



2026-2027 School Budget Presentation

Lower Township Elementary School District · Cape May County, New Jersey

Why Are We Here?

Tonight, we come together as a community to fulfill one of the most important responsibilities of local governance: presenting a transparent, responsible budget that supports every student in the Lower Township Elementary School District. This presentation outlines how public funds will be allocated to ensure the continued delivery of high-quality education for the 2026–2027 school year.

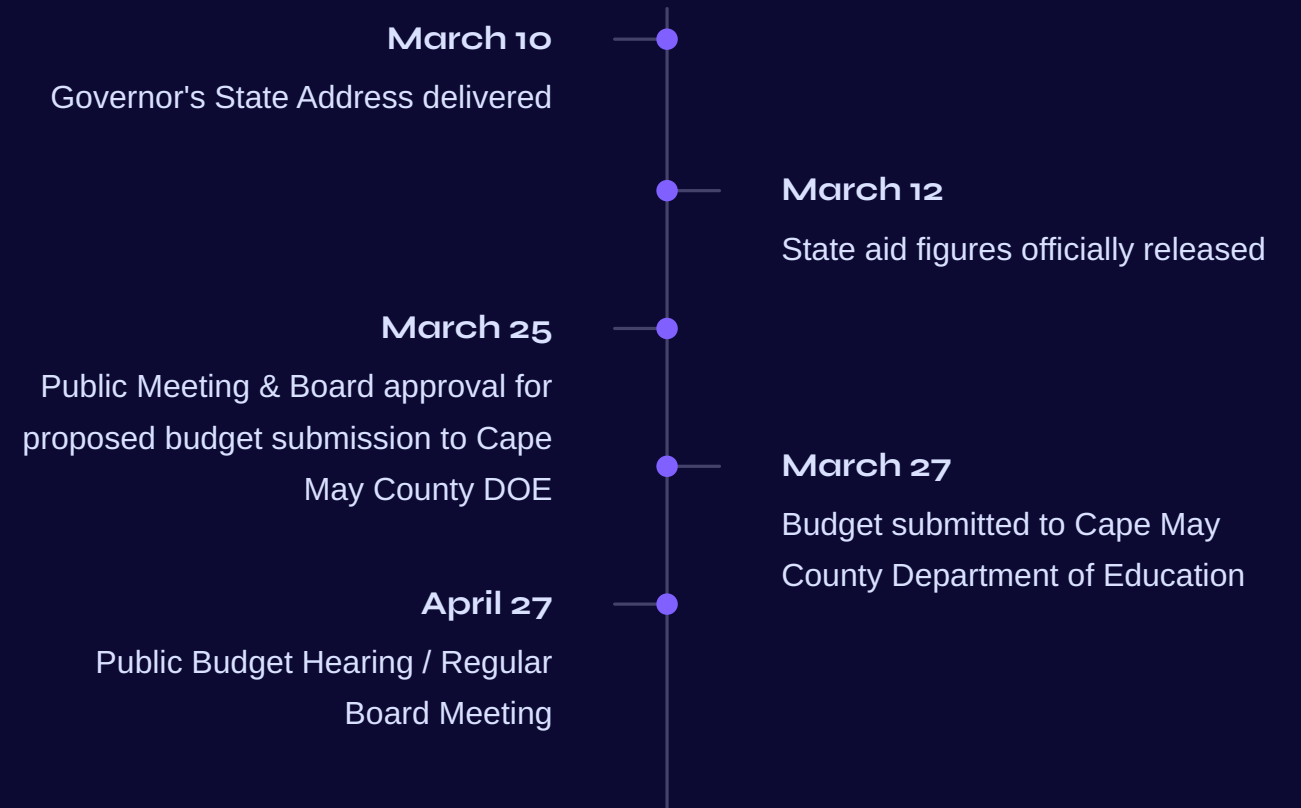


Budget Development: Schedule of Events

The Finance Committee met multiple times from November through March regarding the 2026–2027 budget. Below is the key timeline of events that guided the process from the Governor's State Address through final public review.



The budget process follows a deliberate cycle: setting goals, research, proposals, review, and board vote — ensuring transparency and fiscal responsibility at every step.



General Fund Revenues: 2025-26 vs. 2026-27

The total budget decreased by **\$1,655,938** for 2026 - 2027, driven primarily by a significant reduction in appropriated surplus. While State Aid and local tax levy both increased, the district drew substantially less from its fund balance to balance the budget.

Revenue Source	2025-26	2026-27	Variation
State Aid	\$3,965,007	\$4,166,631	+\$201,624
Miscellaneous Revenues	\$50,000	\$100,000	+\$50,000
Medicare	\$9,566	\$41,328	+\$31,762
Capital Reserve	\$150,000	\$150,000	\$0
Maintenance Reserve	\$175,000	\$175,000	\$0
Emergency Reserve	\$0	\$0	\$0
Interest Earned – Reserve	\$300	\$300	\$0
Surplus (Fund Balance)	\$2,481,971	\$513,862	-\$1,968,109
Amount to be Raised by Taxes	\$20,360,489	\$21,398,412	+\$1,037,923
Adjustment for Prior Year Encumbrances	\$ 1,009,138	-0-	-\$1,009,138
TOTALS	\$28,201,471	\$26,545,533	-\$1,655,938

Review of State Aid Totals

State aid has grown steadily over three years, reaching **\$4,166,631** for 2026–27 — an increase of \$201,624 for 2026 - 2027. Special Education Aid represents the largest single category and saw substantial growth, while Equalization Aid and Other State Aids have been eliminated in recent years.

State Aid Category	2024–25	2025–26	2026–27
School Choice Aid	\$1,235,376	\$1,384,228	\$1,440,697
Transportation Aid	\$836,392	\$533,878	\$575,604
Special Education Aid	\$912,905	\$1,650,716	\$1,748,261
Security Aid	\$492,388	\$387,042	\$402,069
Equalization Aid	\$184,386	\$0	\$0
Other State Aids	\$89,973	\$9,143	\$0
TOTALS	\$3,751,420	\$3,965,007	\$4,166,631

Surplus (Fund Balance) Reality



The district's Surplus (fund balance) has been declining steadily. After peaking at over \$6.7 million in 2023, significant annual appropriations have drawn it down considerably. By the end of 2024–25, the balance stands at approximately **\$1,027,724** — a critical safety net that must be carefully managed.

School Year	July 1st Balance	Appropriated in Budget	Replenished During Year	June 30th Balance
22–23	\$6,168,221	(\$1,952,406)	\$2,538,311	\$6,754,126 +
23–24	\$6,754,126	(\$3,677,097)	\$2,472,942	\$5,549,971 -
24–25	\$5,549,971	(\$2,537,509)	\$497,233	\$3,509,695 -
25–26	\$3,509,695	(\$2,481,971)	???	\$1,027,724 ???
26–27	\$1,027,724	(\$513,862)	—	—

What We Faced Putting This Budget Together

The 2026–27 budget was assembled under significant fiscal pressure. Multiple converging challenges required careful analysis and difficult decisions to arrive at a balanced, responsible spending plan.

Salary & Wage Increases

Contractual salary and wage obligations are increasing up to 3.3%

Health Insurance Surge

Medical insurance premiums increased by **14.1%** and prescription coverage by **22.5%** — far exceeding the rate of inflation and placing significant strain on the General budget.

Inflationary Pressures

Broad inflationary pressures continued to impact supplies, services, utilities, and other operational expense accounts across the district.

Surplus Shortfall

The available surplus was **\$1,968,109 less** than the prior year, significantly reducing the district's ability to rely on surplus to balance the budget.

2025–26: What Have We Done?

Recognizing the fiscal challenges ahead, district leadership took decisive, proactive steps beginning in fall 2025 to control spending and prepare for a more constrained 2026–27 budget.



Purchasing Freeze (Effective January 1, 2026)

All non-emergency buying requests were frozen. Any exception required School Business Administrator approval, with Superintendent sign-off in some cases.



Hiring Freeze (Effective January 1, 2026)

All replacement positions were frozen. Administrators were directed to reallocate existing staff to cover operational needs.



Critical Review of Vacancies (Effective January 1, 2026)

All retirements and resignations were reviewed by the Superintendent and his administrative team to determine whether replacement was truly essential.

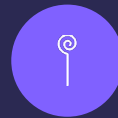


Operational Efficiency Focus (Effective October 1, 2025)

All leadership meetings incorporated dual goals: improving current-year operations and identifying efficiencies to carry forward into 2026–27.

How Did We Get This Budget in Compliance?

Through careful planning and targeted measures, the district was able to bring the 2026–27 General Fund budget into compliance without compromising core educational programs or significantly increasing class sizes.



Staffing Reductions

Reduced staffing levels strategically — without negatively impacting class sizes or instructional quality.



Departmental Restructuring

Departments reorganized to run more efficiently by reducing and reallocating part-time staff across functions.



Insurance Renewal at 0%

General and Liability Insurance was successfully renewed at **0% increase**, providing meaningful savings.



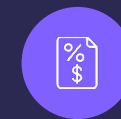
Pre-K Budget Reallocation

Certain permissible expenses were reallocated to the Pre-K budget, reducing the burden on the General Fund.



Ancillary Account Reductions

Decreased many ancillary expense accounts by **5–10%** wherever operationally appropriate.



Tax Levy Cap Exemption

The district utilized the cap exemption for health cost increases exceeding **2%**, providing additional budgetary flexibility.

General Fund Appropriations: 2025-26 vs. 2026-27

Total appropriations decreased by **\$1,655,938**, reflecting significant reductions in salaries and capital/equipment spending. Benefits costs increased due to rising health insurance premiums, partially offsetting those savings.

Appropriation Category	2025-26	2026-27	Variation
Salaries & Wages	\$16,082,204	\$14,489,946	-\$1,592,258
Benefits	\$6,001,486	\$6,834,428	+\$832,942
Tuition	\$878,749	\$1,050,525	+\$171,776
Operations / Other	\$3,604,525	\$3,691,908	+\$87,383
Pre-K Contribution	\$197,977	\$252,380	+\$54,403
Equipment / Capital / SDA	\$1,436,530	\$226,346	-\$1,210,184
TOTALS (Includes Adj of PY Enc of \$1,009,138)	\$28,201,471	\$26,545,533	-\$1,655,938

Enrollment Factors

Average daily enrollment has declined consistently over six years, falling from **1,606 students** in 2019–20 to **1,370 students** in 2024–25 — a cumulative decrease of approximately **14.7%**. Enrollment trends directly affect state aid formulas, staffing needs, and long-term budget planning.

Fiscal Year	Average Daily Enrollment	Percent Change
2024–25	1,370	–5.52%
2023–24	1,450	–0.35%
2022–23	1,455	–2.81%
2021–22	1,497	–0.33%
2020–21	1,502	–6.48%
2019–20	1,606	–6.25%

Projected Class Size Comparison

Despite staffing reductions, the district has maintained manageable class sizes across all grade levels. Most classes see only modest changes of 1–3 students, and upper-grade sizes are actually **projected to decrease** in 5th grade — a direct result of thoughtful restructuring.

Grade Level	Current Class Size	Projected Class Size	Change
Kindergarten	15	17	+2
1st Grade	16	19	+3
2nd Grade	18	19	+1
3rd Grade	20	21	+1
4th Grade	21	20	-1
5th Grade	24	21	-3
6th Grade	21	21	0

Debt Service Fund (Fund 40): 2026–2027

The Debt Service Fund covers the district's bond obligations. For 2026–27, the amount to be raised by taxation increases by **\$343,293**, largely due to a significant decline in interest earnings from funds on hand — dropping from \$409,827 to just \$65,048 as reserves are drawn down.

Fund 40 Category	2025–26	2026–27	Variation
Amount to be Raised by Taxation	\$569,105	\$912,398	+\$343,293
Proceeds from Funds on Hand (Interest)	\$409,827	\$65,048	–\$344,779
State Sources	\$504,298	\$503,534	–\$764
TOTALS	\$1,483,230	\$1,480,980	–\$2,250

Effect on Tax Rate

The combined General Fund and Debt Service levy results in a tax rate increase of **\$0.02 per hundred dollars of assessed value** for 2026–27. For a home assessed at the 2025 average of \$240,660, the annual tax increase is approximately **\$37**. The general fund tax rate increase is 5.1% which includes the health care cap adjustment.

Category	2025–26	2026–27	Change
Amount to be Raised for Taxes	\$20,724,403	\$21,620,201	+\$895,798
Net Taxable Value	\$3,769,121,090	\$3,794,140,600	+\$25M
Tax Rate per \$100	\$0.5498	\$0.5698	+\$0.02

\$39.97

\$200K Home

Annual school tax increase (\$1,099.69 → \$1,139.66)

\$59.95

\$300K Home

Annual school tax increase (\$1,649.54 → \$1,709.49)

\$79.94

\$400K Home

Annual school tax increase (\$2,199.39 → \$2,279.33)

\$37

Avg. Home (\$240K)

Estimated annual increase based on 2025 average assessment of \$240,660

Future Concerns

While the 2026–27 budget is balanced, the district faces a number of ongoing fiscal and operational challenges that will require continued attention from the Board, administration, and community in the years ahead.

Federal Funding Uncertainty

Levels of **ESEA and IDEA funding** remain uncertain, creating risk for programs that serve students with special needs and disadvantaged populations.

Post-Adoption Expenses

Unknown costs arising after budget adoption — particularly special education outside placements and inflationary pressures

Declining Fund Balance

Lower surplus levels mean reduced interest earnings and a diminished financial safety net. The district has used a significant portion of its reserve cushion.

Health Benefits Costs

Health benefit increases of 14.1% (medical) and 22.5% (Rx) are **unsustainable** at current trajectory.

Transportation Fleet Aging

Some of the district's transportation fleet are approaching the end of their useful and allowable service life, requiring future capital investment.

Enrollment Decline & State Aid

Continued enrollment decline may negatively impact future state aid allocations. Monitoring demographic trends is essential for long-range financial planning.

What This Budget Protects

Despite the fiscal constraints, this budget is built on a firm commitment to the students of Lower Township Elementary School District. The difficult decisions made were guided by one overriding principle: **protecting the quality of education our children receive every day.**

Excellence in Education

The continuation of excellent, well-rounded education for all students remains the district's top priority.

Programs, curriculum, and instructional quality are preserved.

Low Class Sizes Maintained

Despite staffing adjustments, class sizes remain low compared to state and regional averages, ensuring every student continues to receive individualized attention and support.

Questions & Discussion

Thank you for your time, attention, and continued support of Lower Township Elementary School District. The Board of Education and administration welcome your questions, comments, and feedback regarding the 2026–2027 proposed budget.

