Oaklyn Public School

Shaping Lives for the Future

Budget Sustainability & Multi-Year Forecast

Review of 2026-27 Budget • Long-Term Forecasting Framework • Strategic Actions

Prepared from the district budget workbook provided for analysis

Core Finding: The 2026-27 budget remains structurally imbalanced. Approximately $512,842 of fund balance/reserve support is used to balance the operating plan, while recurring revenue is roughly $0.5 million below recurring expenditures.

Executive Summary

- State aid increases by $126,254 from 2025-26 to 2026-27, but total state aid of $3,131,687 is still about $103,657 below 2024-25.
- The workbook identifies $156,600 of line-item cuts and a separate tuition adjustment. Even after these actions, the 2026-27 operating plan is approximately $11,056,204.
- The tax levy rises by $480,164 (7.0%), with the source workbook noting a 2% increase plus health-benefit and enrollment adjustments.
- One-time budget support falls from $816,564 in 2025-26 to $512,842 in 2026-27, a reduction of $303,722. This explains why increased state aid did not eliminate the need for cuts.
- Health benefits increase by about $204,083 (20.3%) and shared services by $69,592 (5.2%), creating material recurring cost pressure.

Why Cuts Were Necessary Despite More State Aid

Budget factor	2025-26 → 2026-27	Effect
State aid	+$126,254	Helps
Tax levy	+$480,164	Helps
Fund balance/reserve support	-$303,722	Hurts
Health benefits	+$204,083	Hurts
Shared services	+$69,592	Hurts
Identified cuts	-$156,600	Required balancing action

Interpretation: The State aid increase should not be viewed in isolation. The district simultaneously lost more than $300,000 of budgetary support from fund balance/reserves and absorbed significant recurring cost increases. The result is a continuing structural gap rather than new discretionary capacity.

Structural Position Entering 2026-27

Recurring operating revenue: $10,543,362
Adjusted recurring expenditures: $11,051,958
Estimated recurring structural gap: $508,596 (4.6% of expenditures)

This is the central long-term issue. Fund balance and maintenance reserve withdrawals can bridge timing or one-time needs, but they do not solve a recurring mismatch. A sustainable plan should progressively reduce this gap while preserving educational priorities and adequate reserves.

Multi-Year Forecast — Planning Scenarios

The accompanying Excel model provides editable assumptions. The base case uses 2% annual tax-levy growth, flat state aid, 8% health-benefit growth, 4% shared-service growth, 3.5% payroll growth, and moderate inflation in other major categories. Forecasts deliberately exclude recurring fund-balance/reserve support after 2026-27 to expose the structural position.

Scenario	2027-28 gap	2028-29 gap	2029-30 gap	2030-31 gap
Base	$782,828	$1,072,714	$1,379,183	$1,703,225
Downside	$1,024,287	$1,568,112	$2,142,526	$2,750,187
Upside	$614,830	$727,329	$846,426	$972,470

Major Long-Term Risk Drivers

Health benefits: The 2026-27 budget increases approximately 20.3%. Even if this moderates, an 8% planning rate materially outpaces a 2% levy baseline.

Tuition and special education: Tuition is the largest major expenditure category. Individual placements and enrollment shifts can move costs faster than general inflation.

Shared services: Total shared-service cost rises 5.2% in 2026-27; PEA and curriculum components rise sharply. Agreements should be forecast from staffing, salary, benefit, and allocation drivers—not a single inflation factor.

State aid volatility: Aid rose in 2026-27 after a prior-year decline and remains below 2024-25. The district should budget to a conservative aid path and treat favorable changes as an opportunity to restore structural balance/reserves.

Reserve dependence: Using roughly $0.5 million of fund balance/reserves in 2026-27 creates a recurring replacement problem in the next budget cycle unless spending is reduced or recurring revenue grows.

Enrollment: The enrollment projection shows meaningful sent-student and special-education populations. Forecasting should connect cohort movement directly to tuition, transportation, and aid assumptions.

Recommended 4-Year Strategy

1. Adopt a structural-balance rule — Track recurring revenues against recurring expenditures separately from fund balance and reserve withdrawals. Establish annual targets to reduce the recurring gap.

2. Use three forecast scenarios — Maintain base, downside, and upside cases. Reforecast immediately after state-aid notices, contract settlements, health-renewal estimates, tuition placements, and audit close.

3. Create driver-based schedules — Build separate schedules for enrollment/tuition, health benefits, payroll/FTE, shared services, transportation, and facilities. Assign an owner and update date to each.

4. Establish reserve guardrails — Define minimum unrestricted fund balance and maintenance/capital reserve targets. Use one-time resources primarily for one-time costs, transition plans, or time-limited stabilization.

5. Build a tiered reduction plan before a crisis — Tier 1: purchasing/contract efficiencies and vacancies; Tier 2: shared-service redesign, scheduling, transportation, and program delivery; Tier 3: staffing/program reductions tied to enrollment and strategic priorities.

6. Capture favorable variance — When aid, tuition, benefits, or vacancies outperform budget, direct a defined share to reserve restoration and structural-gap reduction rather than permanent spending.

7. Align strategy to educational priorities — Protect core instruction, legally required services, and high-impact supports. Evaluate reductions by student impact, statutory requirement, cost per pupil served, and whether the savings are recurring.

Forecast Governance & Calendar

Timing	Forecast update	Decision use
September–October	Audit close, opening fund balance, enrollment/placements	Reset starting balances and tuition assumptions
December–January	Health, contracts, staffing/FTE, preliminary revenue	Develop budget parameters and reduction tiers
February–March	State aid and tax-levy parameters	Finalize base/downside scenarios
May–June	Placements, staffing, renewals, year-end projection	Update next 4 years and reserve plan
Monthly/Quarterly	Actual-to-budget dashboard	Identify variance early and avoid late-year cuts

Board / Leadership Dashboard Metrics

- Recurring structural surplus/(gap) and % of expenditures
- Fund balance and reserves: opening, planned use, projected ending balance
- State aid as % of recurring revenue and change from prior year
- Tax levy growth and any adjustment authority used
- Health-benefit cost per covered employee and annual trend
- Tuition: students by placement type, average cost, and total forecast
- Shared-service cost by service and allocation driver
- Payroll/FTE by function and vacancy savings
- Three-year forecasted gap under base and downside scenarios

Important Modeling Notes

This analysis is a strategic planning model based on the budget workbook supplied. It is not an audit, legal opinion, or determination of allowable tax-levy adjustments. Future state aid, enrollment, negotiated agreements, health renewals, tuition placements, and statutory limits should be updated as authoritative information becomes available. The Excel forecast is intentionally assumption-driven so district leadership can revise these variables without rebuilding the model.