

**Minutes of the Special Session  
of the Salem School Committee  
Monday, February 9, 2026  
Rm. 227, 29 Highland Ave.**

**Members Present:** Mayor Dominick Pangallo, Vice Chair Cornell, Yamily Byas, AJ Hoffman and Megan Stott

**Others in Attendance:** Superintendent Stephen Zrike, Deputy Superintendent Carbone, Assistant Superintendent Pauley and City of Salem Finance Director James LeBlanc

**Members Absent:** Mary Manning and Veronica Miranda

**Call of Meeting to Order**

Mayor Pangallo called the meeting to order at 5:30 pm. There was a round of introductions of everyone present.

**Financial Overview Presentation**

City of Salem Finance Director James LeBlanc delivered a presentation on the overall financial overview of the city and school department. Mr. LeBlanc said that the governor's budget came out on January 28, 2026. The required local contribution is 69.52% and state aid is 30.48%. Mr. LeBlanc continued with the Chapter 70 and FY27 Budget Outlook presentation.

In response to Member Stott, Mayor Pangallo said it would be optimistic to hope for the state to correct the local contribution by FY 28 as the process could take longer. Superintendent Zrike added that not only is the formula broken, but that districts are facing declining enrollment although Salem has seen a slight increase. The increase is not among special education, multilingual or low-income student population though and this affects the amount of funds received from Chapter 70. Assistant Superintendent Pauley said that the Student Opportunity Act (SOA) had an inflation increment but the inflation was much higher than anticipated. Mayor Pangallo and Superintendent Zrike commented that Chapter 70 does not fully cover PreK students and that the City subsidizes this cost, especially with the district offering more PreK seats. City of Salem Finance Director James LeBlanc and Assistant Superintendent Pauley continued with the presentation and explanation of the expenses as well as enrollment.

There was a discussion about healthcare costs which are not part of the school budget. Assistant Superintendent Pauley mentioned that in some other districts, this cost is part of the school budget. There were comments that it would be worth exploring if the school budget should reflect the healthcare costs and the debt repayments for school projects in order to meet the target net school spending required by the state.

In response to another question, Assistant Superintendent Pauley said that grants are not reflected in the foundation budget calculations but they are reflected in the end of year report. Superintendent Zrike responded to a question about the impact of potentially not enrolling

students in Essex North Shore Agricultural & Technical School stating that the district will need to pay for students who are already enrolled there as well as the debt cost for their new building but that over time, these expenses would end. The money saved is realized by the City and the City could choose how it is spent. Superintendent Zrike commented that Salem pays less per student to Essex Tech compared to wealthier communities.

City of Salem Finance Director James LeBlanc said that the Chapter 70 formula used by the Massachusetts Department of Elementary and Secondary Education (DESE) dates back to 2007 and some of the issues from recent years are a result of the formula not being revised. Mayor Pangallo mentioned that some of the larger and more valuable properties in the City are tax exempt. Mayor Pangallo explained that DESE is aware of these issues and are now having listening sessions where municipalities can highlight problems associated with the local contribution cap for non-affluent communities, timing of when enrollment numbers are collected, inflation cost and tax-exempt properties. Vice Chair Cornell commented that Representative Cruz, Mayor Pangallo and Superintendent Zrike have been bringing this matter to the attention of the state. Vice Chair Cornell added that School Committee members have always been on board with any effort to revise Chapter 70. Superintendent Zrike commented that many other districts are now facing the same issues.

Superintendent Zrike added that it is very important for the Salem Public Schools (SPS) to be out of the 10% lowest performing districts based on the Massachusetts Comprehensive Assessment System (MCAS) achievement and growth. This benefits the students and it has fiscal implications for the district. During pre-pandemic years, SPS was in the bottom 10% but when the Bentley School became a charter school, SPS came out of the 10%. However, after the pandemic, SPS was back in the 10% for one year but for the last two years, SPS has improved performance and is now out of the 10%. Superintendent Zrike explained that when SPS is in the 10%, the charter cap increases from 9% to 18% and therefore more students can enroll in the charter schools where the cost is borne by the city. If more than 9% of Salem students attend charter schools now, the cost is borne by the state.

Assistant Superintendent Pauley said that the district will work with the city to figure out how much the city can increase the appropriation for the district. The district is also working on reducing expenses, maximizing efficiencies and increasing revenue to determine actual costs. This process will continue until mid-March. In response to a question, Assistant Superintendent Pauley said that the city's appropriation for the previous two years has been 4.8%, which is higher than what it has been historically.

### **Adjournment**

Member Cornell made a motion to adjourn at 6:25 pm. Member Hoffman seconded and it was so VOTED. Motion passed unanimously.

Respectfully submitted by,

***Shirley Dorai***

Executive Assistant to the School Committee & Superintendent