

# CHERRY HILL PUBLIC SCHOOLS

## 2026-27 TENTATIVE BUDGET OVERVIEW



# ZERO-BASED BUDGETING AND RESPONSIBLE REVIEW

## Zero-Based Budgeting Approach

This budgeting method requires building budgets from zero, ensuring alignment with current priorities and accountability.

## Rigorous Internal Review

Departments perform detailed examination of programs, staffing, and operational costs to identify essential services and potential reductions.

## Structural Budget Challenges

The review confirmed fiscal challenges are structural, not caused by waste, highlighting the need for strategic financial planning.

## Transparent Decision Making

The process promotes data-driven decisions and transparency about fiscal limits to inform budget recommendations.





# KEY DRIVERS OF RISING EXPENDITURES

## **Rising Employee Health Benefits**

Employee health premiums are projected to increase by \$10 million due to claims and market factors beyond local control.

## **Increasing Transportation Costs**

Transportation expenses grow with contract renewals tied to the Consumer Price Index at 3.58 percent.

## **Special Education Cost Growth**

Rising special education costs stem from increased student needs and legally mandated services.

## **Contractual Salary Increases**

Salary increases help maintain a competitive workforce but contribute significantly to expenditure growth.

# LIMITS ON REVENUE GROWTH UNDER THE TAX LEVY CAP



## Tax Levy Cap Constraint

The 2 percent tax levy cap limits additional local revenue growth for New Jersey school districts annually.

## Structural Budget Challenges

Rising costs outpace allowed revenue growth, creating a persistent structural funding gap.

## Impact on Staffing and Programs

Limited revenue growth forces districts to cut staff and programs or consider higher levy increases.

## Fiscal Responsibility Context

Considering levy increases above 2 percent reflects efforts to responsibly reduce the budget gap.

# USE AND LIMITATIONS OF FUND BALANCE



## Short-term Financial Relief

The district used fund balance to stabilize operations and delay cuts, providing temporary budget relief.

## One-time Resource Limitation

Fund balance is a one-time resource that cannot sustainably support ongoing operating costs over time.

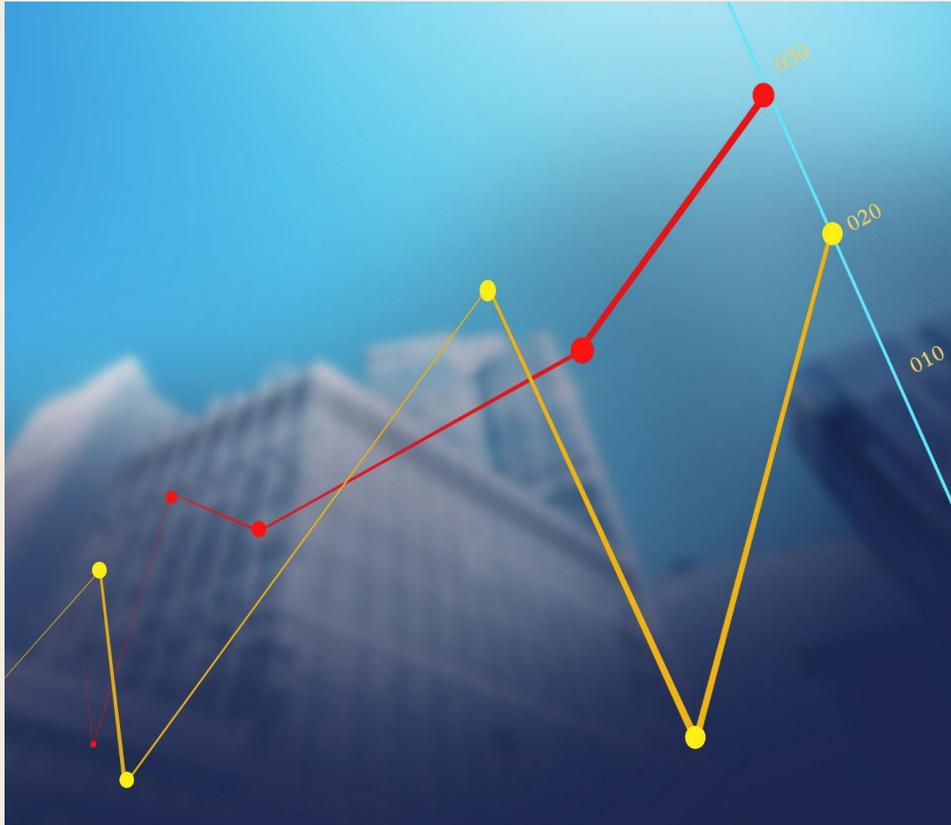
## Need for Sustainable Solutions

Long-term budget stability requires recurring revenue and structural expenditure adjustments, not temporary fixes.

## Preserving Financial Health

Preserving remaining reserves ensures cash-flow stability and protects the district's financial health.

# CAPITAL RESERVE STATUS AND IMPLICATIONS



## Reduced Capital Reserve Fund

The capital reserve fund has declined below \$4 million due to prior use for bond payments to ease tax impact.

## Limited Future Capital Resources

Reduced reserves limit resources for building systems, infrastructure, and facility projects beyond approved referendum scope.

## Importance of Rebuilding Reserves

Rebuilding capital reserves is critical for maintaining safe, functional, and well-supported school facilities long term.

## Need for Long-term Planning

Understanding reserve status highlights the need for long-term financial planning and prioritizing capital stability.



# PROPOSED TAX LEVY INCREASE AND REQUIRED REDUCTIONS

## Tax Levy Increase Impact

A 7.4% tax levy increase is proposed to generate \$14.8 million, significantly more than a standard 2% increase.

## Required Spending Reductions

Nearly \$14.5 million in spending cuts are needed, including \$8 million non-personnel and \$6.5 million staffing reductions.

## Balanced Financial Strategy

Combining revenue increases and spending cuts aims to stabilize finances while protecting essential services.

# NON-PERSONNEL SPENDING ADJUSTMENTS



## Comprehensive Budget Review

An \$8 million reduction was identified through detailed, line-by-line budget reviews across all departments and operations.

## Targeted Non-Personnel Cuts

Reductions focus on discretionary spending like instructional supports, program resources, professional services, and supplies without waste.

## Impact on Instruction and Operations

Despite non-personnel focus, cuts affect classrooms and daily operations, highlighting financial challenges faced by the district.

## Limitations of Further Cuts

No meaningful discretionary reductions remain without harming core instructional delivery, underscoring the need for additional budget solutions.

# WHY STAFFING IS PART OF THE BUDGET DISCUSSION

## Staffing Costs in Budget

Staff salaries and benefits make up nearly 80 percent of the district's budget, making staffing costs the largest expenditure.

## Necessity of Staffing Reductions

After non-personnel cuts, staffing reductions totaling \$6.5 million are necessary to close the budget gap.

## Impact on Education

Staffing cuts are difficult decisions with significant effects on staff and the educational environment.

## Structural Budget Imbalance

Budget challenges stem from a structural imbalance between revenue and expenditures, not strategic program changes.



# UNDERSTANDING THE TRADEOFFS AND LONG-TERM GOALS

## Structural Financial Challenges

Recurring costs grow faster than revenue, creating ongoing budget pressures that require careful management.

## Limits of One-Time Solutions

Use of fund balance and other one-time fixes have reached their limits and cannot sustain operations.

## Capital Reserves Rebuilding

Sustaining facilities and infrastructure requires rebuilding capital reserves over time for maintenance and upgrades.

## Balancing Budget Responsibly

Achieving budget balance needs increased recurring revenue and permanent expenditure reductions to ensure stability.





# LOOKING AHEAD WITH TRANSPARENCY AND STABILITY

## Disciplined Budgeting

The district employs disciplined budgeting and targeted reductions to restore long-term fiscal stability amid financial challenges.

## Transparency and Community Engagement

Transparency and community understanding are central, emphasizing open communication throughout the budget process.

## Sustaining Essential Services

The focus remains on maintaining educational quality and essential services while responsibly planning for future needs.



# LOOKING AHEAD WITH TRANSPARENCY AND STABILITY

## **Tentative Budget Adoption**

The tentative budget will be presented on March 24 and transmitted to the DOE for technical review by March 27

## **Final Adoption**

A public hearing will be conducted on April 28 and the Board will be asked to adopt the final budget for the 2026-27 fiscal year