



**Saint Paul**  
PUBLIC SCHOOLS

# **Fiscal Year 2027 (FY27) Budget Update**

Board of Education Regular Meeting  
March 17, 2026

# Guiding Principles for FY27 Budget Decisions

- The November 2025 operating levy reduced the anticipated FY27 budget shortfall by approximately \$37.2 million
- State funding formulas for general education, special education, compensatory aid and English learner revenue have improved slightly; no increases to other funding sources; many unfunded mandates remain
- Student enrollment is projected to decrease by 400 students in 2026-27; this is in addition to the 500 fewer-than-projected students in 2025-26
- Staffing levels will be adjusted to align with and account for declining enrollment while still meeting class size and student-to-staff ratio agreements
- The district cannot draw down the fund balance further to balance the budget

# Board of Education FY27 Budget Parameters and Guidelines

1. Maintain district commitment to full-day pre-kindergarten
2. Retain at least 95% of instructional support services staff
3. Demonstrate continued commitment to language and culture programs

## **Additional Board guidelines from [Policy 720.00: Establishment and Adoption of School District Budget](#)**

- Publicly submit budget options to the Board no later than the April Committee of the Board meeting each year
- Host two public meetings each school year to gather community input; one before winter break and one within 8 weeks of budget adoption in June
- Reserve at least 5% of daily operating revenue in the unassigned fund balance

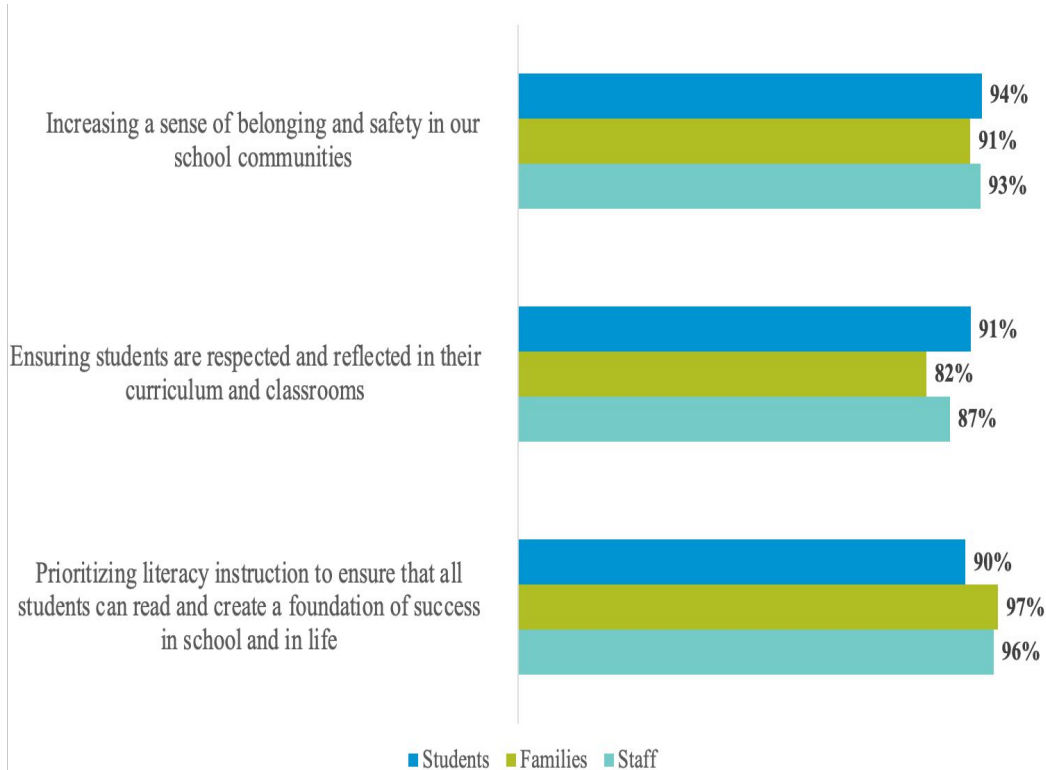
# FY27 Budget Community Engagement

# FY27 Budget Engagement Summary

Parents/guardians, staff, and students in grades 6-12 completed online surveys about their budget priorities in December 2025/January 2026. A community budget meeting was held on December 11, 2025, with a presentation on the budget process followed by small-group discussions.

Activity	Participants	Date
Parent/Guardian Budget Surveys	1,059 parents/guardians	Dec. 11, 2025-Jan. 16, 2026
Staff Budget Surveys	1,401 staff	Dec. 11, 2025-Jan. 16, 2026
Student Budget Surveys	3,467 students in grades 6-12	Jan. 5-16, 2026
Community Budget Meeting	86 parents, community members and staff	Dec. 11, 2025
<b>TOTAL</b>	<b>6,013 participants</b>	

# FY27 Budget Engagement: Community Priorities

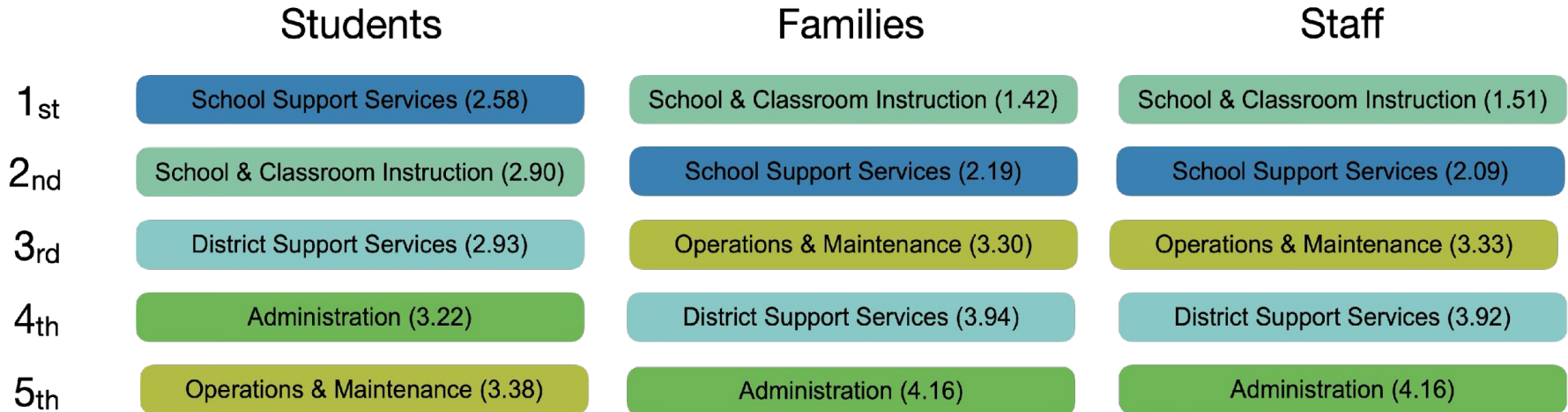


SPPS identified three community priorities in 2023-24 that have guided budget decisions for the past two fiscal years.

Overall, there is strong support for continuing with all three values as top priorities for SPPS.

# FY27 Budget Engagement: General Fund Categories

Survey respondents were asked which General Fund categories they believed SPPS should prioritize when making budget decisions, after all required and essential expenses are funded.



Note: number in parentheses indicates the average ranking for that group

The General Fund categories are based on the Minnesota Department of Education's Uniform Financial Accounting and Reporting Standards (UFARS).

# FY27 Budget Anticipated Revenue and Expense

# Fiscal Year 2027 (FY27) Anticipated Revenue

General education revenue based on projected enrollment	\$518,221,857
Property taxes, including new school district referendum	\$185,829,424
Additional special education and English learner aid	\$40,674,213
Federal funding sources	\$46,026,063
Interest earned and all other revenue	\$22,360,000
New PSEO Contract	\$500,000
Compensatory aid adjustment	<b>\$857,499</b>
<b>Total FY27 Revenue</b>	<b>\$814,469,056</b>

# Fiscal Year 2027 (FY27) Anticipated Expense

Estimated FY26 revised budget	\$791,608,561
Assumption of an overall average of 4% inflation	\$31,664,186
Continued expansion of new programs (Obama, Vento, Afrocentric, etc.)	\$821,000
Strategic plan development and facilities portfolio analysis	\$150,000
Adding 3.0 specialist FTEs for grade 5-8 schools (1.0 per school)	\$360,000
General fund transfer to food service fund	\$2,300,000
Additional transportation costs beyond the 4% assumption	\$600,000
Paid family leave	\$1,400,000
<b>Total FY27 Expense</b>	<b>\$828,903,903</b>

# Fiscal Year 2027 (FY27) Fund Balance Outlook

Description	(in Millions)	Percent Fund Balance
FY26 Estimated Unassigned Ending Fund Balance	\$40.13	5.07%
FY27 Budget Shortfall	<b>\$14.43</b>	3.10%
Ending fund balance in FY27 with \$14.43M in cost containment and use of \$3.5M from restricted OPEB fund	\$43.63	5.26%

# Fiscal Year 2027 (FY27) Budget Assumptions

- Based on these assumptions, the District's estimated expense could exceed its revenue in FY27 by approximately **\$14.43 million** (1.7% of total budget)

Revenue = **\$814.5M**

Expense = **\$828.9M**

- Factors that could alter this estimated shortfall: enrollment, state funding formulas, employment contracts, health insurance, impact of new federal policies and structure pertaining to education and the economy

**\*\*All revenue and expense figures are subject to change between now and the budget adoption in June.\*\***

# Budget Options - As Requested by the Board

## SECONDARY

ELEMENTARY

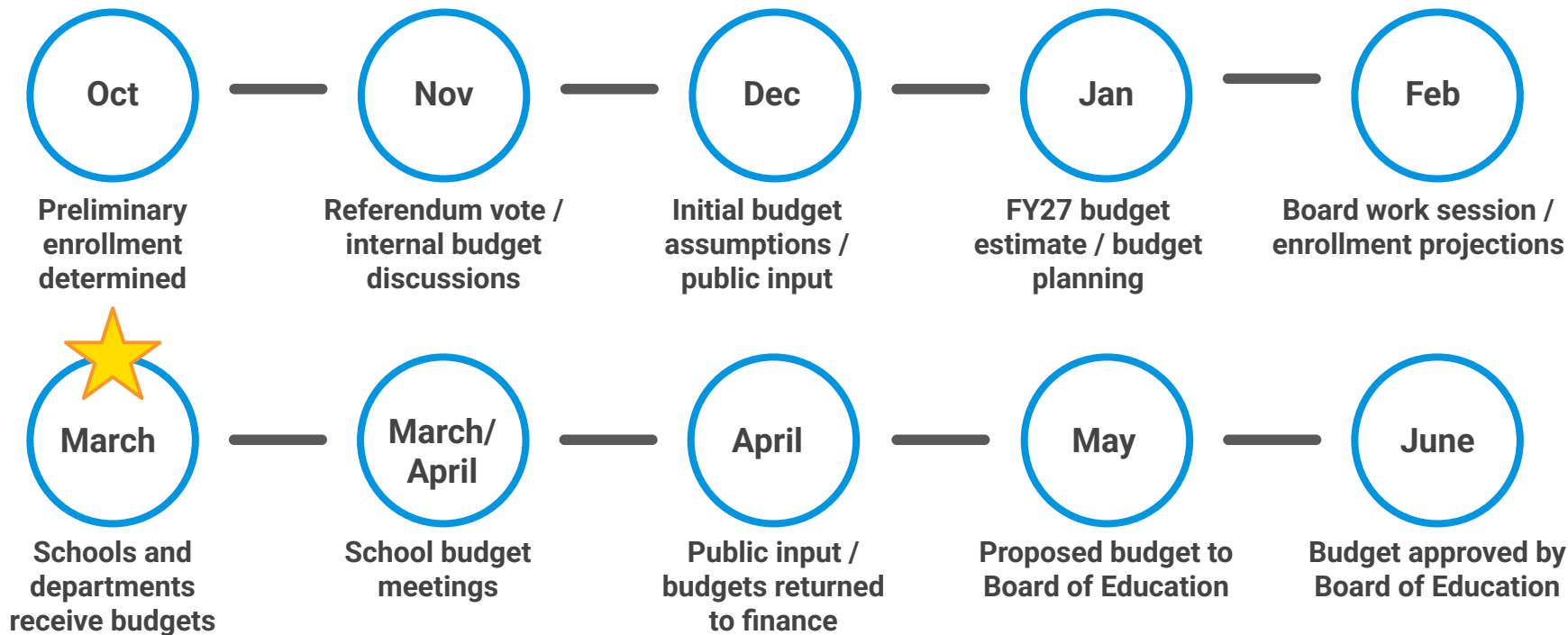
Teacher allocations	3 below class size average	3.5 below class size average	4 below class size average	5 below class size average
No Split Classrooms	\$2,700,000	\$1,600,000	\$700,000	<b>-\$1,000,000</b>
No Splits K-3	\$4,600,000	\$3,500,000	\$2,600,000	\$900,000
No Splits K-1	\$7,050,000	\$5,950,000	<b>\$5,050,000</b>	\$3,350,000
Splits K-5	<b>\$9,000,000</b>	\$7,900,000	\$7,000,000	\$5,300,000

# Proposed Budget Reductions (as of March 12, 2026)

Reduction	Savings	Rationale
School-based FTEs	\$9.51M	Align school staffing with enrollment. No splits PreK-1, specialists round to 0.5; middle/high school remain staffed at 4 below class size
District staff FTEs and central office expenses	\$3.06M	Reductions across all central office departments
Reduce carryover to schools by 50%	\$750,000	Schools will have some carryover funds for discretionary expenditures
Staff attrition	\$510,000	Each year, roughly 850 employees leave SPPS. Conservatively estimating reduction of 6 FTEs through attrition
Allocation practice for kindergarten	\$300,000	Continue to maximize kindergarten enrollment by accepting up to 3 students over cap; adjustments in fall 2026 as needed
Fall staffing adjustments	\$400,000	The district will set aside \$600K for this purpose, which results in a \$400K savings
2% increase to supply budgets instead of 4%	\$240,000	Reduce standard inflationary increase by 50% for supplies
Maintain partnerships where grants are being reduced	-\$300,000	Use general fund dollars to replace lost grant revenue
<b>Total FY27 Reductions</b>	<b>\$14.47M</b>	

# FY27 Budget Timeline

# 2026-27 Budget Timeline



# FY27 Budget Timeline Detail

- **March 16:** Budget update and process for principals
- **March 17:** Budget update at Board of Education regular meeting
- **March 18:** Assistant Superintendents review school allocations
- **March 20:** Principals receive budget toolkits
- **March 26-April 23:** Schools hold community budget meetings
- **March 31:** Department leaders receive budget toolkits
- **March 30-April 17:** School budget meetings with administration
- **April 6-17:** Department budget meetings with finance department

# FY27 Budget Timeline Detail (Continued)

- **April 20-21:** School and department toolkits returned to finance
- **April 28 or after:** Budget public input session
- **May 19:** FY27 Proposed budget to BOE
- **June 9:** Budget update at Committee of the Board (If needed)
- **June 23:** FY27 Adopted budget for recommendation

# Questions?