

Coffee & Conversation

with Superintendent of Schools **Dr. Frank Santora**

held at Nixon Elementary School • April 28, 2026



Budget Challenges

for 2026-2027



Cost Drivers:

- 1) Salary Increases~ **\$1.8M**
- 2) 20% Health Benefits/30% Prescription Increase~ **\$4.1M**
- 3) Special Ed Increase for (2) teachers for the new program at LRS~ **\$260,000**
- 4) Property & Liability Insurance Increase~ **\$170,000**
- 5) New K-6 ELA Curriculum~ **\$150,000**
- 6) Utilities (Gas/Electric) Increase~ **\$241,000**
- 7) Custodial Contract Increase~ **\$165,000**
- 8) Fund Balance Deficit~ **\$1.5M**
- 9) Maintenance Reserve Deficit~ **\$1.2M**
- 10) 40 student decrease~ **\$800,000**

➔ **Approximately \$10.3M**

How did we overcome our deficit for 26-27?

- Staff reduction through resignations, retirements, and a Reduction in Force (RIF).
- All school and department budgets cut between 10 and 15%.
- Utilized surplus of over \$4.6M.
- Took full advantage of the healthcare adjustment waiver of almost \$4M.
 - **The Budgetary "Healthcare Adjustment"**
 - Because school districts are typically capped at a **2% annual increase** in their local property tax levy, these massive healthcare hikes would normally force deep cuts to staff or programs. To prevent this, NJ law provides a **Health Care Cost Adjustment**.
 - **Tax Levy Cap Exception:** Districts can exceed the 2% cap to account for health benefit cost increases that exceed 4% over the previous year.
 - **The 2026 Calculation:** For the 2026 budget year, the State has set the health benefits percentage increase at **31.9%**. This allows districts a "cap exception" of approximately **29.9%** to be added to their tax levy, effectively shifting the cost of the insurance hike onto local property taxes.
 - Our district health benefits cost for this current school year is approximately **13,453,949**. We received an adjustment of around **29.34%** which totaled **3,947,365**.

What has the district done over the last few years to **offset these draconian cuts?**

- **Investment**

- In December 2023 invested \$5M in NJ/ARM. NJ/ARM is the NJ Asset & Rebate Management Program. What NJArm does is provide local governments in NJ with investment management services.
- December 2023 5.31% as of March 2026 3.58% \$5,522,350

- **Reverse Energy Auction**

- Utility usage is bid on in the open market in order to receive savings (5-10%) and stabilize rates for the life of the contract.
- Electric: 2yrs and Gas: 3yrs

- **Transportation Shared Services**

- Generates approximately \$700k in revenue annually

- **Special Education Programs**

- New autistic program at Eisenhower
- New alternative high school program at Lincoln-Roosevelt
- New LLD programs at Eisenhower and Roxbury High School

- **Staff Reduction**

- Over the last 3 years reduced over 50 positions district-wide

How can we overcome future financial difficulties?

● Increase sources of revenue

- Invest in more shared service opportunities
- Create new special education programs that are attractive our students as well as other school districts
 - *For example:*
 - *One (1) class in the new Alternative High School program would cost approx. \$160,000 for staff.*
 - *If we receive (3) students from other districts, we offset that cost of staffing by \$113,271.*
 - *Each student we receive from another school district brings us tuition in the amount of \$37,757.*
- Build an athletic dome

● Gain efficiencies in school and district operations

- Streamlining of administrative functions
- Turnkey professional development
- School scheduling
- Grade Re-Banding

● Regionalization