2025-2026 Budget Review and 2026-2027 Budget Preview

Presentation at January 22, 2026
BOE Workshop Meeting

Executive Summary

Presentation Goals:

- Review the key drivers, priorities, and final figures of the adopted 2025-2026 budget
- Discuss the financial landscape and anticipated challenges for the upcoming 2026-2027 budget cycle
- Outline strategic priorities and the timeline for future planning

Key Takeway:

- The 2025-2026 budget development process required the district to address a very significant budget deficit. The situation was further complicated by changes in the NJDOE budget process that were introduced very late in the process. Looking ahead to 2026-2027, the district will still need to find ways to balance anticipated expenditures with available revenue, but the overall projections are much better than last year.

Context and Key Financial Drivers of the 2025-2026 Budget

2025-2026 Budget: Context and Key Drivers

What were the significant pressures on the 2025-2026 budget?

- Final expiration of federal pandemic relief funds required shifting recurring costs to the general fund or making strategic reductions
- A significant amount of non-recurring revenue was utilized to balance budgets and keep the tax levy increases at an average of 2% over the past several budget cycles
- Inflationary pressures have driven significant cost increases in non-discretionary areas:
    - Health insurance premiums
    - Liability insurance
    - Transportation
    - Supplies and materials

Total District Expenditures/Budgets - 3 Year Trend

	2023-2024 (audited)	2024-2025 (audited)	2025-2026 (current)
Operating Budget	$182,559,920	$185,787,217	$195,747,650
Grants Budget	$8,224,321	$6,420,215	$3,820,891
Debt Service Budget	$6,483,705	$6,503,571	$6,506,525
Total	**$197,267,946**	**$198,711,003**	**$206,075,066**

Non-recurring revenue used to support operating budgets

2021-2022	Use of fund balance	$989,299
2021-2022	Use of maintenance reserve	$693,452
2022-2023	Pandemic funding	$1,700,206
2022-2023	SDA Emergent Needs	$220,940
2022-2023	ACSERS Aid (special ed)	$525,498
2022-2023	Stabilization and other aid	$2,187,769
2023-2024	ACSERS Aid (special ed)	$610,367
2023-2024	Pandemic funding	$317,942
2023-2024	Liquidation of legal reserve	$2,289,240
2023-2024	Use of fund balance	$5,078,890
2023-2024	SDA Emergent Needs	$218,844
2024-2025	Use of maintenance reserve	$550,000
2024-2025	Use of fund balance	$1,641,763
2024-2025	Sale of Port Monmouth	$2,500,000
Total		$19,524,210

Four year average is $4,881,053.

Reserves

	Balance July 1, 2024	Amount used during 2024-2025 year	Amount allocated to 2025-2026 budget	Remaining Balance
Capital	$240,817	$198,500	$0	$42,317
Maintenance	$584,858	$548,500	$0	$36,358
Health insurance	$5,217,416	$1,542,941	$0	$3,674,475
Total	$6,043,091	$2,289,941	$0	$3,753,150

Allowable balances in capital and maintenance reserves are $719,530,460 and $7,620,962 respectively.

Salaries

- Currently salaries represent approximately $119 million out of our approximately $200 million general fund (operating) budget, or 60%.
- The Board is currently negotiating new agreements with two of its four bargaining units (Teamsters - Facilities, Teamsters - Paraprofessionals) that will be retroactively effective July 1, 2025. The MTEA (teachers and secretarial staff) and MTAA (administrators) contracts expire June 30, 2027.
- The administrative team is currently reviewing enrollments, schedules, and other identified needs that will impact 2026-2027 staffing.

Debt Service for 2026-2027

Funded by tax levy and debt service state aid - for 2025-2026 debt service aid funded approximately 19% of this cost (almost $1.3M).

Bonds Payable:	Principal and Interest due 2026-2027	Maturity
Refunding bonds, Series 2020	$4,067,375	8/1/2027
Refunding Bonds, Series 2013	$816,450	8/1/2027
2014 Bond Issue (ROD grant projects)	$1,622,150	8/1/2029
Total	$6,505,975	

2026-2027 Budget Cycle

2026-2027 Budget Preview: Financial Outlook and Challenges

Revenue:

- Current total projected revenues, including a 2% increase in the tax levy, represent a 1.46% increase over 2025-2026
- State aid has been projected flat
- Federal funding will remain at lower, pre-pandemic levels

Expenses:

- Essential technology refresh cycles and cybersecurity investments
- Curriculum/textbook updates
- Health insurance, specifically Rx
- Facilities projects and maintenance on aging buildings and equipment replacements
- Continuing rising costs for special education services

2026-2027 Strategic Priorities and Planning

Early areas of focus for next year:

- Long-term Financial Sustainability: shifting focus from short-term fixes to multi-year financial planning and structural balance

- Data-Driven Resource Allocation: Rigorously evaluating program effectiveness to ensure every dollar is spent where it has the most impact on student outcomes

Timeline

- Central administrative team has been meeting with school and department level administrators to review needs that have been submitted.
- Administration is currently focusing on staffing and student scheduling as well as other district-wide budget initiatives.
- 2026-2027 tentative budget must be approved by the BOE and submitted to the NJ Department of Education's county office by Thursday, March 19, 2026. The tentative budget is anticipated to be approved by the Board at its March 17th special voting meeting.
- Public hearing and adoption of the final budget must be done between Friday, April 24 and Thursday, May 7, 2026. The Board anticipates holding the public hearing and adopting the final budget at its April 28th voting meeting.