

# FY26 Operating Budget

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May 15, 2025  
Baltimore City Council  
Budget Overview Hearing





**City Schools is proud to present a budget for FY26 that refocuses and sustains our key investments to best meet the needs of our students and educators.**

The FY26 budget reflects a **6% increase in Blueprint funding**, primarily dedicated to **sustaining major investments and substantial salary increases** to recruit and retain our valued educators and staff.

At a time of considerable uncertainty about the sustainability of state and federal revenue streams, we must be vigilant in ensuring that we maintain the investments that are most important to our students' success.

## IMPACT OF RECENT FEDERAL ACTIONS

### Update since initial Budget presentation:

- On May 6<sup>th</sup>, 2025, the U.S. District Court (SD-NY) granted a preliminary injunction to a lawsuit filed by 15 states, including Maryland, on ESSER the rescission
- On May 12, 2025, MSDE advised their LEAs to submit reimbursement requests to them for any unreimbursed expenditures of ESSER funds by end of day, May 12. City Schools met this deadline.

Even with a potentially positive outcome on this issue, significant and serious uncertainty remains about federal funding going forward, underscoring the need for prudence in our approach to FY26.

Further, the State of Maryland has enacted economic hardship triggers that would reopen its FY26 budget if reductions in revenue resulting from federal actions reach certain thresholds. If that were to happen, City Schools would likely need to reopen our budget as well.

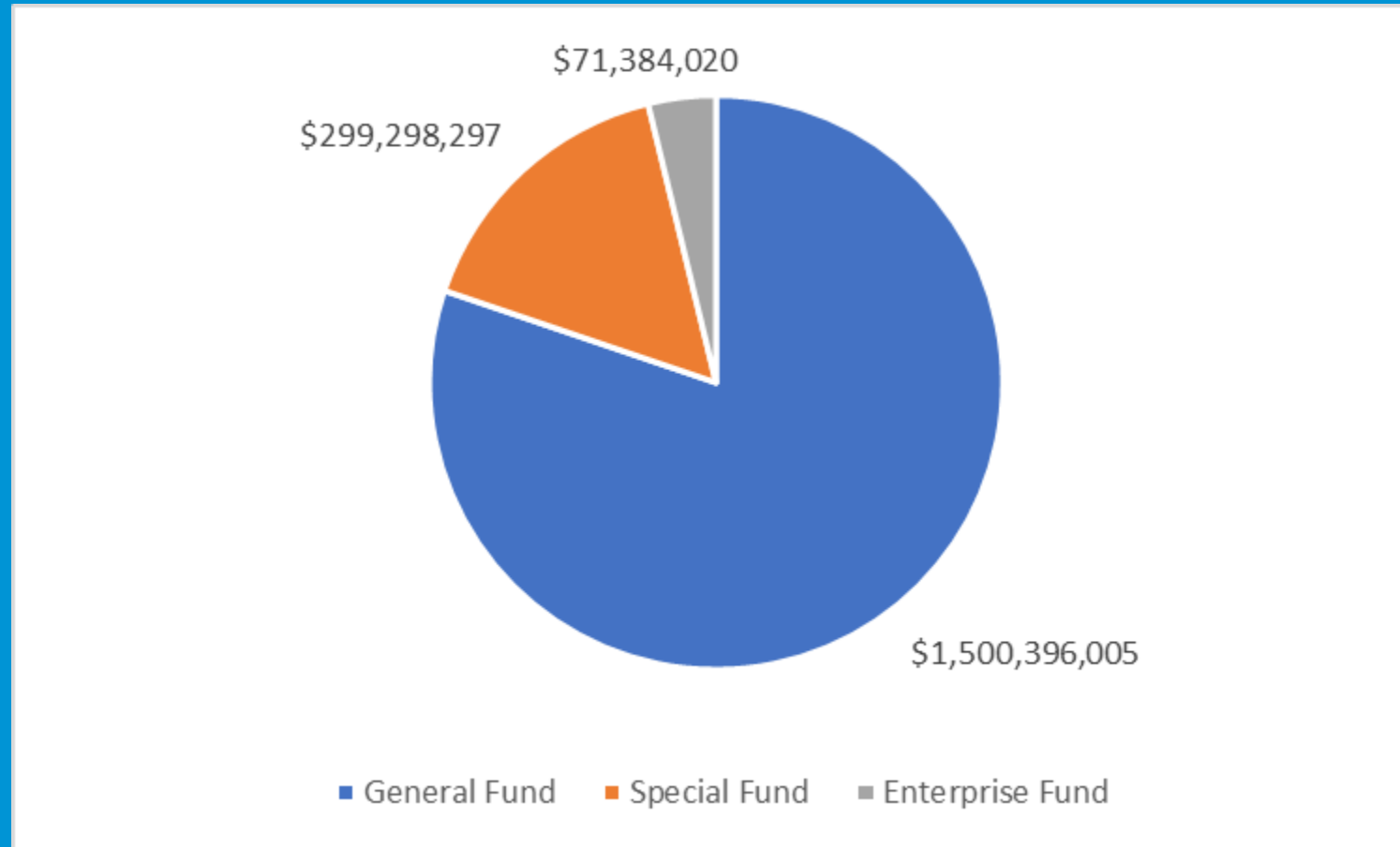
## CONTEXTUAL FACTORS IMPACTING SCHOOL ALLOCATIONS

Every school's budget for FY26 reflects a year-over-year increase from FY25. Yet several contextual factors impacted funds available to schools in their planning for FY26:

- **Blueprint Design:** Under the Blueprint for Maryland's Future, schools with higher-need student populations receive more funding.
- **End of ESSER:** With the final expiration of COVID relief funds, some school-based costs have moved back to school budgets, as expected. Since most Blueprint funds follow students, schools must now absorb these expenses.
- **Increasing Position Costs:** Significant salary increases to attract and retain top talent across our bargaining units result in higher position costs for teachers, administrators, and other staff.

## FY26 Revenue – All Funds

The district's FY26 revenue is **\$1.87 billion**, which includes general, special, and enterprise funds.



## FY26 Revenue – General Funds

The district's FY26 General Fund of **\$1.5 billion**, comes from three main sources of revenue:

Revenue Source	FY25	FY26
State of Maryland	<b>\$1.011 billion</b>	<b>\$1.077 billion</b>
City of Baltimore	\$386.6 million + \$2.7 million TSI grant <b>\$389.3 million</b>	\$390.5 million + \$1.8 million TSI grant <b>\$392.3 million</b>
Other sources*	<b>\$38.52 million</b>	<b>\$33.16 million</b>
TOTAL	<b>\$1.437 billion</b>	<b>\$1.500 billion</b>

*\*Includes federal sources such as E-rate and investment earnings.*

## Funded Enrollment, per MSDE:

FY25: 70,925

FY26: 71,474

## Blueprint For Maryland's Future: Funding that Follows Students

- The Blueprint for Maryland's Future fundamentally changed how schools in Maryland are funded.
- The Blueprint begins to correct historical underfunding of educational resources for students from low-income families, Multilingual learners, and students with disabilities.
- Funding under the Blueprint consists of a dozen separate funding streams, each with its own target population and/or rules for how it is allocated to schools. Under the Blueprint each school's funding allocation is directly tied to the characteristics of the students enrolled in each school.
- By design, some schools benefit more than others from Blueprint funding.





## **FY26 Blueprint Funding**

- FY26 marks Year 4 of Blueprint funding.
- The governor's budget proposal included significant cuts to Foundation, Compensatory Education, and Multilingual funding.
- While it is positive news that these cuts were restored, school allocations and other aspects of the FY26 budget are based on the state's proposed budget.
- Even still, every school's per-pupil allocation increases in FY26.



# End of ESSER

- FY26 marks the first year without ESSER funds.
- We planned for this transition, knowing ESSER funding was temporary.
- Funds were spent strategically to maximize impact while they lasted.
- Initiatives previously funded by ESSER have sunsetted or downsized, been left to the discretion of school leaders to fund, or have transitioned to other funding sources, such as Concentration of Poverty Grants (CPG).

We had been planning for a smooth ESSER off-ramp, with our proactive and strategic approach to managing ESSER funds avoiding the financial strain that other districts have experienced. The loss of remaining FY25 funds is an unexpected and unfortunate complication, but it does not change that we have been prepared for these funds to no longer be a factor in FY26.



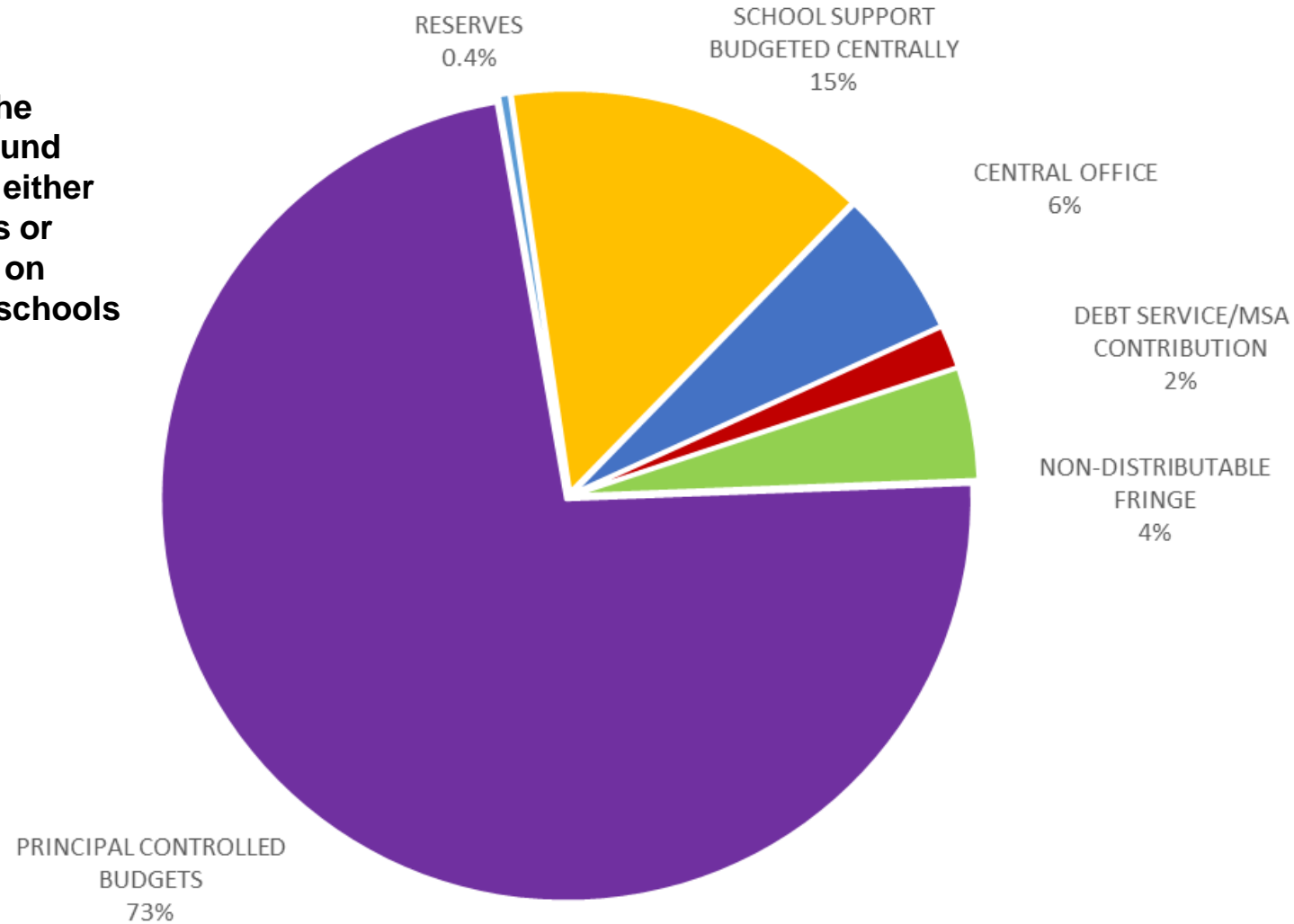
## Blueprint Funding Categories for FY26

*Blueprint funding categories include both State and City funds. These funds are a combination of general and grant fund types. All funding amounts are based on the governor's proposed budget released in January 2025.*

Blueprint Funding Categories	FY25	FY26
Foundation Program	\$623,364,220	\$647,773,394
Compensatory Education	\$468,416,112	\$487,832,688
<i>Concentration of Poverty</i>	<i>\$135,320,187</i>	<i>\$166,215,181</i>
Special Education	\$100,783,683	\$111,365,657
Multilingual Learners	\$86,978,430	\$95,588,084
Prekindergarten	\$46,362,894	\$51,637,719
Transportation	\$25,051,230	\$26,192,008
Comparable Wage Index	\$20,159,599	\$20,093,931
Blueprint Transition Grant Program	\$15,868,821	\$12,134,981
<i>Transitional Supplemental Instruction</i>	<i>\$8,621,352</i>	<i>\$5,885,392</i>
Guaranteed Tax Base Program	\$10,000,000	\$10,000,000
CCR Program	\$558,189	\$3,117,192
Career Ladder (NBC Teacher Salary)	\$518,000	\$1,395,000
<b>Total</b>	<b>\$1,542,002,717</b>	<b>\$1,639,231,227</b>

# FY26 General Fund Distribution

**~88% of the  
General Fund  
budget is either  
in schools or  
budgeted on  
behalf of schools**





# Protecting our Foundations

Throughout the process of planning for the 2025-26 school year budget, City Schools has remained focused on keeping our core principles at the heart of every decision we make.

## The proposed budget is:



**Aligned with the Board's four goals**



**Guided by the district's Portrait of a Graduate strategic plan**



**Developed with FY26's key priorities in mind**



**A reflection of the feedback from the community**



## Portrait of a Graduate

The Portrait of a Graduate is City Schools' strategic plan that outlines how the district will support and inspire its students, putting them in position to succeed both now and in the future.

### ***Academics***

- Foundational Literacy and Math
- Well-Rounded Education
- Secondary Success and Innovation

### ***Wholeness***

- Growth and Enrichment
- Climate and Culture
- Wellness

### ***Leadership***

- Youth Voice
- Professional Learning
- Pipeline Development





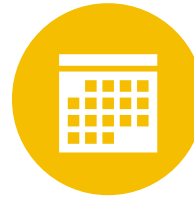
## FY26 Budget Priorities



**Accelerating Student Achievement  
in Literacy and Math**



**Building College and Career  
Readiness through Secondary  
Success and Innovation**



**Improving Attendance and  
Dropout Re-engagement**



**Supporting Mental Health**



# Comments or Questions?