

**Minutes of the Special Session
of the Salem School Committee
Monday, February 3, 2025
Rm. 227, 29 Highland Ave.
Hybrid Meeting**

Members Present: Mayor Dominick Pangallo, Vice Chair Cruz, Amanda Campbell, Beth Anne Cornell, AJ Hoffman, Mary Manning, and Veronica Miranda

Others in Attendance: Superintendent Stephen Zrike, Deputy Superintendent Carbone, Assistant Superintendent Pauley and City of Salem Finance Director Anna Freedman

Members Absent: None

Call of Meeting to Order

Mayor Pangallo called the meeting to order at 5:33 pm.

Financial Overview Presentation

City of Salem Finance Director Anna Freedman delivered a presentation on the overall financial overview of the city and school department as attached. Ms. Freedman said that there are many areas to monitor going forward.

There was a comment that there were some conversations about the caps for the foundation budget at the state level but there was nothing concrete yet that could help school districts such as Salem.

Among matters raised included the need to review staff whose salaries are dependent on federal grants. The timeline of the changes at the federal level is colliding with the roughly \$4-4.5 million cuts that the school department needs to make for the coming year.

Superintendent Zrike commented that there is some money available in the PreK level but that Salem Public Schools (SPS) does not benefit from the Commonwealth Preschool Partnership Initiative (CPPI) grant because SPS does not offer full year classes. The transportation contract will be up for bid in FY 27.

Vice-Chair Cruz suggested that the School Committee could invite state officials to speak at one of the meetings to gather more information.

Adjournment

Member Campbell made a motion to adjourn at 6:42 pm. Member Manning seconded. A roll call vote was taken.

Member Campbell voted YES
Member Cornell voted YES
Vice Chair Cruz voted YES
Member Hoffman voted YES
Member Manning voted YES
Member Miranda voted YES
Mayor Pangallo voted YES
Motion passed unanimously.

Respectfully submitted by,

Shirley Dorai

Executive Assistant to the School Committee & Superintendent

Salem - Chapter 70 and FY26 Budget Outlook

PREPARED FOR MAYOR DOMINICK PANGALLO

PRESENTATION TO SCHOOL COMMITTEE

FEBRUARY 3, 2025

BY: ANNA FREEDMAN

Chapter 70 Overview

There are three primary steps in determining each district's Chapter 70 aid

Define and calculate a foundation budget for each district, given the specific grades, programs, and demographic characteristics of its students



Determine an equitable local contribution requirement, how much of the foundation budget that should be paid for by each city and town's property tax, based upon the relative wealth of the municipality



Calculate state aid, providing necessary funds to reach foundation or mandated minimum aid increases

Required Local Contribution + State Aid = a district's net school spending (NSS) requirement
This is the minimum amount that a district must spend to comply with state law

Student Opportunity Act (SOA)

The SOA focused on the costs/inputs to determining an annual foundation budget

- The Act established new, higher foundation budget rates in five areas: benefits and fixed charges, guidance and psychological services, special education out of district tuition, English learners, and low-income students, all to be phased in by FY2027.
- In addition to these targeted rate increases, foundation budget categories are also increased to account for inflation, based on a formula.

The SOA did not make changes to the part of the formula that determines a municipality's ability to pay.

Student Opportunity Act (SOA)

Low-Income and Special Education Enrollment

- The SOA reinstates the definition of low-income enrollment used prior to FY2017, based on 185% of the federal poverty level. It replaces the economically disadvantaged designation (based on 133% of the federal poverty level) used from FY2017 through FY2022.
- The SOA also provides for a phase-in of increases to the assumed in-district special education enrollment to 5% for vocational students and 4% for non-vocational students. In FY2026, these assumed rates have been increased by 5/6ths of the gap to 4.97% and 3.97%, respectively.

Student Opportunity Act (SOA)

Required Local Contributions

The aggregate wealth model that has been used to determine target local contribution requirements since FY2007 is now codified in Chapter 70 by the Act.

For municipalities with preliminary required contributions above their targets, the effort reduction component of the formula closes 100% of the gap between their preliminary contribution and their contribution target.

For municipalities with preliminary required contributions significantly below their targets, the formula continues to apply an additional increment to their required contribution to close a portion of the gap to their contribution target.

Chapter 70 & Charter School Calculations

Charter School Tuition

Foundation tuition rates for Commonwealth charter schools are based on the same foundation budget rates used in Chapter 70.

The reimbursement formula for transitional aid to districts reflects the change enacted by Section 38 of the FY20 budget, which provided for a reimbursement of 100% of any tuition increase in the first year, 60% in the second year, and 40% in the third year.

Funding for first year reimbursements is prioritized first, followed by funding for second year reimbursements.

FY25 Chapter 70

- Salem is receiving foundation aid in FY2025
 - Increase over FY24 of **\$2,186,436 (7.96%)** for total Chapter 70 aid of \$29,642,316
 - This was driven by a 7.45% increase in Foundation Budget
 - Enrollment increased 2.09% (88 students)
 - Substantial growth in vocational, ELL, and low-income students coupled with rate increase under SOA
 - Foundation budget has increased – pushing up Chapter 70 aid but also local contribution

FY26 Chapter 70

- Salem will receive foundation aid in FY2026
 - Increase over FY25 of **\$1,395,987 (4.7%)** for total Chapter 70 aid of \$31,038,303
 - This was driven by a 5.45% increase in Foundation Budget
 - Enrollment decreased (0.28%) (12 students)
 - There was a decrease in ELL and low-income student categories, but this appears to be offset by the rate increases under SOA
 - Increase in vocational students (486 in FY25 increasing to 602 in FY26) – not an added increment under SOA but part of base foundation calculation
 - Foundation budget has increased – pushing up Chapter 70 aid but also local contribution

Massachusetts Department of Elementary and Secondary Education

FY26 Chapter 70 Summary



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Aid Calculation FY26

Prior Year Aid

1 Chapter 70 FY25 **29,642,316**

Foundation Aid

2 Foundation budget FY26 79,288,062
 3 Required district contribution FY26 48,249,759
 4 Foundation aid (2-3) 31,038,303
 5 Increase over FY25 (4 - 1) **1,395,987**

Minimum Aid

6 \$75 per pupil increase 320,850
 7 Minimum aid amount
 (if line 6 - line 5 > 0, then line 6 - line 5, otherwise 0) **0**

Subtotal

8 Sum of 1,5,7 **31,038,303**

Minimum Aid Adjustment

9 Minimum aid adjustment 29,770,656
 10 Aid adjustment increment
 (if line 9 - line 8 > 0, then line 9 - line 8, otherwise 0) **0**

Non-Operating District Reduction to Foundation

11 Reduction to foundation **0**

Hold Harmless Aid

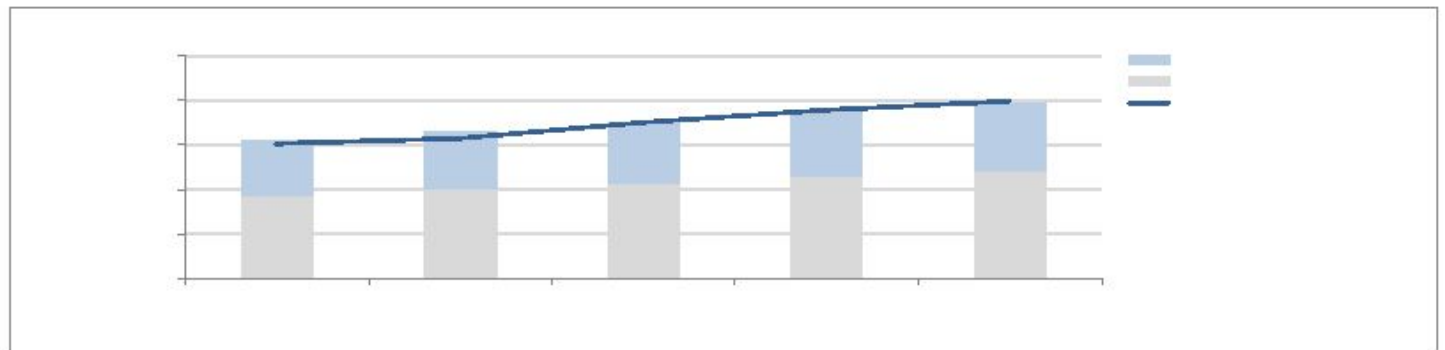
12 Hold harmless aid **0**

FY26 Chapter 70 Aid

13 Sum of 1,5,7,10, 12 minus 11 **31,038,303**

Comparison to FY25

	FY25	FY26	Change	Pct Chg
Enrollment	4,290	4,278	-12	-0.28%
Foundation budget	75,190,968	79,288,062	4,097,093	5.45%
Required district contribution	45,548,652	48,249,759	2,701,107	5.93%
Chapter 70 aid	29,642,316	31,038,303	1,395,987	4.71%
Required net school spending (NSS)	75,190,968	79,288,062	4,097,094	5.45%
Target aid share	29.24%	28.55%		
C70 % of foundation	39.42%	39.15%		
Required NSS % of foundation	100.00%	100.00%		



FY26 Chapter 70 Determination of City and Town Total Required Contribution

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Effort Goal

1) 2024 equalized valuation	9,326,697,900
2) Uniform property percentage	0.3243%
3) Local effort from property wealth	30,243,974
4) 2022 income	1,844,756,000
5) Uniform income percentage	1.5699%
6) Local effort from income	28,960,290
7) Combined effort yield (3 + 6)	59,204,264
8) FY26 Foundation budget	82,857,847
9) Maximum local contribution (82.5% * 8)	68,357,724
10) Target local contribution (lesser of 7 or 9)	59,204,264
11) Target local share (10 as % of 8)	71.45%
12) Target aid share (100% minus 11)	28.55%

[See a listing of all 351 communities](#)

FY26 Increments Toward Goal

13) FY25 required local contribution	47,626,435
14) Municipal revenue growth factor (DOR)	3.87%
15) FY26 preliminary contribution (13 raised by 14)	49,469,578
16) Preliminary contribution pct of foundation (15 / 8)	59.70%
<i>If preliminary contribution is above the target share:</i>	
17) Excess local effort (15 - 10)	
18) 100% reduction toward target (17 x 100%)	
19) FY26 required local contribution (15 - 18), capped at 90% of foundation	
20) Contribution as percentage of foundation (19 / 8)	
<i>If preliminary contribution is below the target share:</i>	
21) Shortfall from target local share (10 - 15)	9,734,686
22) Shortfall percentage (11 - 16)	11.75%
23) Added increment toward target (13 x 1% or 2%)*	952,529
*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%	
24) Special increment toward 82.5% target**	0
**if combined effort yield > 175% foundation	
Combined effort yield as % of foundation	
25) Shortfall from target after adding increments (10 - 15 - 23 - 24)	8,782,157
26) FY26 required local contribution (15 + 23 + 24)	50,422,107
27) Contribution as percentage of foundation (26 / 8)	60.85%

FY26 Chapter 70 Foundation Budget

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	Base Foundation Components							Incremental Costs Above the Base						TOTAL	
	1	2		3	4	5	6	7	8	9	10	11	12	13	14
	Pre-school	----- Kindergarten -----		Full-Day	Elementary	Junior/Middle	High School	Vocational	Special Ed In-District	Special Ed Tuitioned-Out	English learners PK-5	English learners 6-8	English learners High School/Voc	Low income	
Foundation Enrollment	192	0	294	1,596	994	696	602		172	36	444	135	168	2,737	4,278
1 Administration	43,903	0	134,449	729,867	454,566	318,288	275,301		542,861	140,406	51,171	16,625	23,532	287,412	3,018,381
2 Instructional Leadership	79,288	0	242,826	1,318,200	820,984	574,854	497,216		0	0	89,546	29,090	41,182	1,361,849	5,055,036
3 Classroom & Specialist Teachers	363,567	0	1,113,425	6,044,228	3,312,674	3,411,068	5,015,677		1,791,308	0	626,799	203,629	288,259	13,294,239	35,464,873
4 Other Teaching Services	93,245	0	285,571	1,550,243	695,025	405,135	350,418		1,672,518	2,145	89,546	29,090	41,182	0	5,214,116
5 Professional Development	14,379	0	44,059	239,208	161,485	109,641	156,785		86,411	0	25,579	8,311	11,765	644,974	1,502,597
6 Instructional Materials, Equipment & Technology	52,620	0	161,156	874,847	544,861	610,413	923,944		75,422	0	63,954	20,778	29,413	98,860	3,456,268
7 Guidance & Psychological Services	39,686	0	121,545	659,818	426,058	320,042	276,818		0	0	38,375	12,469	17,648	538,313	2,450,773
8 Pupil Services	10,522	0	32,234	262,430	266,998	431,095	372,873		0	0	12,796	4,157	5,883	2,797,269	4,196,257
9 Operations & Maintenance	100,959	0	309,182	1,678,417	1,133,269	769,400	1,245,490		606,401	0	153,500	49,868	70,595	0	6,117,082
10 Employee Benefits/Fixed Charges*	174,532	0	534,495	2,901,560	1,940,954	1,203,328	1,332,762		748,745	0	154,867	50,310	71,222	2,366,821	11,479,596
11 Special Education Tuition*	0	0	0	0	0	0	0		0	1,333,082	0	0	0	0	1,333,082
12 Total	972,701	0	2,978,943	16,258,819	9,756,875	8,153,264	10,447,283		5,523,666	1,475,633	1,306,133	424,325	600,682	21,389,737	79,288,062
13 Wage Adjustment Factor	100.0%													Foundation Budget per Pupil	18,534
*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.															
14 Low-income percentage	64.82%													English learner foundation budget as % total foundation budget	2.9%
15 Low-income group	10													Low-income foundation budget as % total foundation budget	27.0%

Enrollment data used to calculate FY26 Foundation Budget and Chapter 70 aid

Foundation Budget – Enrollment in Key Categories

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Special Ed In-District	174	168	160	165	170	172
Special Ed Tuitioned-Out	41	39	38	36	37	36
English Learners PK-5	345	325	352	401	449	444
English Learners 6-8	98	82	101	122	158	135
English Learners High School/Voc	130	127	114	149	169	168
Low Income	2,442	2,478	2,596	2,676	2,755	2,737
Totals	3,230	3,219	3,361	3,549	3,738	3,692

In the Chapter 70 formula that develops a district's foundation budget, these categories have an additional increment on top of base funding rates, which grows foundation budget and may also increase Chapter 70 aid

Salem Chapter 70 Historical Review

Implementation of SOA

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Enrollment Change v. Prior Year	-4	102	-99	-221	-176	63	88	-12
Required Net School Spending	\$ 55,446,712	\$ 59,983,631	\$ 61,571,253	\$ 62,876,841	\$ 65,935,095	\$ 69,935,642	\$ 75,190,968	\$ 79,288,062
Required District Contribution	\$ 33,573,950	\$ 34,176,479	\$ 35,764,101	\$ 36,940,239	\$ 39,750,153	\$ 42,479,762	\$ 45,547,856	\$ 48,249,759
Chapter 70 Aid	\$ 21,872,762	\$ 25,807,152	\$ 25,807,152	\$ 25,936,602	\$ 26,184,942	\$ 27,455,880	\$ 29,642,316	\$ 31,038,303
Chapter 70% of Foundation	39.87%	43.02%	43.42%	43.25%	41.74%	39.26%	39.39%	39.15%
Target Aid Share for State	38.80%	39.98%	37.63%	32.93%	29.33%	29.24%	29.14%	28.55%
Added Increment*	\$ -	\$ 353,987	\$ 358,837	\$ 376,671	\$ 783,475	\$ 840,042	\$ 894,393	\$ 952,529

*Target local contribution was less than Preliminary Required Local Contribution in FY19 so there was no added increment

Chapter 70 Variance v. Prior Year	\$ 136,020	\$ 3,934,390	\$ -	\$ 129,450	\$ 248,340	\$ 1,270,938	\$ 2,186,436	\$ 1,395,987
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- Years with enrollment increases have resulted in Chapter 70 increases/foundation level aid
- Added Increment to reach Target Aid Share is rapidly increasing, escalating pressure on local revenues to support school spending

Chapter 70: Increasing Pressure on Local Resources

Salem's Target State Aid Share	
FY2016	40.9%
FY2017	40.8%
FY2018	Not available
FY2019	38.8%
FY2020	40.0%
FY2021	37.6%
FY2022	32.9%
FY2023	29.3%
FY2024	29.2%
FY2025	29.1%

Salem's Target Aid Share

The Chapter 70 formula is rapidly driving Salem's contribution up and the state's contribution down.

In fact, Salem experienced a 10% decline in target aid share from the state in just three years (FY20-FY23) upon implementation of the SOA

In FY26, Salem's "Target Local Contribution" is \$59,204,264 (71.45%)

In FY19, it was \$35,398,709 (61.20%)

The growth in Salem's Target Local Contribution since FY19 is 67%, an increase of \$23.8 million

Municipal Contribution – Added Increments

Salem's "Below Target Share" Added Increments

FY2019	Above effort
FY2020	\$ 353,987
FY2021	\$ 358,837
FY2022	\$ 376,671
FY2023	\$ 783,475
FY2024	\$ 840,042
FY2025	\$ 894,393
FY2026	\$ 952,529

The accelerating ***required local contribution*** is clearly visible in the accelerating ***added increments*** being applied to Salem's aid.

Now that Salem is receiving foundation aid, the "Below Target Share" added increment is having a particularly negative impact.

If not for this "penalty," Salem would be receiving an additional **\$952,529** in FY2026 Chapter 70 aid.

2020 DESE/DOR Local Contribution Study

“Cap on contributions: The current cap on the local contribution requirement (82.5% of foundation budget) is proving problematic in two respects. First, the increasing number of communities subject to the cap undercuts the equity goal that the target contribution calculation seeks to meet. Second, the current cap in conjunction with the significant increases to foundation budgets envisioned by the SOA may result in significant and unevenly distributed increases in the local contribution requirements for communities not subject to the cap.”

“It should be further noted that with 40% of communities capped at 82.5% and the SOA significantly expanding foundation budgets, we may see more communities falling under the 82.5% cap and an accompanying increase in target contributions levels for those not impacted by the cap itself. As statewide foundation budgets increase under the SOA, the formula will adjust to distribute the statewide target contribution (59% of statewide foundation) among the target contributions of those communities with relatively high targets, but not protected by the 82.5% cap. Over time, the formula will move the required contributions of these districts toward their new local contribution targets and lower aid targets.”

FY26 Budget Outlook

School Expenses on “City” Budget

School Costs Funded on the “City-Side” of the Budget

- Health insurance (Projected increase of 11-12% - at least \$400K-\$450K for School Health Insurance)
- Tuition Cost Growth (e.g. Essex Agricultural) (TBD)
- Debt Service (School Building and other Capital Infrastructure) (TBD)
- State Assessments (Charter School & School Choice Sending Tuitions) (\$722,538)
- Non-MTRS Pension Assessment (TBD)
- Medicare (projecting 6% to accommodate new contracts)
- Retirement Buy-Outs (TBD)

Note – “City Local Aid” preliminary amount for FY26 is: \$186,870

Increases for the above will need to be afforded primarily with local revenues

**Massachusetts Department of Elementary and Secondary Education
Office of School Finance
Chapter 70 Net School Spending Compliance, Budgeted FY24**

Salem	School Committee	City/Town	Total
1 Administration (1000)	2,946,358	1,702,840	4,649,198
2 Instruction (2000)	48,375,409	0	48,375,409
3 Attendance-Health (3100, 3200)	5,686,805	0	5,686,805
4 Food Services (3400)	0	0	0
5 Athletics/Student Activities/Security (3500, 3600)	819,312	0	819,312
6 Maintenance (4000)	5,124,677	0	5,124,677
7 Employer Retirement Contributions (5100)	0	1,597,383	1,597,383
8 Insurance (5200)	742,511	8,126,297	8,868,808
9 Retired Employee Insurance (5250)	0	1,690,464	1,690,464
10 Rentals (5300)	381,250	0	381,250
11 Short Term Interest (5400)	0	0	0
12 Tuition (9000)	2,695,965	8,650,517	11,346,482
13 FY24 Budgeted School Spending (lines 1 through 12)	66,772,287	21,767,501	88,539,788
14 FY24 Budgeted School Revenues			
14a) FY24 Budgeted School Revenues	0	0	0
14b) FY24 Charter Reimb (local districts)	0	581,644	581,644
14c) Subtotal, NSS Revenues (36a + 36b)	0	581,644	581,644
15 FY24 Net School Spending (13 - 14)	66,772,287	21,185,857	87,958,144
16 FY24 Chapter 70 Required Net School Spending			69,935,642
17 Carryover from FY23			0
18 Total FY24 Requirement (16 + 17)			69,935,642
19 Shortfall in Budgeted FY24 Net School Spending (15 - 18)			0
20 Carryover/Penalty Calculation, Percent Unexpended (19 / 16)			0.0%

- **Prior Year example of Net School Spending expenditures**
- **Items budgeted on the School side compared to the City side of the budget**

School Expenses on “City” Budget & Compliance with Net School Spending

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Budgeted
Required Net School Spending	\$ 55,446,712	\$ 59,983,631	\$ 61,571,253	\$ 62,876,841	\$ 65,935,095	\$ 69,935,642	\$ 75,190,968
<i>School Committee</i>	\$ 54,544,324	\$ 55,780,757	\$ 59,034,970	\$ 61,031,574	\$ 63,623,136	\$ 66,637,356	\$ 69,989,931
<i>Additional City Funds</i>	\$ 19,931,514	\$ 21,120,145	\$ 16,950,707	\$ 18,434,105	\$ 19,248,149	\$ 20,300,487	\$ 22,896,414
Total	\$ 74,475,839	\$ 76,900,902	\$ 75,985,678	\$ 79,465,679	\$ 82,871,285	\$ 86,937,843	\$ 92,886,345
Variance with NSS	\$ 19,029,127	\$ 16,917,271	\$ 14,414,425	\$ 16,588,838	\$ 16,936,190	\$ 17,002,201	\$ 17,695,377

Source: DESE “Compliance with Net School Spending” & Salem Year-End-Reports

FY26 Education Aid & Assessments

Estimated Receipts - Local Education Aid

PROGRAM	FY2023	FY2024	FY2025	FY2026 - Gov Budget	FY26 v. FY25	FY26 v. FY25 %
Chapter 70	\$ 26,184,942	\$ 27,455,880	\$ 29,642,316	\$ 31,038,303	\$ 1,395,987	4.71%
School Transportation	-	-	-	-	-	-
Charter Tuition Reimbursement	\$ 1,787,513	\$ 982,464	\$ 1,115,867	\$ 1,416,572	\$ 300,705	26.95%
Smart Growth School Reimbursement	-	-	-	-	-	-
Offset Receipts:						
School Choice Receiving Tuition	\$ 527,931	\$ 465,662	\$ 564,506	\$ 595,846	\$ 31,340	5.55%
Sub-Total, All Education Items:	\$ 28,500,386	\$ 28,904,006	\$ 31,322,689	\$ 33,050,721	\$ 1,728,032	5.52%
Total Estimated Receipts:	\$ 28,500,386	\$ 28,904,006	\$ 31,322,689	\$ 33,050,721	\$ 1,728,032	5.52%
Net of Offsets	\$ 27,972,455	\$ 28,438,344	\$ 30,758,183	\$ 32,454,875	\$ 1,696,692	5.52%

Estimated State Assessments - Education

PROGRAM	FY2023	FY2024	FY2025	FY2026 - Gov Budget	FY26 v. FY25	FY26 v. FY25 %
Tuition Assessments:						
School Choice Sending Tuition	\$ 636,016	\$ 763,265	\$ 751,232	\$ 760,893	\$ 9,661	1.29%
Charter School Sending Tuition	\$ 7,906,278	\$ 8,383,773	\$ 8,746,231	\$ 9,455,551	\$ 709,320	8.11%
Sub-Total, Tuition Assessments:	\$ 8,542,294	\$ 9,147,038	\$ 9,497,463	\$ 10,216,444	\$ 718,981	7.57%
Total All Estimated Charges:	\$ 8,542,294	\$ 9,147,038	\$ 9,497,463	\$ 10,216,444	\$ 718,981	7.57%
Net Receipts v. Charges:*	\$ 19,430,161	\$ 19,291,306	\$ 21,260,720	\$ 22,238,431	\$ 977,711	4.60%

*last year \$1,955,204

Review of Historical SPS Appropriation Growth & Chapter 70

Chapter 70 Increase				SPS Budget Increase			
Year	Amount	Increase	Percentage	Year	Amount	Increase	Percentage
2015	\$ 21,231,627	\$ 352,168	1.69%	2015	\$ 54,461,543	\$ 1,908,120	3.63%
2016	\$ 21,348,492	\$ 116,775	0.55%	2016	\$ 53,145,269	\$ (1,316,274)	-2.42%
2017	\$ 21,600,632	\$ 252,230	1.18%	2017	\$ 55,041,847	\$ 1,896,578	3.57%
2018	\$ 21,736,742	\$ 136,110	0.63%	2018	\$ 56,807,831	\$ 1,765,984	3.21%
2019	\$ 21,872,762	\$ 136,020	0.63%	2019	\$ 57,628,889	\$ 821,958	1.45%
2020	\$ 25,807,152	\$ 3,934,390	17.99%	2020	\$ 59,833,547	\$ 2,204,658	3.83%
2021	\$ 25,807,152	\$ -	0.00%	2021	\$ 63,449,649	\$ 3,616,102	6.04%
2022	\$ 25,936,602	\$ 129,450	0.50%	2022	\$ 66,597,919	\$ 3,148,270	4.96%
2023	\$ 26,184,942	\$ 248,340	0.96%	2023	\$ 68,747,963	\$ 2,150,044	3.23%
2024	\$ 27,455,880	\$ 1,270,938	4.85%	2024	\$ 71,154,142	\$ 2,406,179	3.50%
2025	\$ 29,642,316	\$ 2,186,436	7.96%	2025	\$ 74,592,616	\$ 3,438,474	4.83%

- Average 10-Year Budget Increase for SPS: 3.2%
 - Average 10-Year Chapter 70 Increase 3.5%
(Excluding FY20, Average is: 1.92%)
- Cumulative 10-Year Variance Between SPS Budget Increases and Chapter 70 Increases: \$13.27 million

Areas to Monitor & Budgetary Factors

- Costs for implementation of collective bargaining contracts (Teachers, Police, Fire, AFSCME)
- Homeless Student Transportation and Out of District Special Education Costs
- Adjustments to Assessments during State Budget process (e.g. Charter Schools)
- First full fiscal year without COVID-19 relief aid (ARPA & ESSER)
- Health care costs – statewide issue
- Increase in trash contract for the city (TBD)
- Energy/Utility Costs

Areas to Monitor & Budgetary Factors

- Impacts of rapidly changing federal policy on local revenues and economy
 - Possible federal grant impoundment or redirection of funds
 - Direct impacts on local budget
 - Impacts on state budget and state's ability to fund commitments
 - Economic impacts on local meals and rooms excise taxes, motor vehicle excise taxes (all elastic revenues that fluctuate with economic activity)
 - Costs for materials, equipment may increase due to tariffs
 - Potential increased costs for borrowing (interest rates)