



2020-2021 Budget Adoption

April 28, 2020

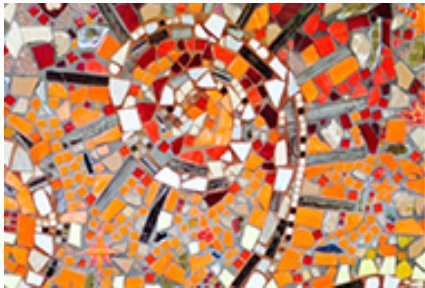
Outline of Discussion

- **Mission Statement**
- **COVID-19 Budget Update**
- **Priority Based Budget Goals and Accomplishments**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating (General Fund)**
- **Questions From the Public**



Leading With Values
Starting Point for All Initiatives

**The mission of the
Princeton Public Schools is to
prepare all of our students to
lead lives of joy and purpose
as knowledgeable, creative
and compassionate citizens of
a global society.**



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

COVID-19 OVERVIEW

Since Tent. Adopted Budget Passed SO MUCH has changed

- We are sensitive and empathetic towards **ALL** those who have and will suffer from this virus and the economic crisis that is currently unfolding.
- The rapidity and severity of job losses coupled with quick recession leaves so many people in precarious financial situation.
- In response to this, the BOE is *reducing* its General Fund Tax Levy by \$253,626 to a 1.75% increase. The offset will be distributed throughout the budget.
- NJ Bill A3918 extended NJ's Fiscal Year 2020 through September 30, 2020 and requires the Governor to “**revise**” Fiscal Year 2021 Budget Message which was originally given February 25th, 2020.
- State did not change Board of Education's obligation to pass budget within original timeframe.

COVID-19 OVERVIEW Slide 2- What Does This mean for our Budget?

- The good news is that we should have **some** “net” savings for our current budget year which should allow us to add some fund balance or cash in the bank. We do not know yet how much this will be.
- We are developing contingency plans surrounding potential loss of state aid revenue. We do not know whether this would be for a single year or likely to continue.
- We do **NOT** want to overreact and immediately reduce our workforce, which is where the majority of our cuts would have to be given that approximately 77% of our budget is Salaries and Benefits.
- If we were to have sufficient level of probability that a potential budget cut was temporary, we would act one way, trying to absorb it in a “one year” spending reduction plan, focused away from compensation.
- However, if it were to appear that potential cuts are severe and probably ongoing we will be forced to make necessary cuts, away from the classroom as much as possible.

PRIORITY BASED BUDGETING

- Major change- multi-year process that requires cultural changes
- Starting point was “flat”, unlike in prior years
- Budget process which is consistent with our values including collaboration and transparency
- Active engagement with Finance Committee
- Continued focus on expenses outside the classroom, that do not impact learning, to drive efficiency in future years

PRIORITY BASED BUDGET-MAJOR ACCOMPLISHMENTS

- **NO REDUCTION IN FORCE-** Decreases based on natural attrition
- **5.3% Enrollment Growth (projected) from FYE 19 to 21, with a 4.42% Gen Fund Tax Levy Increase.** The last two years FYE 20 and 21 were the two lowest Gen Fund Tax Levy Increases in past six years. See Page 16.
- **Sustained educational quality**
- **Sustained commitment to student and staff health and wellness**
- **Enhanced focus on equity as reflected by budgeted resources (see page 10)**
- **Enhanced stewardship of our facilities as reflected by budgeted resources (see page 11)**

PRIORITY BASED BUDGET - MAJOR ACCOMPLISHMENTS (Continued)

- **Enhanced commitment to environmental sustainability as reflected by budgeted resources (see page 11)**
- **Change in pharmacy benefit manager, CVS Caremark, projected to save money**
- **Utilizing leveraging of resources through low interest capital lease financing to improve technology infrastructure district-wide**
- **“Fine tuning” of budgeting practices to more accurately anticipate actual revenues and expenses, implementation of historically based, prospective budget modeling**
- **Continue to improve efficient purchasing of goods and services through better oversight and education of staff**

20-21 Budget- Commitment to Equity

- New shared Accelerated Intervention Services (AIS) position for the Elementary Schools
- New FT Family Liaison position at JW (repurposing of vacant secretarial position)
- 2 New teaching positions, repurposed from Elementary Schools to address increased enrollment at JW
- New .5 Special Ed at JW
- New .5 ELL at PHS
- 2 Achievement Instructional Coaches repurposed from two positions. These positions will focus on “IN Classroom early interventions” and hands on coaching of teachers to help incorporate improved equity oriented teaching practices
- Food Literacy Coordinator/Cafeteria Aide improvement pilot program through Food Service Fund. Funding available for family liaison staff to purchase snacks for food insecure students
- “Net” Addition of 2 FTE overall with this budget which may have to change based on potential changes in State Aid Revenue

20-21 Budget- Enhanced Facilities Stewardship and Environmental Sustainability

- Increasing maintenance budget lines to more accurately reflect needs and costs to properly maintain assets
- Working on opportunities with Sustainable Princeton to improve districts level of environmental sustainability.
- Implementation of LED lighting and Building Controls System which would be up to 80% funded by BPU grant programs. Remaining costs financed over short term (five years). Net Savings to budget not yet known or factored in
- Facility Assistant originally contemplated unlikely to be filled during 20-21



Budget Calendar

2020-2021 Budget

October and November-District Budget planning (Board and Central Office)

November 15th shared priority based budgeting worksheets with Budget Managers seeking increased level of detail submitted to SBA by December 13th.

January 16th through the 24th Central Office Budget meetings

February 11th - Budget Workshop-Top level overview

February 25th - Governor Murphy's Budget Address

February 27th - State Aid Numbers released (48 hours after Budget Address)

March 10th – Closed Session Personnel-Budget Presentation

March 17th - Tentative Budget Adoption-Presentation

March 20th - Budgets submitted to County (State review)

April 28th - Public Budget Hearing and Final Budget Adoption

2019 vs. 2020 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

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*

2019-20 TOTAL School Tax Levy :

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

2020-21 Tentative School Tax Levy :

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

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*

2020-21 School Tax: Two Separate Levies = \$86.249 MM

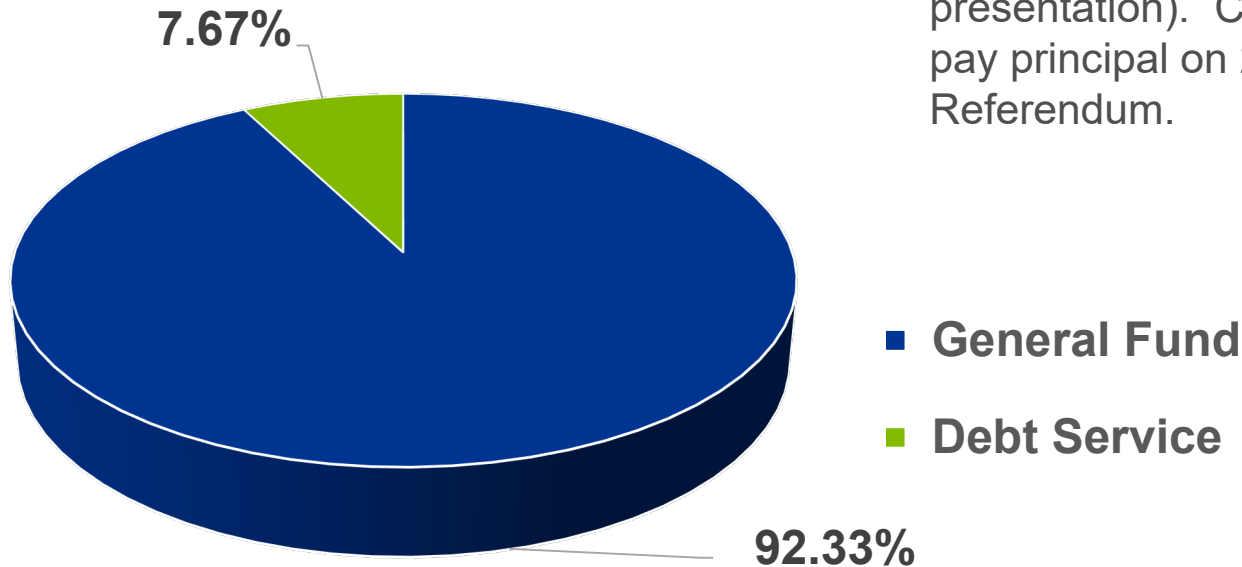
General Fund Levy = \$79.614 MM

- Funds annual operating budget
- Subject to 2% cap with waivers for enrollment and certain healthcare costs

Debt Service Levy = \$6.635 MM

- Funds long-term capital projects
- Approved by taxpayers via referendum
- As of 12-31-2019 \$43.718 MM debt outstanding, with maturities of 2/1/22, 2/1/23 and 7/15/38 (See page 17 of this presentation). CY budget begins to repay principal on 2019 Debt for 2018 Referendum.

20-21 PPS Tax Levy



Taxpayer Impact

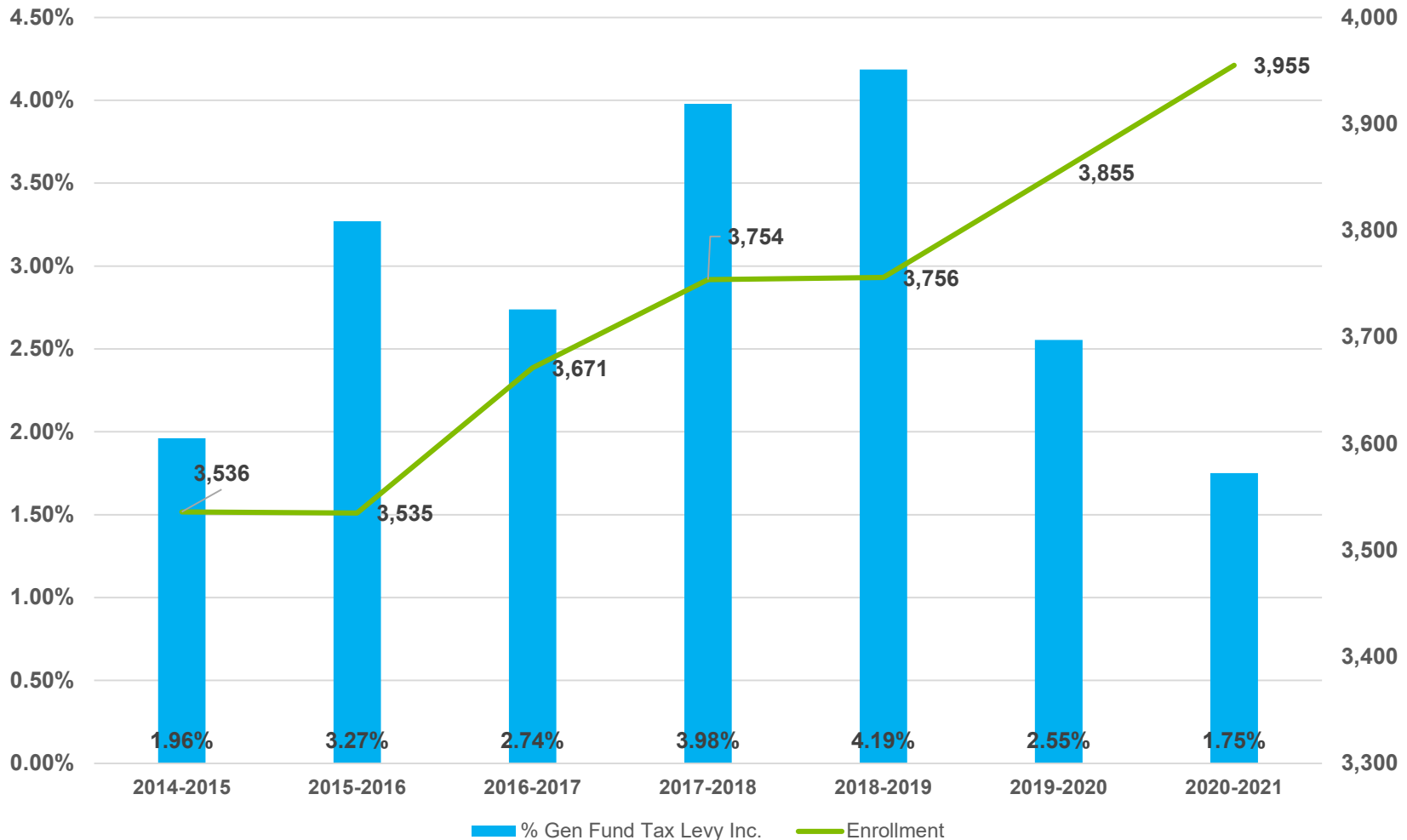
- **Estimated Calendar 2020 total school levy of \$85.124 MM**
- **Tax rate increases from 1.151 to 1.182 per \$100** assessed property value
 - Princeton 2020 actual tax base, net assessed valuation (ratables) of \$7.200 Billion*
 - Tax base estimated to have increased .26% from 2019, which means tax levy shared across more total assessed value
- **This means that a 2.92% calendar year school tax levy increase results in a 2.68% “effective” school tax increase. The tax increase is spread across a bigger base.**

**2020 ratables obtained from Princeton Tax Assessor Neal Snyder-Updated as of 4-27-2020*

Gen Fund Tax Levy % Growth vs. Enrollment

*2020-2021 Enrollment is estimated

General Fund Tax Levy Growth % vs. Enrollment



20-21 ADOPTED BUDGET-TOTAL

Description	Adopted Budgets			FYE 20 to 21	FYE 20 to 21
	2018~19	2019~20	2020~21	Difference	Difference %
Local Tax Levy	76,246,634	78,244,588	79,613,868	1,369,280	1.75%
Other Local Governmental Units - Unrestricted	663,750	751,660	717,860	-33,800	-4.50%
Total Tuition	5,299,711	5,408,185	5,892,651	484,466	8.96%
SUBTOTAL - REVENUES FROM LOCAL SOURCES	82,210,095	84,404,333	86,224,379	1,820,046	2.16%
SUBTOTAL - Revenues from State Sources	4,773,203	4,906,141	5,126,710	220,569	4.50%
SUBTOTAL - Revenues from Federal Sources	51,910	68,617	57,486	-11,131	-16.22%
Budgeted Fund Balance - Operating Budget	3,118,609	2,350,000	2,500,000	150,000	6.38%
Withdraw from Cap Res-Excess Cost & Oth Cap Prj	100,000	0	1,500,000	1,500,000	
TOTAL OPERATING BUDGET-GENERAL FUND	90,253,817	92,015,461	95,408,575	3,393,114	3.69%
Total Grant Revenues from Local Sources	47,857	0	0	0	
Preschool Education Aid (19-20 awarded in Septemer)	49,500	770,939	1,064,000	293,061	38.01%
Other Restricted Entitlements-State	766,097	935,823	897,996	-37,827	-4.04%
TOTAL REVENUES FROM STATE SOURCES	815,597	1,706,762	1,961,996	255,234	14.95%
Title I, II, III, IV (ESEA) Federal Grants	299,428	340,277	320,994	-19,283	-5.67%
I.D.E.A. Part B (Handicapped) Federal Grants	931,461	959,270	940,592	-18,678	-1.95%
TOTAL FEDERAL GRANT REVENUES	1,230,889	1,299,547	1,261,586	-37,961	-2.92%
Transfers from Operating Budget-Prek (Special Education)	0	0	22,000	22,000	
TOTAL GRANTS AND ENTITLEMENTS	2,046,486	3,006,309	3,245,582	239,273	7.96%
Local Tax Levy-Debt Service	5,168,761	5,754,598	6,634,882	880,284	15.30%
Other Local Debt Service	0	225,000	0	-225,000	-100.00%
Debt Service Aid Type II	0	222,746	453,662	230,916	103.67%
Budgeted Fund Balance	586,789	209,683	153,281	-56,402	-26.90%
TOTAL REPAYMENT OF DEBT	5,755,550	6,412,027	7,241,825	829,798	12.94%
PEA Transfer from Op to Spec Rev Fund			-22,000		
PPS TOTAL BUDGET	98,055,853	101,433,797	105,873,982	4,440,185	4.38%

20-21 ADOPTED GENERAL FUND BUDGET REVENUES

	Actual FYE 2016	Actual FYE 2017	Actual FYE 2018	Actual FYE 2019	Est. Actual FYE 2020	Adopt Budget FYE 2021
Revenues:						
Tax Levy	65,996,845	68,227,892	70,148,719	73,055,295	76,246,634	78,244,588
2% Tax Levy	1,354,107	1,364,557	1,402,974	1,482,875	1,524,933	1,369,280
Healthcare Adjustment	-	264,382	47,848	413,110	473,021	-
Enrollment Adjustment	876,940	291,888	1,455,754	1,295,354	-	-
Total Tax Levy	68,227,892	70,148,719	73,055,295	76,246,634	78,244,588	79,613,868
Tuitions	5,376,277	5,150,332	5,228,140	5,565,909	5,408,185	5,892,651
Misc. and Interest	689,340	699,442	669,931	1,184,547	850,849	717,860
Categorical State Aid	3,464,865	3,543,737	3,622,685	4,087,798	4,153,532	4,376,710
Extraordinary Aid	1,292,424	1,238,062	1,369,345	2,478,553	1,750,000	750,000
Fed SEMI	3,319	3,730	5,023	6,420	22,000	57,486
Budgeted Fund Balance						2,500,000
Cap Reserve Withdrawal						1,500,000
Actual/Est./Bud Revenue	79,054,117	80,784,022	83,950,419	89,569,861	90,429,154	95,408,575

20-21 ADOPTED GENERAL FUND BUDGET REVENUE ANALYSIS

- Budgeted fund balance is required and is not anticipated to be spent
- Capital Reserve budget is a “not to exceed” number and we are under no obligation to use this. This is the absolute maximum we would be allowed to use to offset anticipated 2018 referendum budget shortfalls
- We are only increasing the tax levy by 1.75%, which is the smallest amount in the last 6 budget years!
- State aid increase of 5.37%, which helps, but this is more than completely offset by increase in charter school budgeted expenditures
- We will get potentially revised State Aid numbers by August 25th

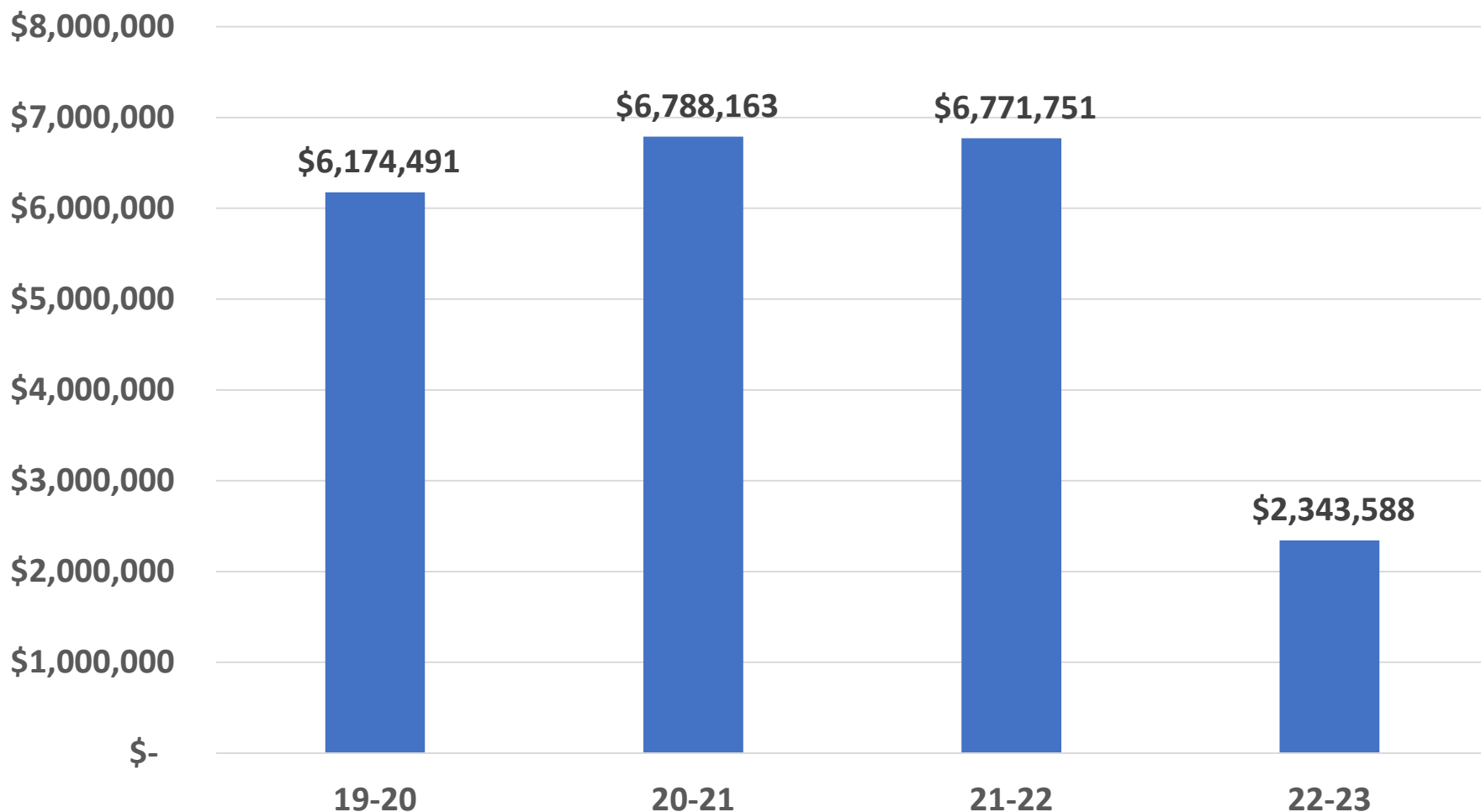
Debt Service Levy → Pays for Long-Term Debt

- 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 is 34% for Fiscal Year 20-21
- The original issue amount of the 12.155 MM Refunding bonds was \$40,165,000
- 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. 6/30/2019
10.980 MM School Bonds	1/15/2013	2/1/2023	0.50%	2.00%	4,720,000
12.155 MM Refunding Bonds	7/30/2009	2/1/2022	3.00%	5.00%	12,070,000
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	26,928,000
					<u>43,718,000</u>

Debt Service Analysis – FYE 2022 and 2023 are estimated due to debt service state aid not being known at this time

Net Annual Debt Service (assuming no new debt)



20-21 ADOPTED GENERAL FUND BUDGET EXPENDITURES (APPROPRIATIONS)

	Actual FYE 2016	Actual FYE 2017	Actual FYE 2018	Actual FYE 2019	Est. Actual FYE 2020	Adpt. Budget FYE 2021
Expenditures:						
Salaries	47,306,583	48,891,043	50,799,189	53,425,769	53,261,798	54,078,709
Benefits	13,262,380	13,848,964	14,498,842	15,397,570	16,696,105	16,926,150
	60,568,963	62,740,007	65,298,031	68,823,339	69,957,903	71,004,859
Non Sal and Benefit Expenses:						
Charter School	4,907,407	4,745,777	5,539,621	6,161,680	6,544,147	6,793,271
Tuitions-Sp Ed OOD	2,950,107	2,594,750	2,853,951	2,670,160	3,128,418	3,407,532
Energy Costs	1,419,535	1,250,305	1,132,547	1,367,827	1,346,000	1,391,963
Gen Ed School Supplies, Txt, Svcs	2,130,879	2,051,800	1,934,995	1,979,854	1,963,456	1,859,684
Equipment, Fund 12 incl. SDA charge	1,820,352	964,037	1,356,806	514,928	476,568	429,140
Admin Expenses	523,450	652,437	714,852	671,136	740,851	682,736
Nurse, Guidance, Child Study Team	584,903	1,002,881	1,227,839	1,092,327	972,225	935,400
Technology	595,756	622,519	707,085	976,340	885,290	1,100,000
Maintenance, Custodial and Security	1,447,466	1,481,568	1,809,419	1,917,136	1,914,106	1,875,702
Transportation	2,142,691	1,821,448	1,868,567	2,307,068	2,350,436	2,521,769
Extra Curr and Athletics	206,970	227,615	219,435	305,067	274,325	305,119
Sp Ed School Supplies, Txt, Svcs	21,909	25,905	19,303	25,742	25,235	41,400
Home Instruction	46,363	32,126	37,252	44,367	49,335	60,000
Budgeted Fund Balance						1,500,000
Budgeted Capital Reserve						1,500,000
	18,797,789	17,473,167	19,421,673	20,033,632	20,670,393	24,403,716
Total Expenditures	79,366,753	80,213,174	84,719,703	88,856,971	90,628,296	95,408,575

20-21 ADOPTED GENERAL FUND BUDGET EXPENDITURE (APPROPRIATIONS) ANALYSIS

- Budgeted fund balance is required and is not anticipated to be spent
- Capital reserve budget is a “not to exceed” number and we are under no obligation to use this. This is the absolute maximum we would be allowed to use to offset anticipated 2018 Referendum Budget Shortfalls
- Special education costs, although only having increased 1.44% over the last six years (CAGR), are budgeted to go up 29% over the last two years including fiscal year 20-21 (this budget) estimates. Out of district tuitions are cyclical and also we are forecasting that we will have less federal aid in 2021.
- Charter school tuitions are forecasted to have increase 5.6% over the last six years, however in the current year the forecast is for a 3.8% increase

20-21 ADOPTED BUDGET EXPENDITURE (APPROPRIATIONS) ANALYSIS (CONTINUED)

- **Benefit increases are forecasted to have leveled off in 2021 due to several factors including new pharmacy benefit manager and a 1.9% increase in medical insurance premiums. This is better than forecasted, however the number of people taking health insurance has increased, since early budgeting, almost fully absorbing the rate decrease.**
- **Expenditures for supplies across the district are being controlled through more efficient purchasing methods as well as increased scrutiny**
- **Maintenance costs were budgeted for this year, 2020, at only \$1,450,763, however we have typically been transferring funds in to these accounts over the past few years. We are attempting to fully budget maintenance costs in the current year.**

LOOKING FORWARD TO FUTURE BUDGETS

We anticipate similar pressure on future budgets given revenue constraints and anticipate taking the following measures to ensure we maintain the highest level of educational services provided as efficiently as possible:

1. **Adapt and re-engineer finances with any COVID-19 impacts**
2. **Advocacy at State Level**
3. **Review of special education program-PCG started interviews**
4. **Technology plan development and implementation of budget leveraging through capital leasing of equipment. Help ease pressure over next few budgets.**
5. **Continue to explore shared services with Town as well as between other School Districts**
6. **INCREASED ENERGY EFFICIENCY through LED lighting and general efficiency measures - Application underway with Tri-State**
7. **Implement academic ROI for selected programs**
8. **Explore increasing facility use fees as well as fund raising opportunities for specific programs as well as pursuing user fees for parking where applicable**

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.