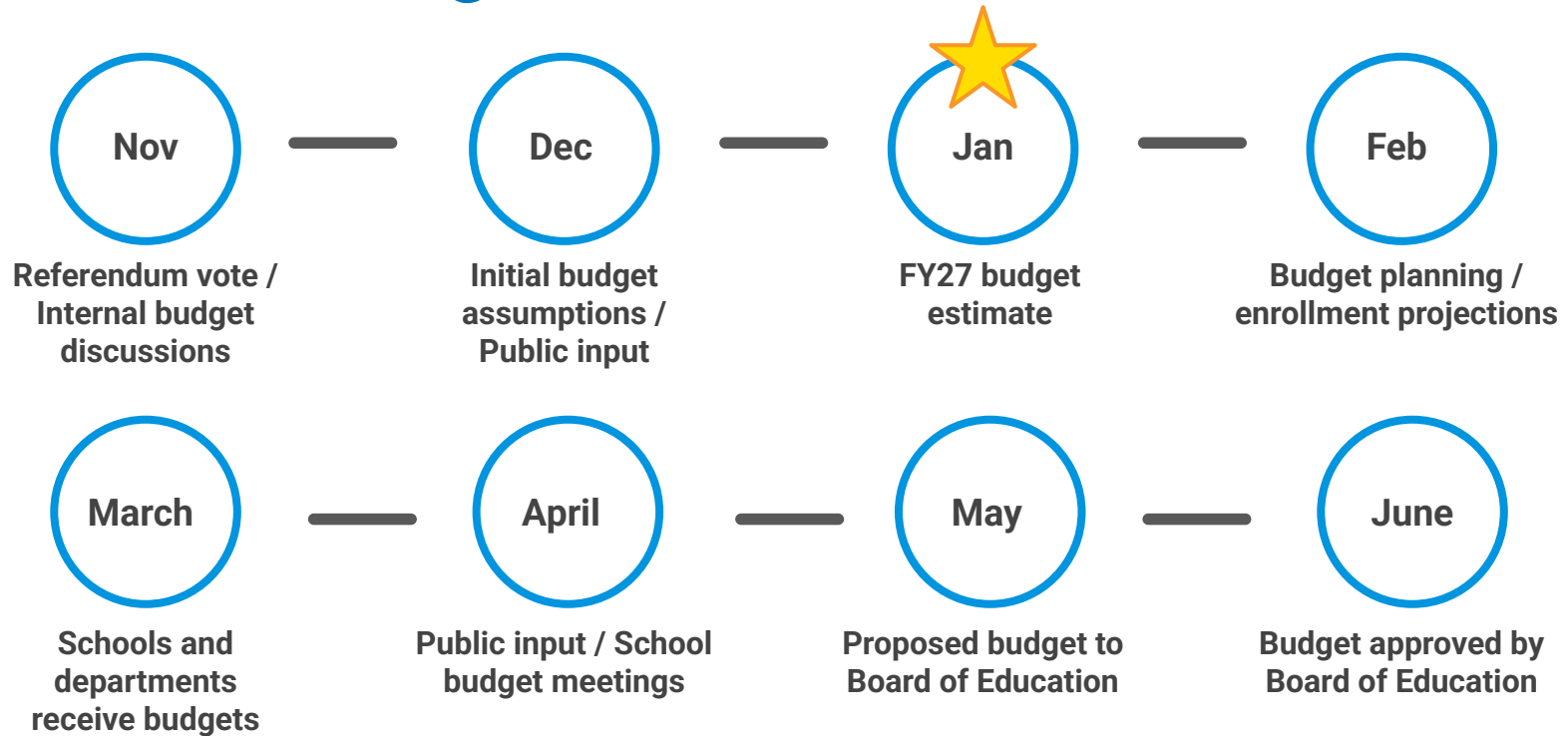
Participants indicated the following would help their children learn most effectively:

- Strong teaching support with smaller class sizes, more teachers and support staff
- Safe and welcoming environments with positive and inclusive student-teacher relationships
- Engaging instruction that is fun, active, culturally responsive, and connected to real life
- Engaging activities such as sports and enrichment programs which are inclusive of all students, specifically addressing disabilities
- Technology used thoughtfully to support—not distract from—learning

2026-27 Budget Survey

- [Link to family survey](#)
- Went live on Dec. 11
 - Shared via email with all families and staff
 - Meeting participants completed it on-site
 - Budget survey booth at School Choice Fair (Dec. 13)
 - Reminders in newsletters and text messages until surveys close
- Shared to 6-12th grade student iPads Jan. 5-16

2026-27 Budget Timeline



Visit spps.org/fy27budget for the latest budget updates.

Thank you