



Gary J. Lambert
Assistant Secretary for Operational Services

To: Matthew Gorzkowicz, Secretary
Executive Office for Administration and Finance
Commonwealth Superintendents

cc: Christopher Marino, Assistant Secretary for the Budget and Fiscal Operations, Executive Office for Administration and Finance
Danielle Cerny, Chief of Staff, Executive Office for Administration and Finance
Rick Mikulis, Chief Financial Officer, Executive Office for Administration and Finance
Mark Fine, Assistant Secretary of Administration, Executive Office for Administration and Finance

From: Gary J. Lambert, Assistant Secretary for Operational Services
Operational Services Division

Date: October 31, 2024

Re: Correction of Estimated Rate of Inflation for Fiscal Year 2026 sent on October 1, 2024

The Operational Services Division is required by M.G.L. Chapter 7, Section 22N, to submit an “estimated rate of inflation for social service programs” to the Secretary of the Executive Office for Administration and Finance by October 1st of each year for consideration in preparation of the Governor’s annual budget recommendation.

This memo supersedes the memo sent on October 1, 2024, to the Executive Office for Administration and Finance.

The Operational Services Division is also required by the above statute to notify Commonwealth Superintendents of this estimated rate of inflation for their use in planning for increases to Approved Private Special Education programs.

Attached is the Operational Services Division’s analysis which results in an estimated rate of inflation of 3.67% for Fiscal Year 2026.

Should you or your staff require further information regarding the estimated rate of inflation, please contact Jacqueline Brown at (617) 720-3371.



**EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE
OPERATIONAL SERVICES DIVISION
ESTIMATED RATE OF INFLATION - FISCAL YEAR 2026**

OPERATIONAL SERVICES DIVISION

Corrected 10/31/2024

| COMPONENT | PERCENTAGE OF TOTAL EXPENSES | FACTOR | SOURCE | REFERENCE | ADJUSTED PERCENTAGE |
|---------------------------------|------------------------------|--------|--------|---------------------|---------------------|
| PERSONNEL | 49.73% | 1.040 | ECI | NORTHEAST | 51.72% |
| PAYROLL TAX | 4.39% | 1.035 | ECI | SERVICE OCCUPATIONS | 4.54% |
| FRINGE BENEFITS | 5.97% | 1.035 | ECI | SERVICE OCCUPATIONS | 6.18% |
| OCCUPANCY | 6.72% | 1.047 | CPI | BOSTON | 7.03% |
| DIRECT CARE CONSULTANT | 2.44% | 1.040 | ECI | NORTHEAST | 2.54% |
| TEMPORARY HELP | 0.13% | 1.040 | ECI | NORTHEAST | 0.13% |
| CLIENTS & CAREGIVERS REIM. | 3.45% | 1.000 | Note 1 | | 3.45% |
| SUBCONTRACTED DIRECT CARE | 8.09% | 1.040 | ECI | NORTHEAST | 8.42% |
| STAFF TRAINING | 0.21% | 1.040 | ECI | NORTHEAST | 0.22% |
| STAFF MILEAGE/TRAVEL | 0.40% | 1.012 | CPI | BOSTON | 0.41% |
| MEALS | 1.68% | 1.038 | CPI | BOSTON | 1.74% |
| CLIENT TRANSPORTATION | 1.34% | 1.012 | CPI | BOSTON | 1.35% |
| INCID. MEDICAL/MEDICINE/PHAR. | 0.08% | 0.986 | CPI | BOSTON | 0.07% |
| CLIENT PERSONAL ALLOWANCES | 0.23% | 1.000 | Note 1 | | 0.23% |
| PROVISION MAT. GOODS/SVS./BEN. | 1.10% | 1.000 | Note 1 | | 1.10% |
| DIRECT CLIENT WAGES | 0.15% | 1.000 | Note 1 | | 0.15% |
| OTHER COMM. PROD/SVS. | 0.05% | 1.000 | Note 1 | | 0.05% |
| PROG. SUPPLIES/MATERIALS | 1.33% | 0.984 | CPI | BOSTON | 1.31% |
| OTHER EXPENSE | 0.61% | 1.040 | CPI | BOSTON | 0.63% |
| TOTAL DIRECT ADMIN EXP. (PROG.) | 2.20% | 1.040 | CPI | BOSTON | 2.29% |
| ADMINISTRATION | 9.70% | 1.040 | CPI | BOSTON | 10.09% |
| TOTAL | 100.00% | | | | 103.67% |

Note 1:

Inflation is not applicable for "pass through" items.

Percentage of Total Expenses:

The Percentage of Total Expenses is based on FY 2023 *Uniform Financial Report* data.

Sources:

ECI: The Employment Cost Index represents a 12 month average change to 6/30/23.

CPI: The Consumer Price Index represents a 12 month average change to 7/31/23.