

# Holyoke City Council reviews \$9M budget increase for 2027

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HOLYOKE — Mayor Joshua Garcia has proposed a \$213 million [budget](#) for fiscal 2027, a roughly \$9 million increase aimed at maintaining city services as costs continue to rise for schools, employee benefits and day-to-day operations.

The spending plan, now under review by the City Council, relies on cautious revenue estimates and tight spending controls to balance growing expenses tied to education, health insurance, pensions and transportation, according to the Mayor's Office.

Garcia said the proposal avoids using one-time funds and instead focuses on long-term financial stability.

City councilors are set to examine the budget during two more hearings that were scheduled for last night and June 10, with a final vote expected at a special meeting on June 23. The council can reduce or reject items in the plan, but it cannot add new spending.

Much of the increase is driven by rising fixed costs. School spending is projected to reach about \$125.4 million, an increase of \$4.7 million, fueled in part by additional state aid under the Student Opportunity Act and higher local contributions.

Transportation costs alone are expected to climb to \$12.5 million, reflecting higher contract rates, fuel prices and special education needs.

Employee-related expenses are also growing. Health insurance costs are projected at \$14.9 million, up more than 8%, while retirement contributions will rise to about \$13.7 million, as the city works toward fully funding pensions by 2033.

The budget also anticipates pay increases of roughly 2.5% to 3.5% for city workers, though some union contracts remain under negotiation.

Revenue growth remains steady but constrained by Proposition 2½, the state law that caps annual property tax increases.

Property tax revenue is expected to total about \$73 million, while additional income from new development is helping offset limits on tax growth. Other local revenue sources include motor vehicle excise taxes, meals and hotel taxes, cannabis taxes and fees.

State aid continues to play a significant role, with the budget including about \$13.4 million for general aid and about \$113.4 million for schools.

Despite stable revenue streams, officials say rising costs are putting sustained pressure on the city's finances.

Public safety funding remains a priority, however, with about \$14.8 million allocated for police and \$12.3 million for fire services.

The budget also funds infrastructure improvements, technology upgrades and blight reduction efforts, including demolition and cleanup of unsafe properties.

City leaders are also advancing redevelopment projects, including work on properties along Newton, High and Maple streets and the former Kmart Plaza, as part of broader economic development efforts.

The funding structure is also expected to come before the City Council tonight.

City Councilor Mimi Panitch [said](#) the debate centers on how to fairly divide fixed costs for sewer service and related systems, including stormwater, flood control and street sweeping. Not all residents are connected to the sewer system, she noted, meaning decisions about whether costs are funded through fees or property taxes can shift modest subsidies between users and non-users.

Panitch said the overall cost will not change — only how it is distributed — and suggested the city might begin by separating out street sweeping while considering broader changes in the future.