



2021-2022 Budget - Adoption of Tentative Budget

March 16, 2021

Outline of Discussion

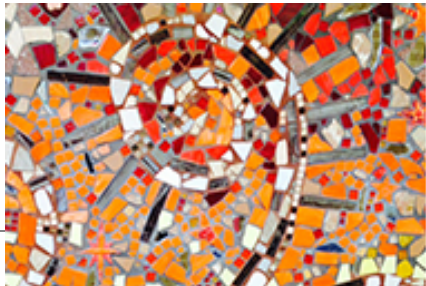
- **Statement of Values**
- **2-2-2021 Budget Priority Summary**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact and Debt Service Analysis**
- **Operating Budget and Tentative Budget Analysis**
- **Questions From the Public**



Statement of Values

Starting Point for All Initiatives

As a district, we want every child, regardless of race, religion, country of origin, economic status, sexual identity, gender, gender identity, or learning differences, to fully reach their potential. We want to be a school district where systemic bias or racism quite simply cannot be found. We know this is immense in scope, and know we have a lot of work ahead of us, but we are committed to this work.



Strategic Planning Goals 2016 - 2021



Throughlines
Differentiated Instruction
Culturally Responsive
Teaching

Overarching Goal
Equity – Ensuring
every child
achieves their
highest potential by
removing barriers
and providing
supports

2-2-2021 Budget Priority (21-22 Budget) Summary

Getting kids back into school - Robust programs to address learning loss from Covid-19 – **EQUITY** – Extended School Year enhancement for Summer 2021 – Communications improvement – More Diverse EE's – Fiscal Accountability – Technology Plan - School Supply's to PTO – AD Hoc Revenues – M&M Long Range Planning (keep costs down) – Facilities and Cap Reserve Priorities – Curriculum Spending – Outdoor Spaces – **Virus Control** – Learning from Covid - **Student Wellness** – Continue to improve Fiscal Analysis

ZERO BASED BUDGETING OVERVIEW

- Zero-based budgeting (ZBB) is a continuous process that we have implemented to rigorously review every dollar in the annual budget and build a culture of cost management among all stakeholders. The ZBB process is based on developing deep visibility into cost drivers and using this knowledge to help maintain an environment of accountability and sustainable growth in taxes. The full intent is to start from zero and build up from there.

What makes Princeton Public Schools Unique

- World class university in our community
- Small Schools with generally comparatively small class sizes
- A large number of student programs and opportunities
- A large number of student support services including a full time Family Liaison for Elementary, Middle and High School
- A very experienced teaching staff
- Programs that are well above State minimum
- Higher percentage of population navigating poverty than any of the high performing affluent districts in the state, as well as having a 424 student charter school in town
- Commitment to Equity



Budget Calendar

2021-2022 Budget

November - District Budget planning (Central Office)

November-new process and new zero based budget manual shared with Budget Managers who were required to enter their ZBB details into System3000 directly (departure from past practice) by December 21st

January - Central Office Analysis

February 9th - Budget Workshop-Top level overview

February 23rd - Governor Murphy's Budget Address and PPS Board Meeting

February 25th - State Aid Numbers released (48 hours after Budget Address)

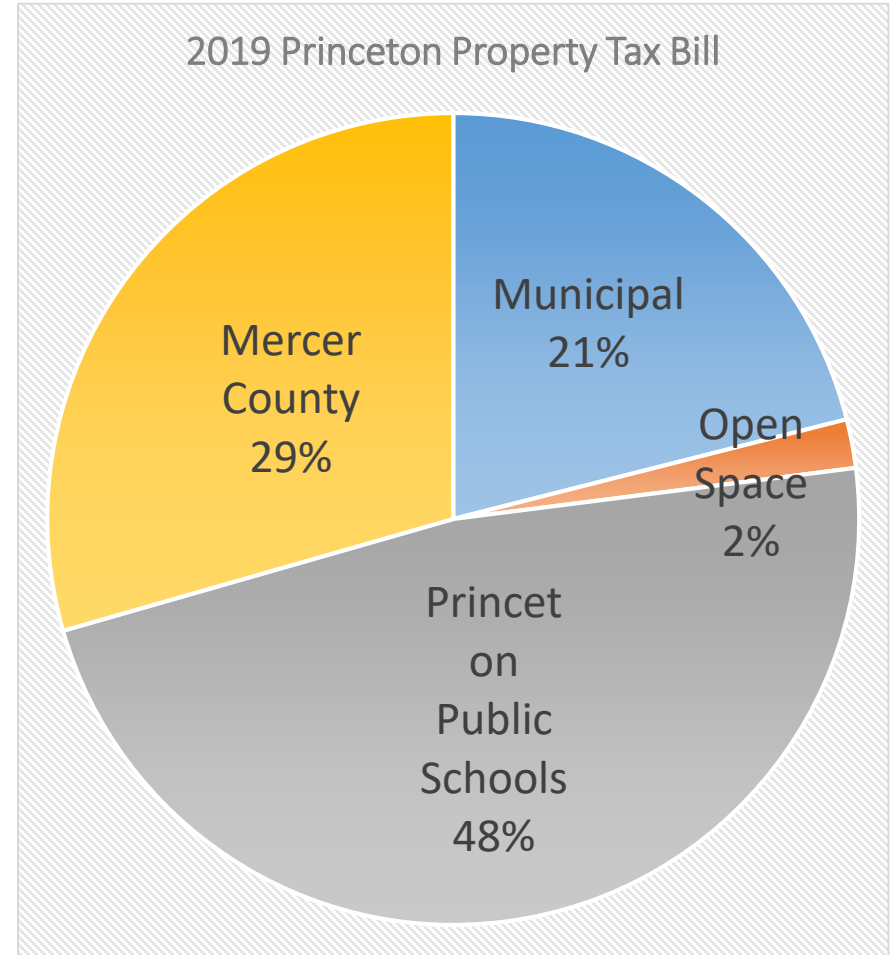
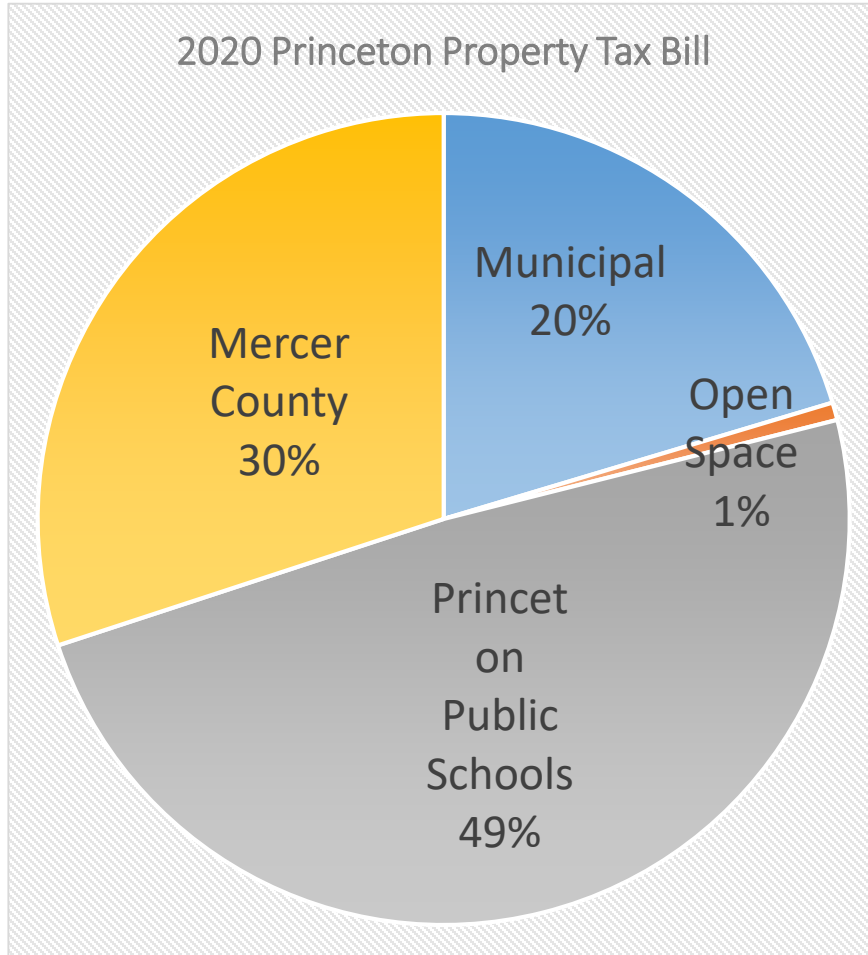
March 16th – (Tonight) Tentative Budget Adoption

March 19th - Budgets submitted to County (State review)

April 27th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

Calendar Tax year Princeton Property Tax Comparison



Source: 2019 and 2020 Princeton Budget Newsletter, PPL CFAC presentation.

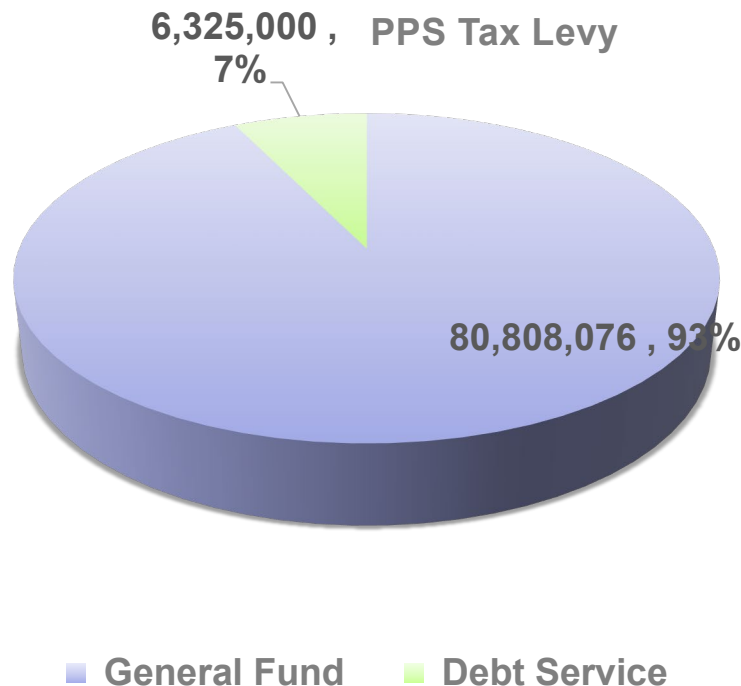
2021-22 Tentative School Tax: Two Separate Levies = \$87.133MM

General Fund Levy = \$80.808 MM

- Funds annual operating budget
- Subject to 2% cap with waivers for enrollment and possible healthcare cost increases

Debt Service Levy = \$6.325 MM

- Funds long-term capital projects
- Approved by taxpayers via referendum
- As of 6-30-2020, \$38.748 MM debt outstanding, with maturities of 2/1/22, 2/1/23 and 7/15/38

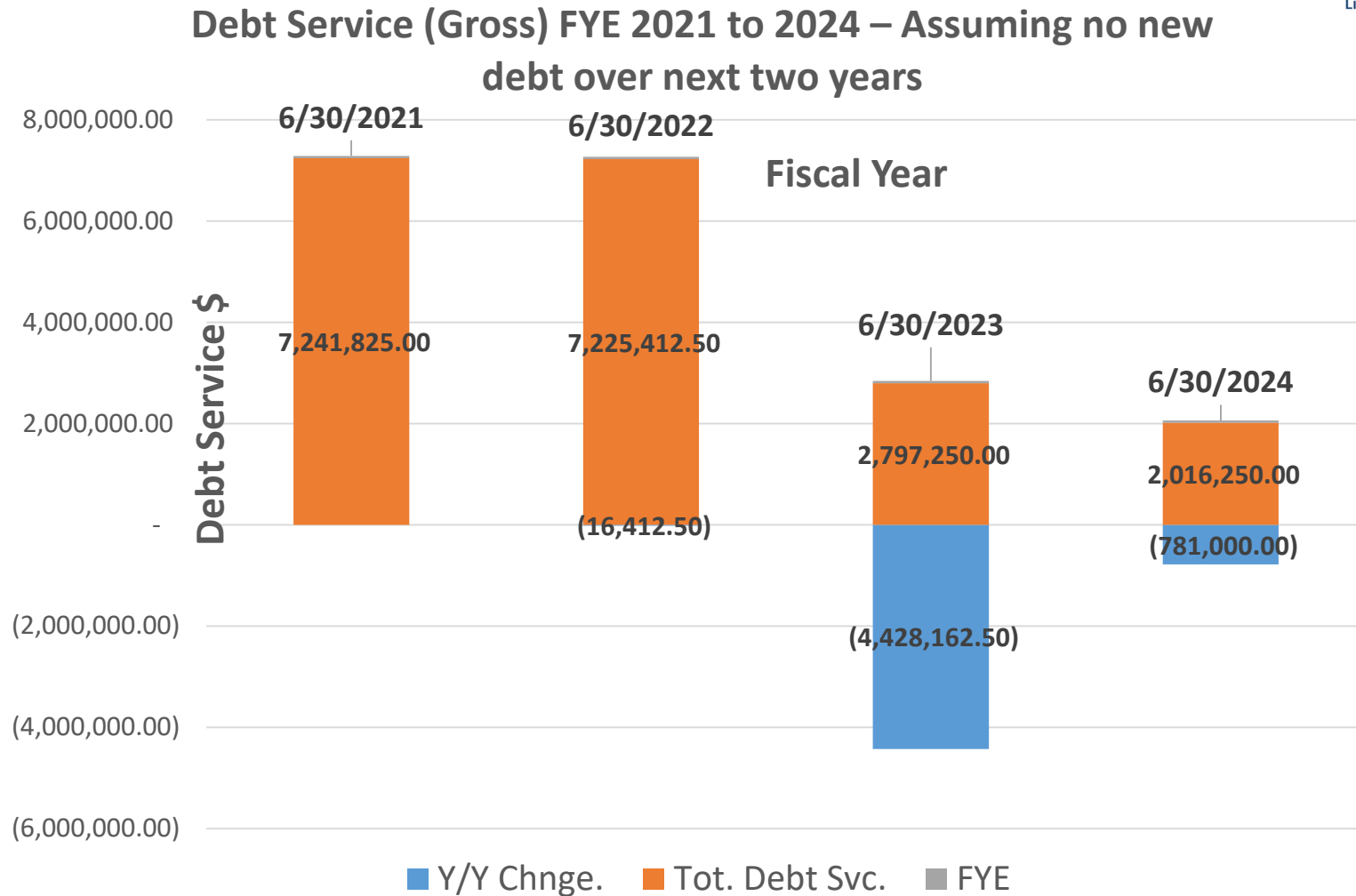


Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues outstanding. One of the benefits of the referendum process is that the State gives us debt service aid on eligible portions of projects as approved by the State of NJ. It can be as much as 34%.
- Our most current Debt was issued at 3% over 20 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt Below:

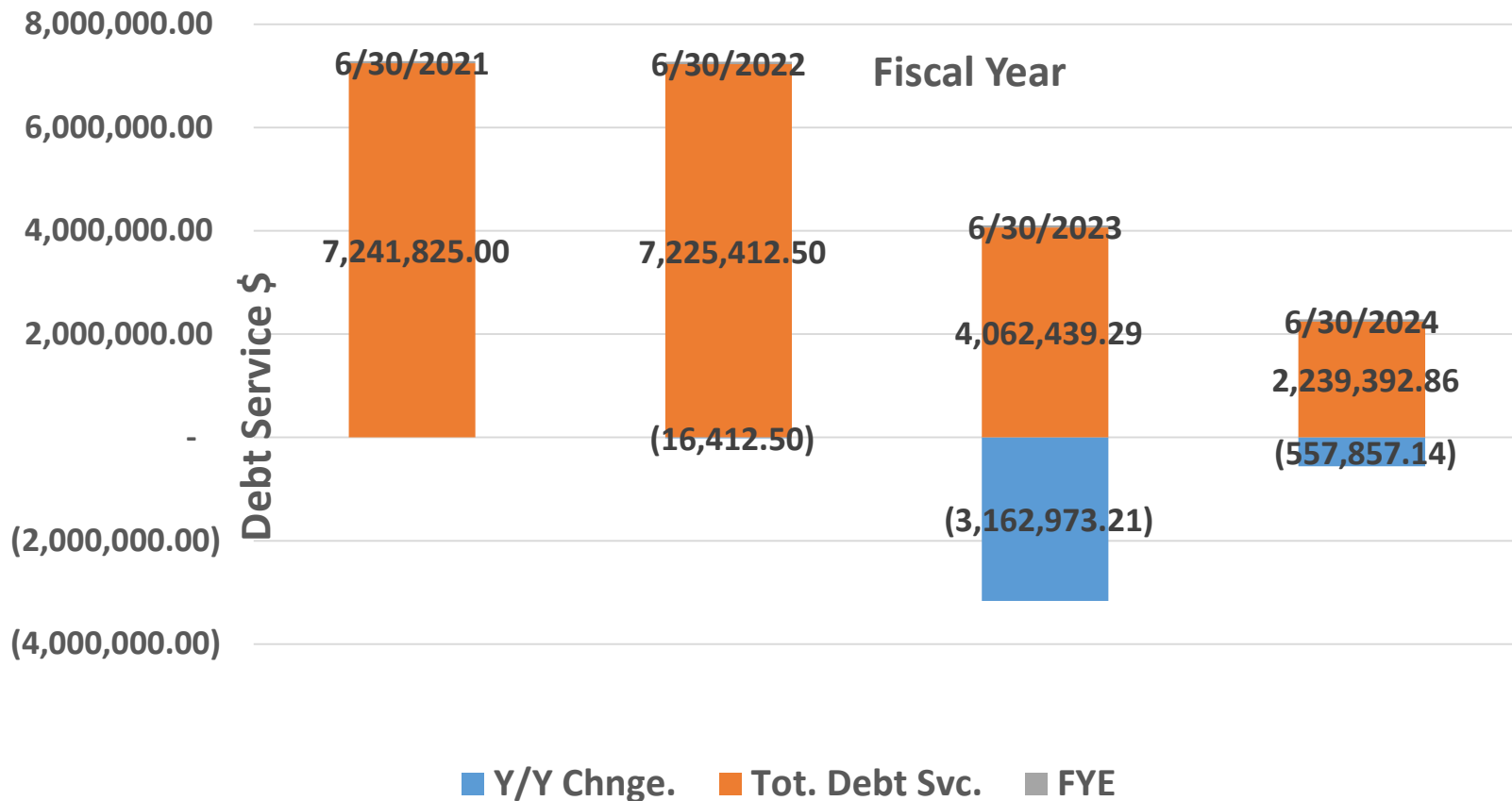
	Orig. Issue Date	Maturity Date	Int. Rates	Int. Rates	Principal Bal. 6/30/2020
10.980MM School Bonds	1/15/2013	2/1/2023	0.50%	2.00%	3,585,000
12.155 MM Refunding Bonds	7/30/2009	2/1/2022	3.00%	5.00%	8,235,000
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	26,928,000
					<u>38,748,000</u>

Change in Debt Service over next 3 Fiscal Years



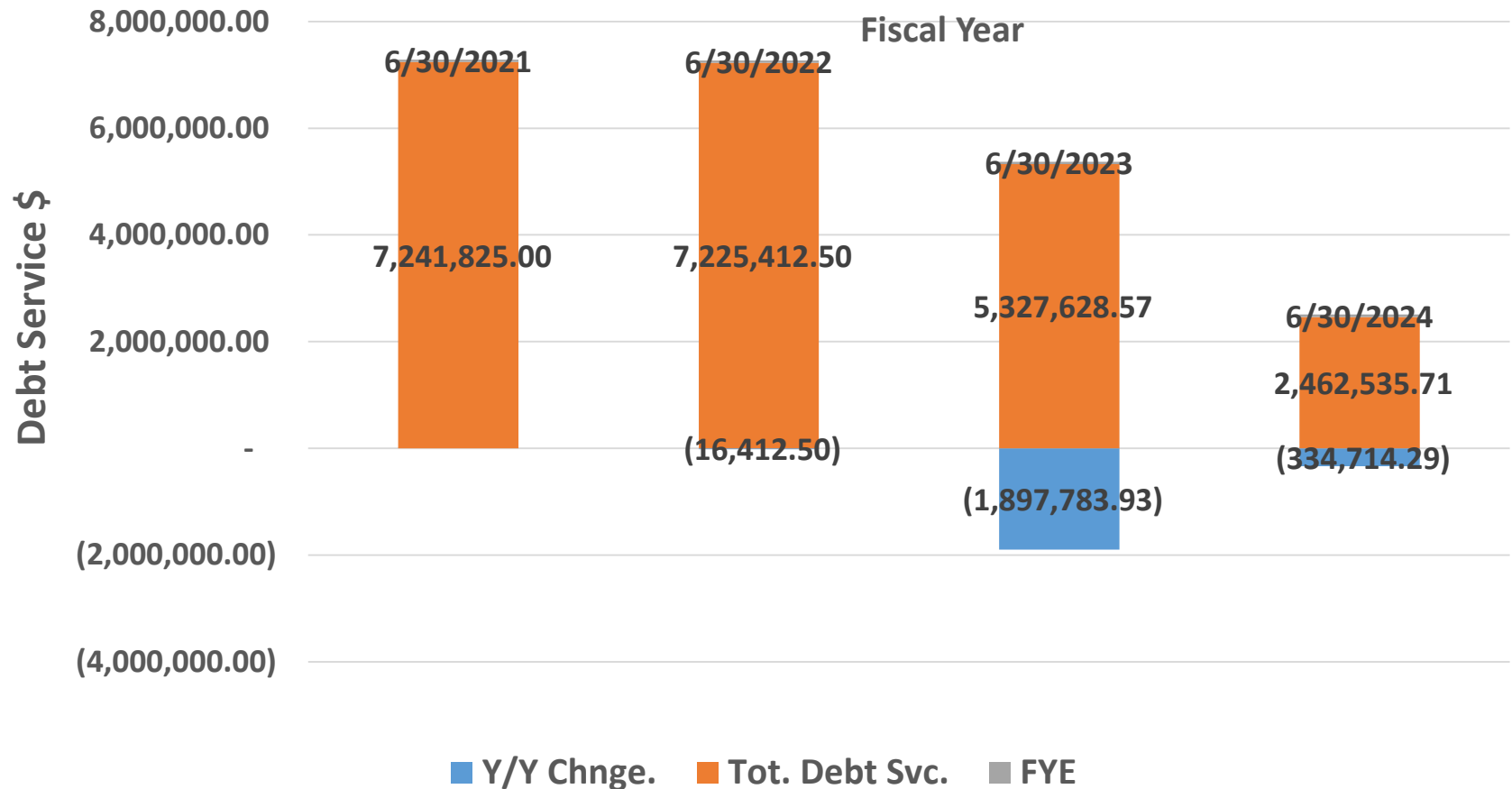
Change in Debt Service over next 3 Fiscal Years

Debt Service FYE 2021 to 2024 assuming 30MM new debt issued in FYE 2023 at 2.75% (100bps over current) with 25% State Debt Service Aid



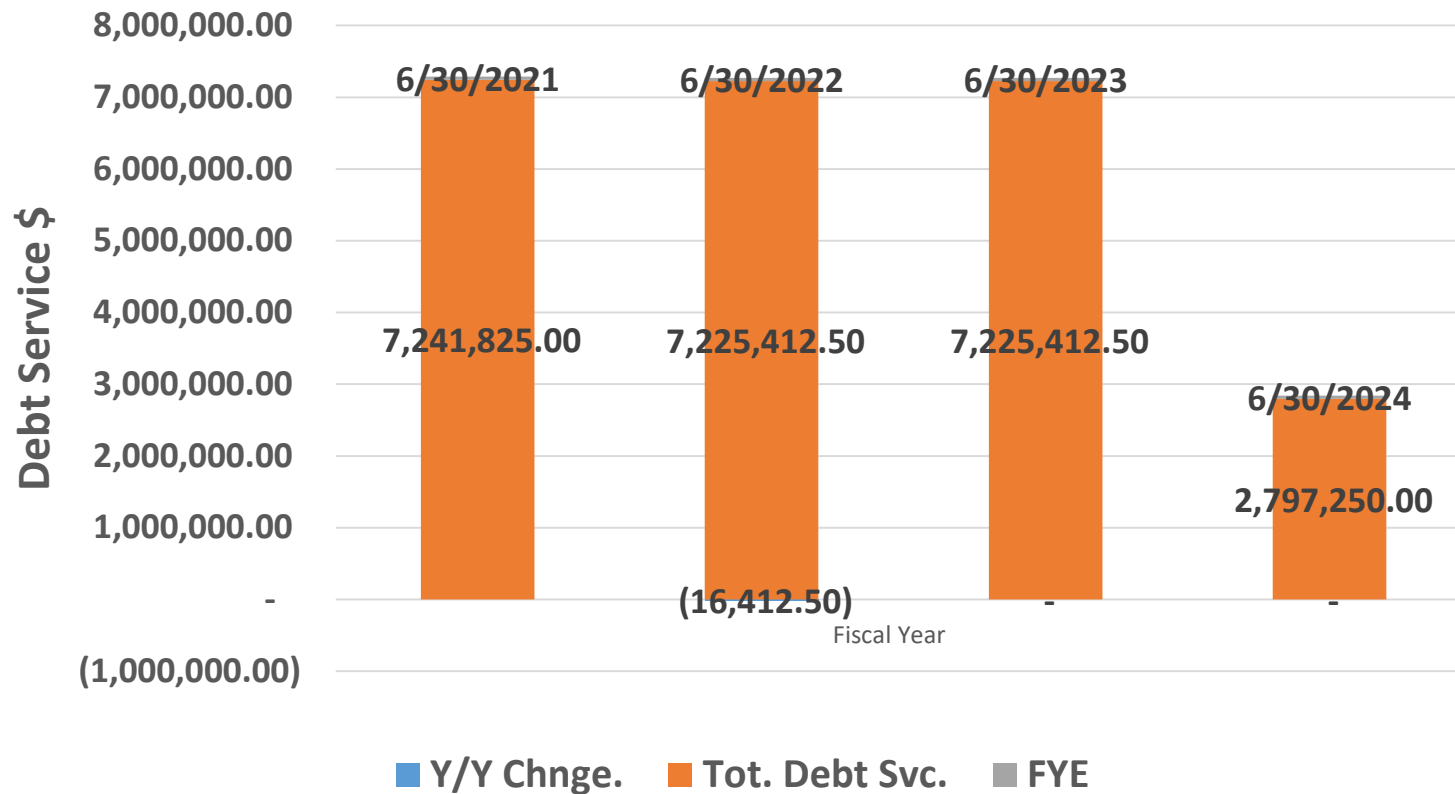
Change in Debt Service over next 3 Fiscal Years

Debt Service FYE 2021 to 2024 assuming 60MM new debt issued in
FYE 2023 at 2.75% (100bps over current) with 25% State Debt
Service Aid



Change in Debt Service over next 3 Fiscal Years

Debt Service FYE 2021 to 2024 assuming 105 MM new debt issued in FYE 2023 at 2.75% (100bps over current) with 25% State Debt Service Aid



2019, 2020 and 2021 School Tax Levy Comparison

2018-19 TOTAL School Tax Levy:

\$76.246 MM General Fund Levy
+\$5.169 MM Debt Service Levy
= \$81.415 MM

2019-20 TOTAL School Tax Levy :

\$78.244 MM General Fund Levy
+\$5.755 MM Debt Service Levy
= \$83.999 MM

2020-21 School Tax Levy :

\$79.614 MM General Fund Levy
+\$6.635 MM Debt Service Levy
= \$86.249 MM

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\$78.244 MM General Fund Levy
+\$5.755 MM Debt Service Levy
= \$83.999 MM

2020-21 School Tax Levy:

\$79.614 MM General Fund Levy
+\$6.635 MM Debt Service Levy
= \$86.249 MM

2021-22 Tentative School Tax Levy:

\$80.808 MM Gen Fund Levy(1%)
+\$6.325 MM Debt Service Levy
= \$87.133 MM

Calendar 2019 Tax Levy:

\$77.245 MM General Fund Levy
+\$5.462 MM Debt Service Levy
= \$82.707 MM*

**Actual calendar tax levy reflects split fiscal year: 50% of 18-19 and 50% of 19-20 School Tax Levy*

Calendar 2020 Tax Levy:

\$78.929 MM General Fund Levy
+\$6.195 MM Debt Service Levy
= \$85.124 MM*

**Actual calendar tax levy reflects split fiscal year: 50% of 19-20 and 50% of 20-21 School Tax Levy*

Estimated Calendar 2021 Tax Levy:

\$80.211 MM General Fund Levy
+\$6.480 MM Debt Service Levy
= \$86.691 MM*

**Actual calendar tax levy reflects split fiscal year: 50% of 20-21 and 50% of 21-22 School Tax Levy*

Taxpayer Impact (Tentative)

- **Tentative Calendar 2021 total school levy increase of 1.84%**
- **Actual Calendar 2020 total school levy increase of 2.92%**
- **Actual Calendar 2019 total school levy increase of 3.40%**

- **Tax rate tentatively increases from 1.183 to 1.204 per \$100 assessed property value**
 - Princeton 2021 actual tax base, net assessed valuation (ratables) of \$7.2 Billion*
 - Tax base predicted to be “flat” from prior year but had increased .23% from 2019 – 2020, which meant the tax levy was shared across a greater total assessed value...

**2021 ratable estimate is not final and was provided by Town Tax Assessor Neal Snyder*

Taxpayer Impact- Historical (Tentative)

	2017~2018 TAX LEVY	2018~2019 TAX LEVY	2019~2020 TAX LEVY	2020~2021 TAX LEVY	2021~2022 TAX LEVY	Y/Y \$ Inc. of	Y/Y \$ Inc. of
GENERAL FUND	\$73,055,295	\$76,246,634	\$ 78,244,588	\$ 79,613,868	\$ 80,808,076	\$ 1,194,208	1.5%
DEBT SERVICE	\$ 5,512,273	\$ 5,168,761	\$ 5,754,598	\$ 6,634,882	\$ 6,324,895	\$ (309,987)	-6.00%
TOTAL TAX LEVY	\$78,567,568	\$81,415,395	\$ 83,999,186	\$ 86,248,750	\$ 87,132,971	\$ 884,221	1.025%
Y/Y % Increase		3.62%	3.17%	2.68%	1.025%		

2021 TAX RATE PER \$100.00 OF ASSESSED PROPERTY VALUATION

\$ 1.20372

INCREASE OVER LAST MUNICIPAL TAX YEAR ~ January ~ December ~ Split 2 YR School Tax

2020 Rate	Per \$100	\$ 0.021
\$1.1830	% Increase	1.752%

	Tax Year 2020 School Tax	Tax Year 2021 School Tax	Difference In School Tax
Home Assessed Value of \$650,000	\$ 7,689.50	\$ 7,824.19	\$ 134.69
Home Assessed Value of \$750,000	\$ 8,872.50	\$ 9,027.91	\$ 155.41
Home Assessed Value of \$841,064	\$ 9,950.21	\$ 10,124.50	\$ 174.29
Home Assessed Value of \$850,000	\$ 10,055.50	\$ 10,231.64	\$ 176.14
Home Assessed Value of \$900,000	\$ 10,647.00	\$ 10,833.50	\$ 186.50
Home Assessed Value of \$1,000,000	\$ 11,830.00	\$ 12,037.22	\$ 207.22
Home Assessed Value of \$1,500,000	\$ 17,745.00	\$ 18,055.83	\$ 310.83

Ave. Assessed Home Value

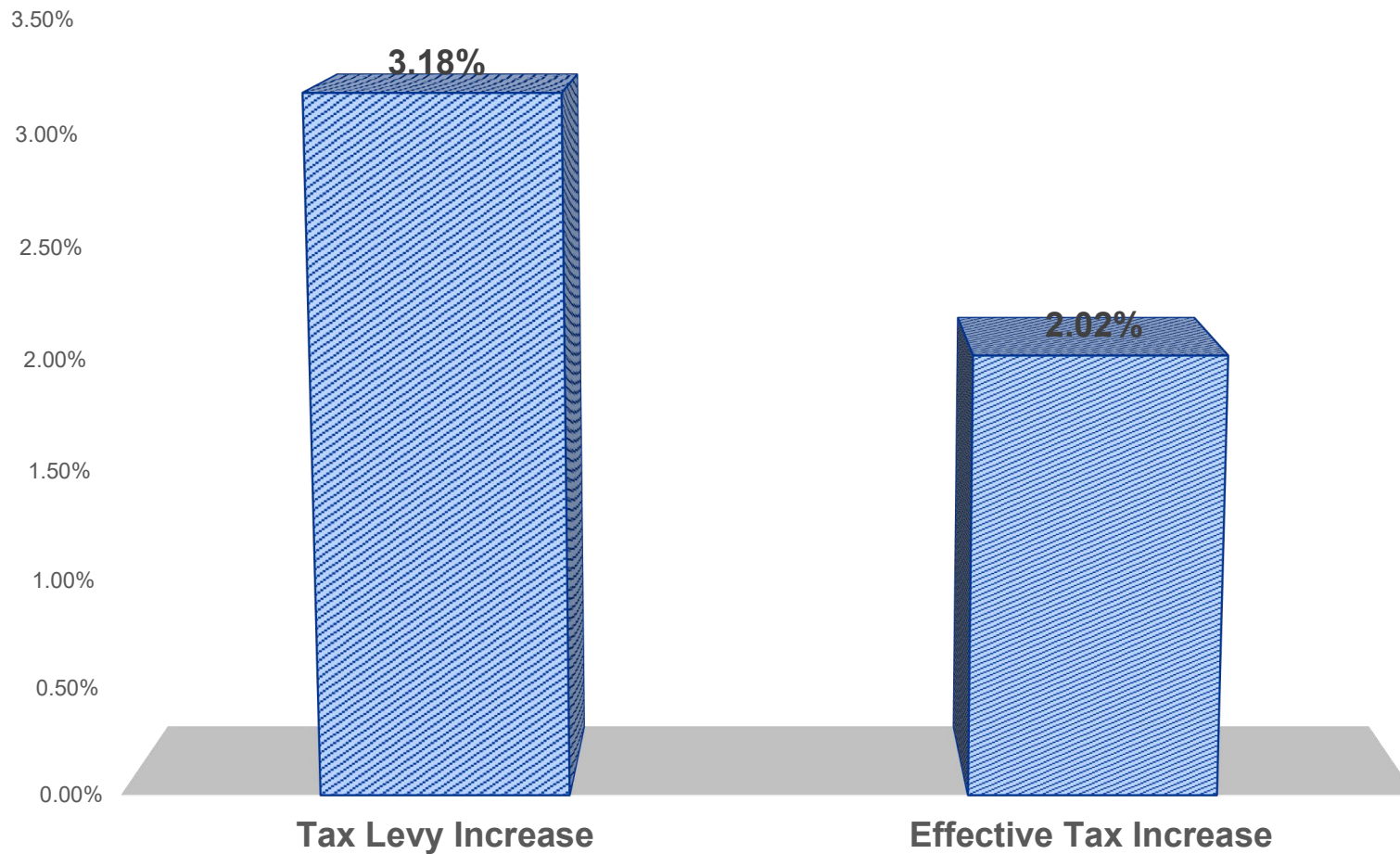
2020 \$	841,064	2020 CFAC
2019 \$	838,562	

~Estimated Increase~

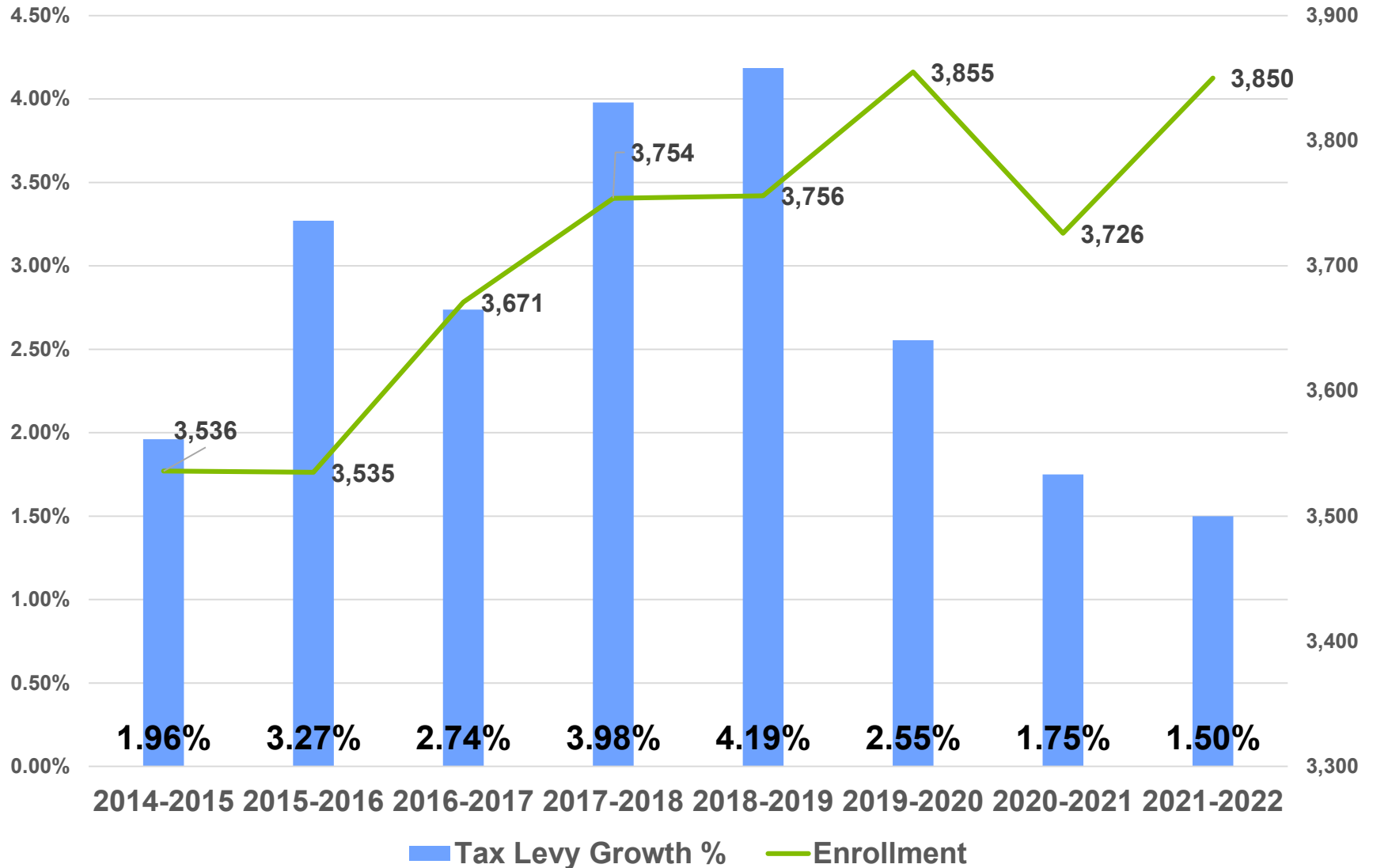
2020 Inc. Ave.
\$ 259.15

6 year tax levy and school tax growth – Effect of Rising Tax Ratables

'2015 to '2021 PPS Tax Levy Increase vs. Effective Tax Increase

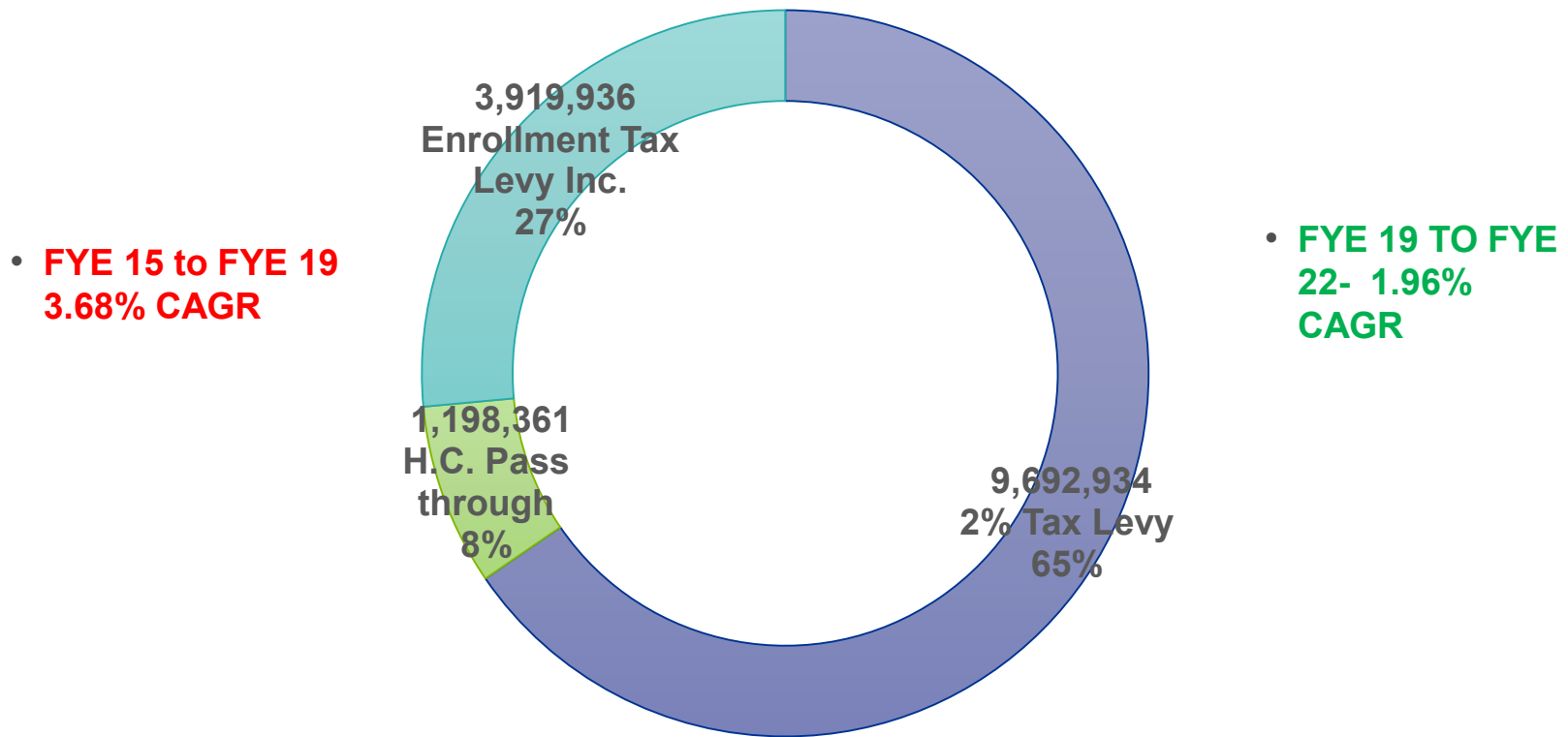


General Fund Tax Levy Growth % vs. Enrollment 21-22 is Tentative based on 3-16-21 Board Meeting



Tax Levy Growth Analysis

7 Years including 21-22 Tentative Budget General Fund Taxation by Category



Banked Tax Cap Analysis - 2022 Tentative

3/16/2021

<u>Description</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Generated	253,626	398,069	-	-	-
Expiring	-	-	-	253,626	398,069
Available	-	253,626	651,695	-	-
Used	-	-	-	-	-
Foregone Tax Levy	-	5,073	7,961	-	-

Banked Cap:

Unused taxation or spending authority, that can be saved for 3 future budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health insurance, enrollment or deferred pension increases

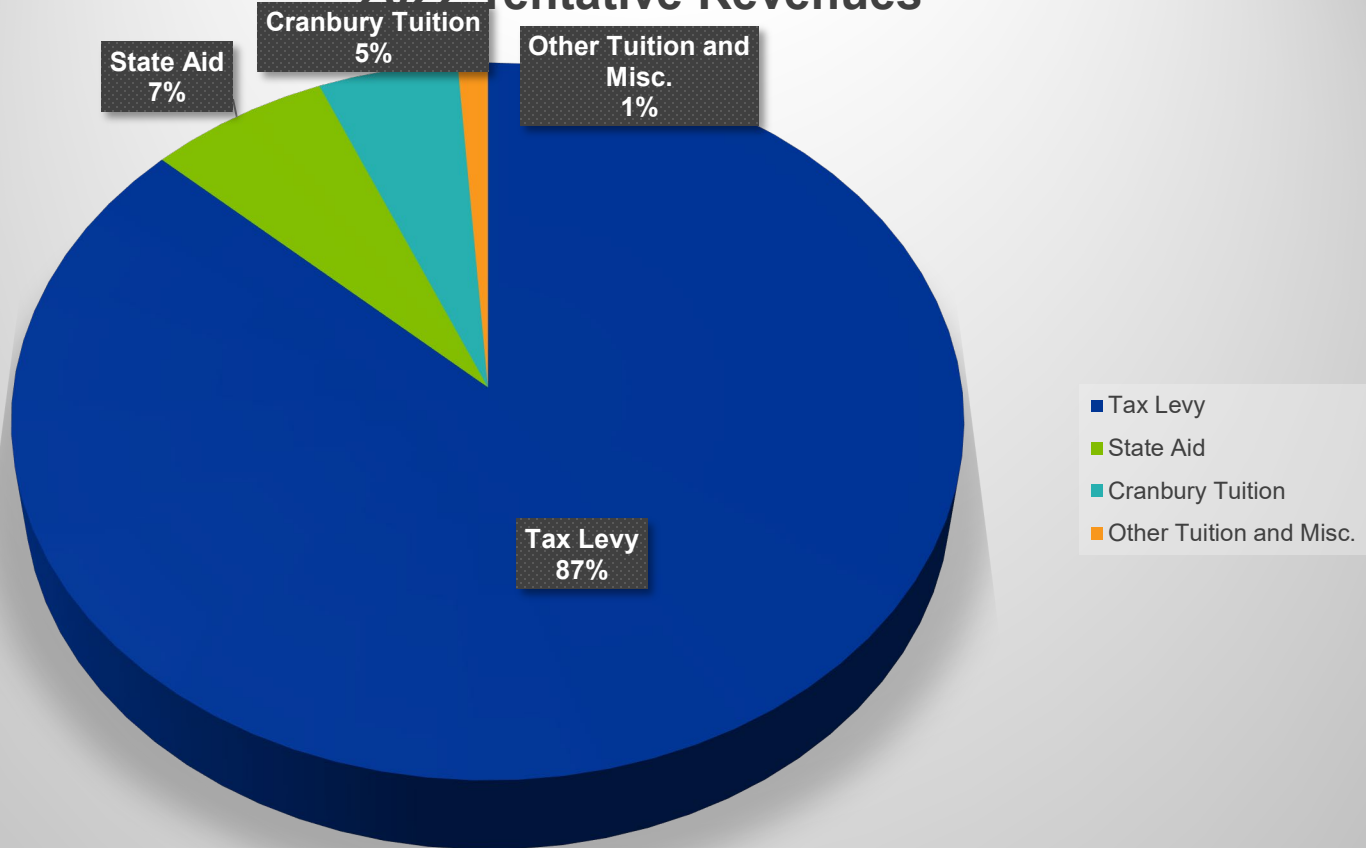
Head count drives the budget

<u>TOTAL DISTRICT</u>	<u>12/15/2014</u>	<u>12/15/2016</u>	<u>12/15/2017</u>	<u>12/15/2018</u>	<u>12/15/2019</u>	<u>12/15/2020</u>
Administration	34	32	32	31	30	30
PREA	379	398	409	411	396	396
Bus Drivers/Aides	24	30	36	46	48	46
Maint & Facilities	53	48	50	51	49	47
Secretarial	44	44	45	46	41	43
School Aides	91	111	125	133	128	129
School Aides - Hrly	21	10	10	9	7	3
P/C/L	12	14	12	14	13	9
Unaffiliated	23	27	30	35	34	39
GRAND TOTALS	681	714	749	776	746	742
Change in head count		16.5	17.5	13.5	-15	-2
Gen Fund Tax Levy Increase		2.74%	3.98%	4.19%	2.55%	1.75%

- **SOURCE: Personnel Department**

- Note that 12/15/2015 report was unavailable, so the 2016 increase is the average of two year's

2022 Tentative Revenues



Fund Balance Analysis

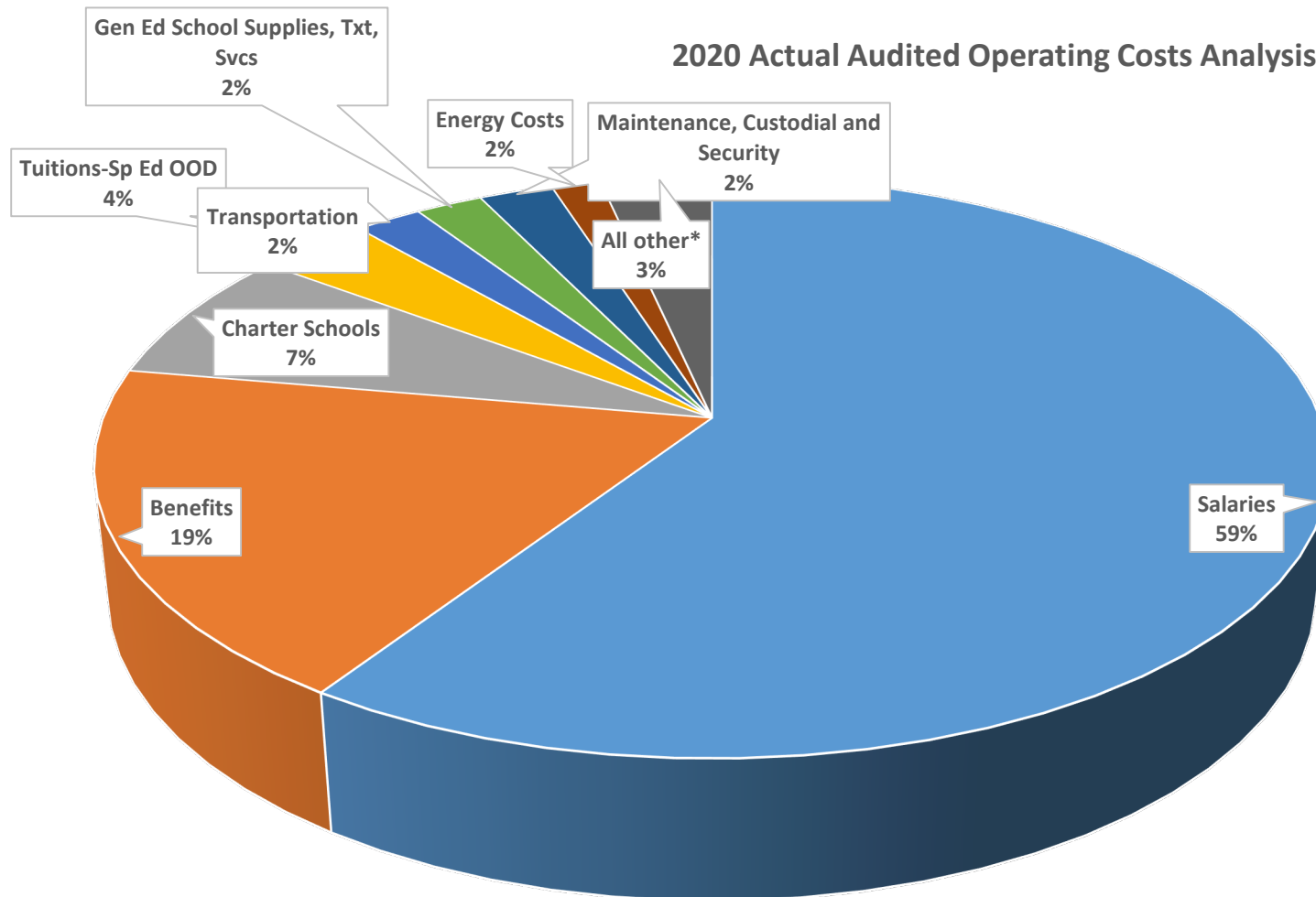
3/14/2021	Actual FYE 2017	Actual FYE 2018	Actual FYE 2019	Actual FYE 2020	Est. Act. FYE 2021	Tent. Bud FYE 2022
Non-Cap Rsrve ("free") Fund Bal.	6,480,023	5,369,799	6,310,095	8,657,636	9,562,041	9,562,041
Cap Reserve Fund Balance	2,274,167	2,242,450	2,303,847	3,065,413	3,065,413	3,065,413
	8,754,190	7,612,249	8,613,942	11,723,049	12,627,454	12,627,454
FYE 2021 Est. Cap Rsrve Refrndm						(450,000)
Additional HVAC-not in Ref						(534,360)
PUMS Natatorium HVAC						(924,688)
BMS (Controls)-Cap Lease funds						(130,000)
PHS Roofs Summer 2021						(275,000)
Estimated Fund Balance					12,627,454	10,313,406

Historical Salary/Benefit Increases

									19-20		
									% of		
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	budget		
PREA	2.66%	2.67%	2.50%	2.63%	2.63%	2.63%	2.99%	2.50%			
PREA-Stipends and Hourlies	0.00%	2.50%	2.25%	2.25%	2.25%	2.25%	0.00%	0.00%			
PRESSA	2.25%	2.50%	2.50%	2.50%	2.63%	2.63%	2.99%				
PAA*	2.40%	2.39%	2.38%	2.37%	2.63%	2.63%	2.49%				
Unaffiliated Sec./Bus Office-PRESSA	2.25%	2.50%	2.50%	2.50%	2.63%	2.63%	2.99%				
Other Unaffiliated-PAA	2.40%	2.39%	2.38%	2.37%	2.63%	2.63%	2.49%		59.29%	Salaries	
Benefits % Increase Year over Year		5.16%	4.42%	4.69%	6.20%	5.58%			18.47%	Benefits	
Total Sal % Increase Year over Year		2.51%	2.96%	5.68%	3.62%	-2.32%			77.76%	Salaries and Benefits	
* Base salary only, incremental longevity not included											

2020 Operating Budget Actual Results : How was it spent?

2020 Actual Audited Operating Costs Analysis



* Includes: Equipment (SDA charge), Admin, Nurse, Guidance, CST, Library/ Media, Technology, Extra Curricular/Athletics, SpEd supplies and Home Instruction

Covid-19 Snapshot

	<u>Expenses</u>	<u>Disb.</u>	<u>Encmbrd.</u>
Salary	55,274.82	42,836.78	12,438.04
Service	530,384.29	382,178.00	148,206.29
Supply	1,291,242.71	985,402.80	305,839.91
Expenses to Date	<u>-1,876,901.82</u>	1,410,417.58	466,484.24

Instructional/Athletic	708,340.72	428,285.20	280,055.52
Operations/Infrastructure	967,077.07	787,120.85	179,956.22
PPE	201,484.03	195,011.53	6,472.50
Expenses to Date	<u>-1,876,901.82</u>	1,410,417.58	466,484.24

Tent Estimate -233,000.00

General Fund Expenses to date -2,109,901.82

FYE 20 Estimated savings (rough) 1,000,000.00

FYE 21 calculated salary savings (Feb '21) 1,200,000.00

Net Gen Fund effect Covid-19 to date 90,098.18

Cares I and II Grants -204,936.00

Corona Relief Fund Grants -145,166.00

Combined Gen Fund and Grant Expenses to date **-2,460,003.82**

New Grant funding:

ESSER II (Dec. 2020 Fed. Legislation) 900,282 54 Billion K-12 Aid

March 2021 Fed. Legislation (estimate if allocated same way as ESSER II) 2,100,658 126 Billion K-12 Aid

21-22 ADOPTED TENTATIVE GENERAL FUND

Big Picture Movements

3/16/2021	Actual FYE 2020	Budget FYE 2021	Est. Act. FYE 2021	Tent. Bud FYE 2022	Y/Y Change
Revenues:					
Tuitions	5,405,652	5,892,651	5,714,000	5,110,908	(603,092)
Extraordinary Aid	1,931,302	1,750,000	1,750,000	1,750,000	-
Actual Revenue	7,336,954	7,642,651	7,464,000	6,860,908	(603,092)
Expenses:					
Salaries	52,184,417	54,377,335	53,350,000	55,962,843	(1,585,508)
Benefits	16,256,040	16,607,224	16,209,935	16,814,803	(207,579)
	68,440,457	70,984,559	69,559,935	72,777,646	(1,793,087)
Non Sal and Ben. Exp.					
Charter Schools	6,544,147	6,793,271	6,628,954	7,155,590	(362,319)
Tuitions-Sp Ed OOD	3,045,150	3,448,932	3,124,481	3,233,837	215,095
	9,589,297	10,242,203	9,753,435	10,389,427	(147,224)
Total Expenses	78,029,754	81,226,762	79,313,370	83,167,073	(1,940,311)
Change Y/Y					(2,543,403)
State Aid increase Y/Y					296,017
Net					(2,247,386)
1.5% Tax Levy Increase					1,194,208
Shortage					(1,053,178)
Estimated Covid Aid Budget Offset					1,100,000

21-22 ADOPTED TENTATIVE GENERAL FUND BUDGET REVENUES

3/17/2021	Actual	Actual	Actual	Budget	Est. Act.	Tent. Bud
	FYE	FYE	FYE	FYE	FYE	FYE
	2018	2019	2020	2021	2021	2022
Tax Levy	70,148,719	73,055,295	76,246,634	78,244,588	79,613,868	79,613,868
2% Tax Levy (2% Max)	1,402,974	1,482,875	1,524,933	1,369,280		1,194,208
H.C. Pass through	47,848	413,110	473,021	-		-
Enrollment Tax Levy Inc.	1,455,754	1,295,354	-	-		-
Total Tax Levy	73,055,295	76,246,634	78,244,588	79,613,868	79,613,868	80,808,076
Tuitions	5,228,140	5,565,909	5,405,652	5,892,651	5,714,000	5,110,908
Misc. and Interest	669,931	1,184,547	735,913	717,860	461,377	700,250
Categorical State Aid*	3,622,685	4,087,798	4,186,173	4,224,455	4,224,455	4,520,472
Extraordinary Aid	1,369,345	2,478,553	1,931,302	750,000	1,750,000	750,000
Fed SEMI	5,023	6,420	41,458	57,486	45,000	64,818
Fed Covid Offset Est.* (nonrecurring)					300,000	
Cap Reserve Withdrawal				1,500,000		1,519,413
Fnd Bal				2,500,000		3,303,052
Actual Revenue	83,950,419	89,569,861	90,545,086	95,256,320	92,108,700	96,776,989

21-22 ADOPTED TENTATIVE GENERAL FUND BUDGET EXPENDITURES (APPROPRIATIONS)

3/17/2021	Actual FYE 2018	Actual FYE 2019	Actual FYE 2020	Budget FYE 2021	Est. Act. FYE 2021	Tent. Bud FYE 2022
Appropriations (Expenditures):						
Salaries	51,558,305	53,425,769	52,184,417	54,377,335	53,350,000	55,962,843
Benefits	14,498,842	15,397,570	16,256,040	16,607,224	16,209,935	16,814,803
	66,057,147	68,823,339	68,440,457	70,984,559	69,559,935	72,777,646
Non Sal and Benefit Expenses:						
Charter Schools	5,539,621	6,161,680	6,544,147	6,793,271	6,628,954	7,155,590
Tuitions-Sp Ed OOD	2,853,951	2,640,517	3,045,150	3,448,932	3,124,481	3,233,837
Energy Costs	1,132,547	1,251,025	1,333,495	1,391,963	1,368,787	1,325,000
Gen Ed School Supplies, Txt, Svcs	1,265,634	1,629,796	1,246,369	1,623,952	1,223,731	1,500,000
Equipment, Fund 12	939,740	459,792	430,216	316,350	278,857	278,857
Admin Expenses	714,852	667,992	670,999	666,736	772,918	725,000
Nurse, Guidance	52,457	40,500	61,067	80,110	106,582	80,110
Curriculum and Library/Media	63,322	43,611	33,486	56,973	22,660	59,822
School Admin	210,719	139,668	85,724	134,015	78,061	134,015
Technology	1,117,397	1,083,160	1,050,991	1,105,300	1,100,000	1,122,000
Maintenance, Custodial and Security	2,104,419	1,829,127	1,997,438	2,015,070	2,071,584	1,850,000
Transportation	1,868,567	2,285,084	1,816,562	2,536,418	1,863,748	2,424,949
Extra Curr and Athletics	219,435	304,428	282,524	323,776	216,897	323,776
CST, Sp Ed Supp., Txt, Svcs	1,192,675	1,064,956	954,602	871,150	829,989	1,000,000
Home Instruction	37,252	44,367	26,751	60,000	26,500	62,100
COVID-19					1,930,613	
Budgeted Fund Bal and Cap Rsrve.				2,847,745		2,724,287
	19,312,589	19,645,702	19,579,522	24,271,761	21,644,360	23,999,343
Total Expenses	85,369,735	88,469,041	88,019,980	95,256,320	91,204,295	96,776,989

Budget Related Question and Answer Session



Princeton Public Schools Mission



Our Mission
Preparing all students to lead lives of joy and purpose as knowledgeable, creative, and compassionate citizens of a global society.