



2021-2022 Budget Workshop

February 9, 2021

Outline of Discussion

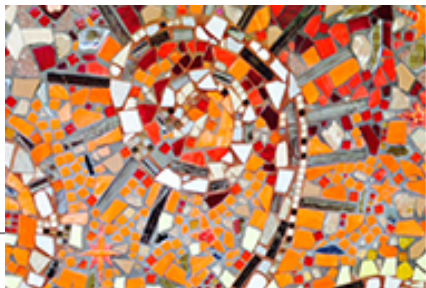
- **Statement of Values**
- **2-2-2021 Budget Priority Summary**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating Budget and Preliminary Budget Analysis**
- **Questions From the Public**



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 - (TONIGHT) 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)

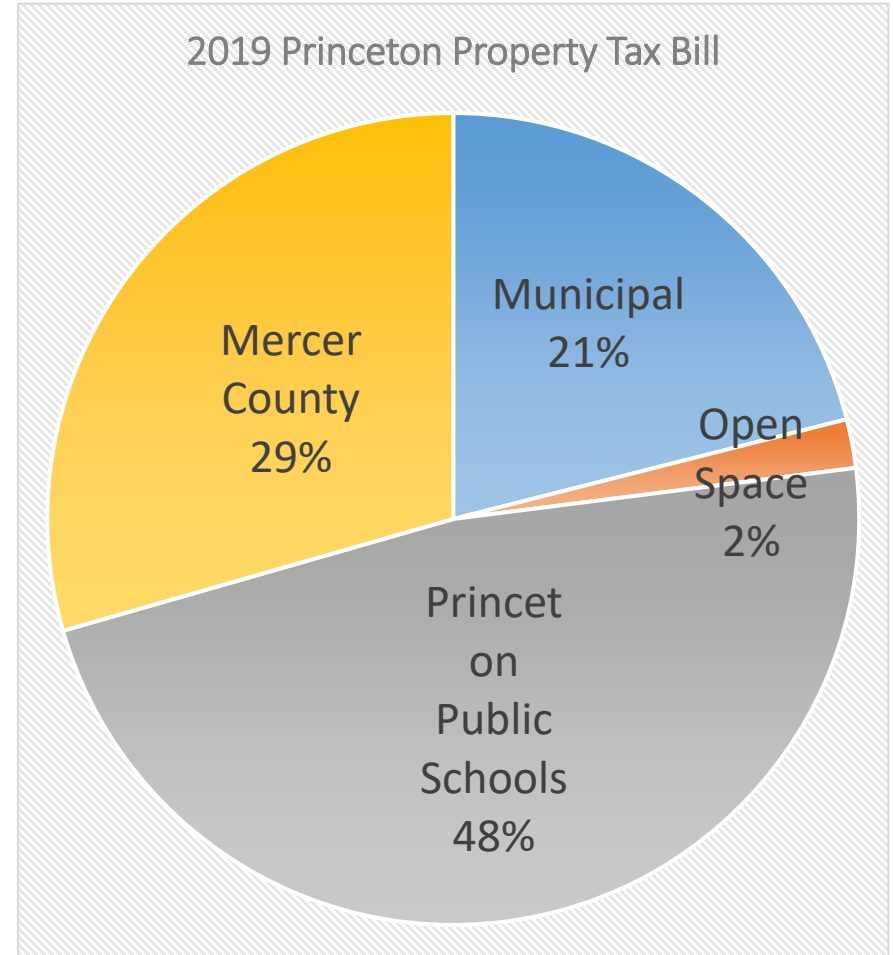
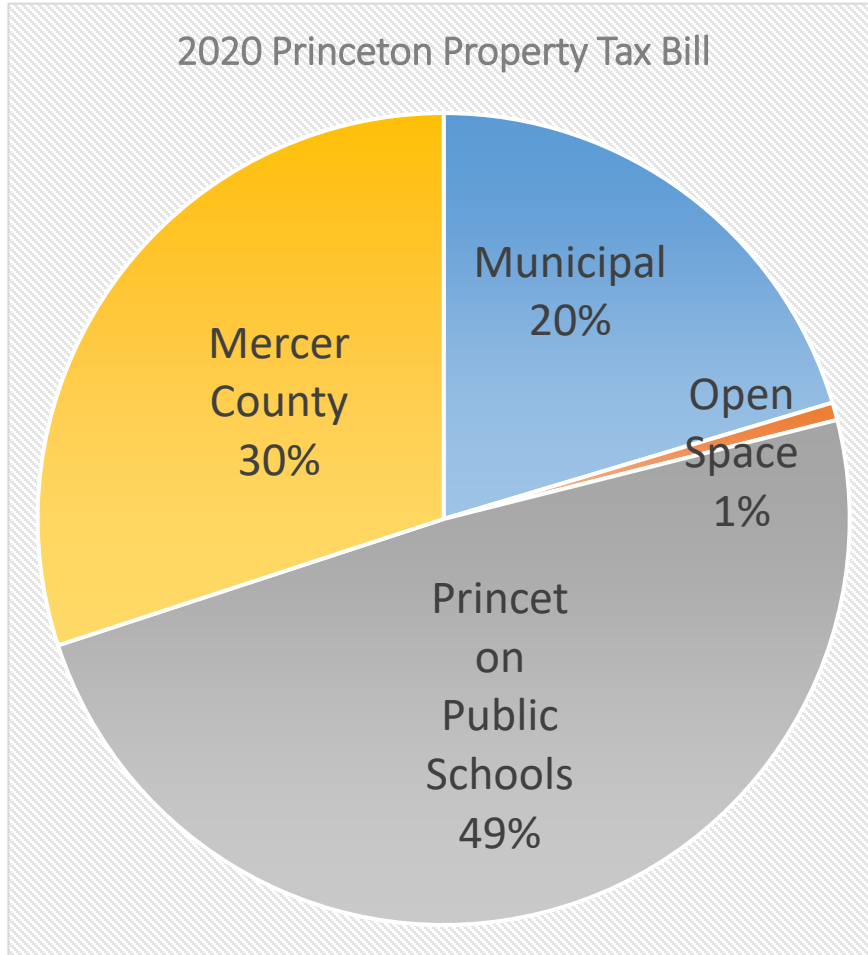
March 16th - Tentative Budget Adoption

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.

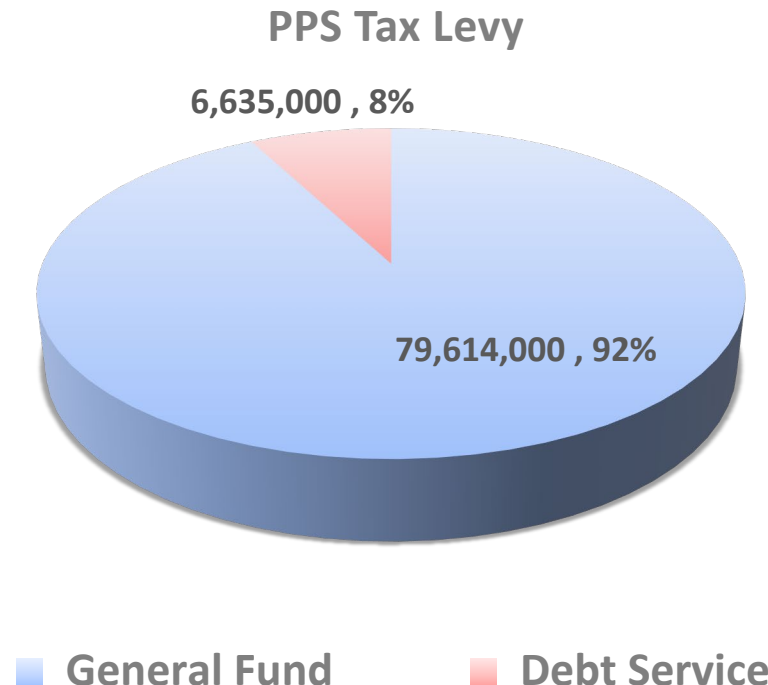
2020-21 School Tax: Two Separate Levies = \$86.249MM

General Fund Levy = \$79.614 MM

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

Debt Service Levy = \$6.635 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

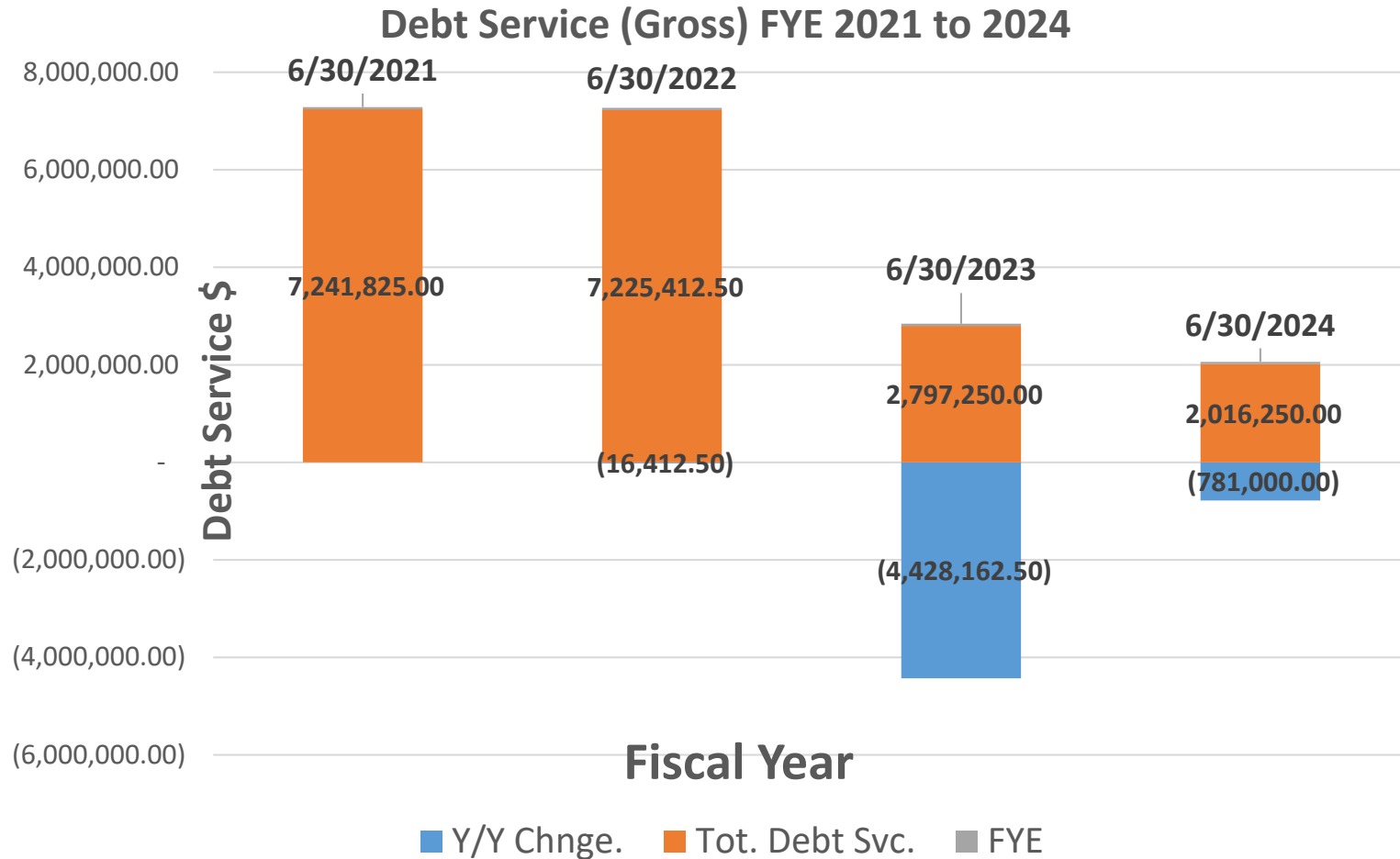


Debt Service Levy → Pays for Long-Term Debt

- 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
					38,748,000

Change in Debt Service over next 3 Fiscal Years



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

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

2021-22 Prelim. School Tax Levy:

\$81.206 MM Gen Fund Levy(2%)
+\$6.422 MM Debt Service Levy
= \$87.628 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:

\$80.410 MM General Fund Levy
+\$6.528 MM Debt Service Levy
= \$86.938 MM*

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

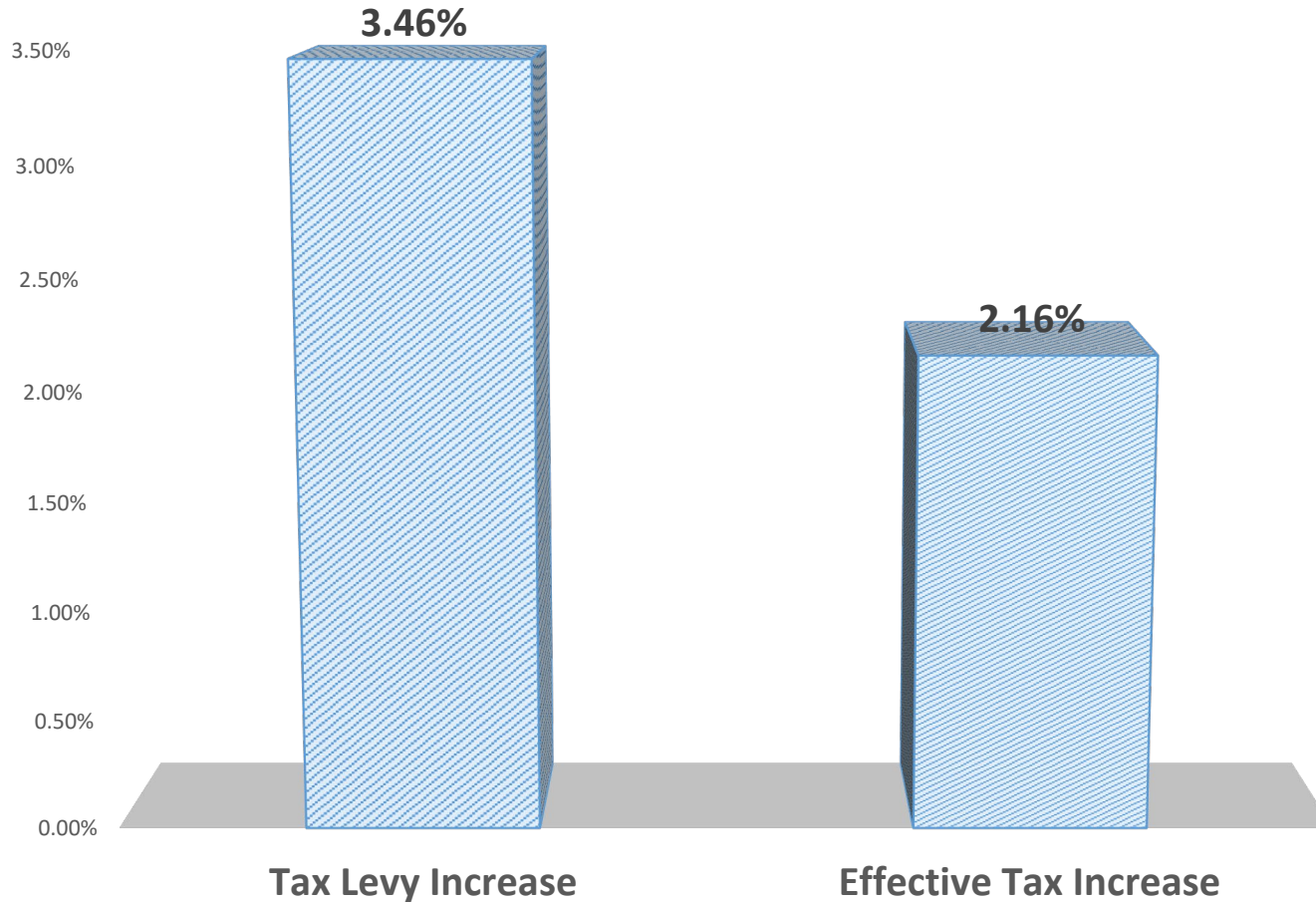
Taxpayer Impact

- **Actual Calendar 2020 total school levy of \$85.124 MM**
- **Tax rate increases from 1.151 to 1.183 per \$100** assessed property value
 - Princeton 2020 actual tax base, net assessed valuation (ratables) of \$7.1995 Billion*
 - Tax base increased .23% from 2019 – 2020, which means tax levy shared across a greater total assessed value...
- **...which means that a 2.92% calendar year school tax levy increase results in a 2.8% “effective” school tax increase. The Tax increase is spread across a bigger base.**

**2020 ratables taken from Mercer County Tax Tables*

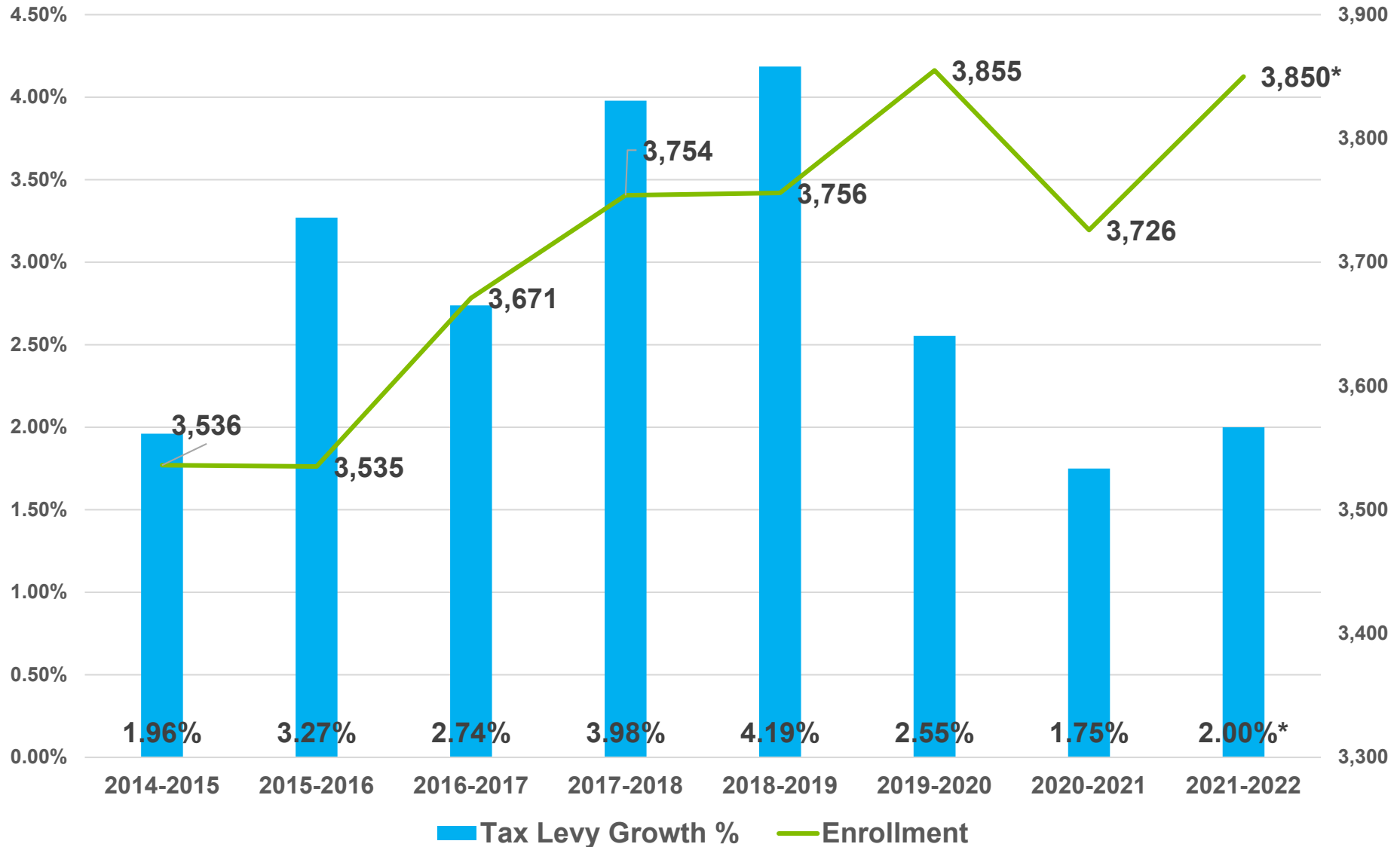
5 year tax levy and school tax growth – Effect of Rising Tax Ratables

'2015 to '2020 PPS Tax Levy Increase vs. Effective Tax Increase



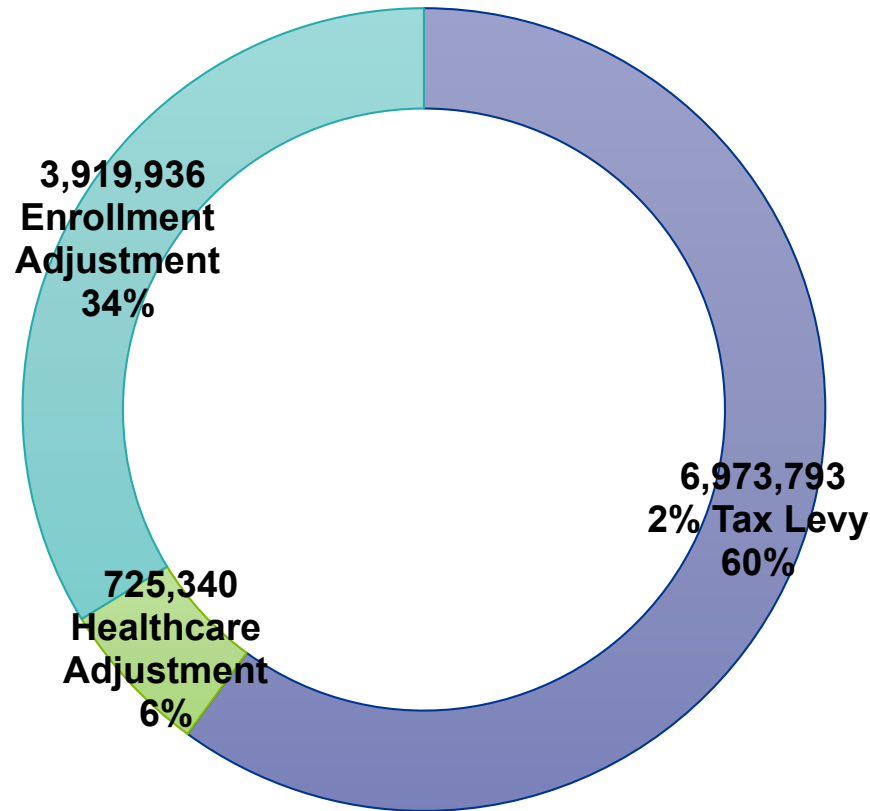
General Fund Tax Levy Growth % vs. Enrollment

* 21-22 Numbers are estimated/preliminary



Tax Levy Growth Analysis

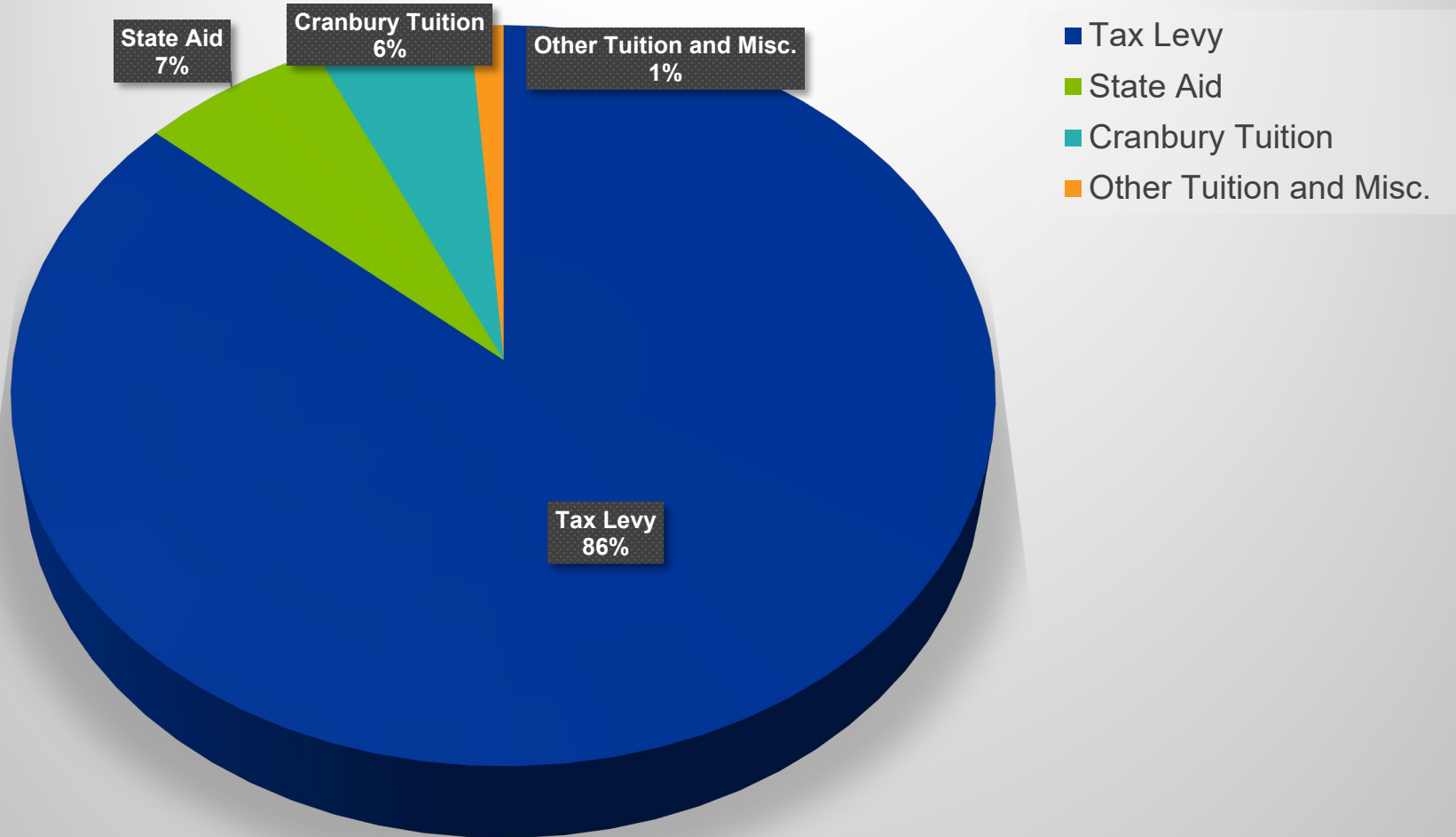
5 Year ending June 30, 2020 School Tax Levy Growth



Banked Tax Cap Analysis

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Carry-over	\$ 28	\$ -	\$ 1,244,715	\$ 952,827	\$ 250,000	\$ -	\$ -	\$ 253,626
Generated	\$ -	\$ 1,244,715	\$ -	\$ -	\$ -	\$ -	\$ 253,626	
Available	\$ 28	\$ -	\$ 1,244,715	\$ 952,827	\$ 250,000	\$ -	\$ -	\$ 253,626
Used	\$ -	\$ -	\$ (291,888)	\$ (702,827)	\$ (250,000)	\$ -	\$ -	
Expired	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Banked Cap - Unused spending authority that can be saved for 3 budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health benefit increases, enrollment increases, or deferred pension contributions.								

2020 Actual Gen Fund Revenues



2016 to 2020 Actual Gen Fund Revenue Analysis w Estimated Actual 2021 and Preliminary 2022 Budget

2/6/2021	Actual	Actual	Actual	Actual	Actual	Budget	Est. Act.	Preliminary
	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE
Revenues:	2016	2017	2018	2019	2020	2021	2021	2022
Tax Levy	65,996,845	68,227,892	70,148,719	73,055,295	76,246,634	78,244,588	79,613,868	79,613,868
2% Tax Levy (Max)	1,354,107	1,364,557	1,402,974	1,482,875	1,524,933	1,369,280		1,592,277
H.C. Pass through	-	264,382	47,848	413,110	473,021	-		-
Enrollment Tax Levy Inc.	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	79,613,868	81,206,146
Tuitions	5,376,277	5,150,332	5,228,140	5,565,909	5,405,652	5,892,651	5,714,000	5,110,908
Misc. and Interest	689,340	699,442	669,931	1,184,547	735,913	717,860	461,377	700,000
Categorical State Aid*	3,464,865	3,543,737	3,622,685	4,087,798	4,186,173	4,224,455	4,224,455	4,013,232
Extraordinary Aid	1,292,424	1,238,062	1,369,345	2,478,553	1,931,302	1,750,000	1,750,000	1,750,000
Fed SEMI	3,319	3,730	5,023	6,420	41,458	57,486	45,000	45,000
Fnd Bal (not incl in Rev)						2,500,000		
Actual Revenue	79,054,117	80,784,022	83,950,419	89,569,861	90,545,086	92,256,320	91,808,700	92,825,286

* Categorical (“category”) State Aid refers to the components of State Aid which are not based on “need” but allocated across the State’s district’s based on enrollment population in a particular category. **Fact checker spoiler alert, you will note dollar rounding errors, if you are so inclined as to add the columns.**

2016 to 2020 Actual Gen Fund Expense Analysis w Estimated Actual 2021 and Preliminary 2022 Budget



Live to Learn, Learn to Live

2/6/2021	Actual FYE 2016	Actual FYE 2017	Actual FYE 2018	Actual FYE 2019	Actual FYE 2020	Budget FYE 2021	Est. Act. FYE 2021	Preliminary FYE 2022
Expenses:								
Salaries	47,387,077	48,788,292	51,558,305	53,425,769	52,184,417	54,377,335	53,350,000	55,615,739
Benefits	13,262,380	13,848,964	14,498,842	15,397,570	16,256,040	16,607,224	16,209,935	16,600,000
	60,649,457	62,637,256	66,057,147	68,823,339	68,440,457	70,984,559	69,559,935	72,215,739
Non Sal and Benefit Expenses:								
Charter Schools	4,907,407	4,745,777	5,539,621	6,161,680	6,544,147	6,793,271	6,628,954	6,814,565
Tuitions-Sp Ed OOD	2,950,107	2,594,750	2,853,951	2,640,517	3,045,150	3,448,932	3,053,100	3,159,958
Energy Costs	1,419,535	1,250,305	1,132,547	1,251,025	1,333,495	1,391,963	1,368,787	1,250,000
Gen Ed School Supplies, Txt, Svcs	1,537,789	1,461,228	1,265,634	1,629,796	1,246,369	1,623,952	1,023,731	1,500,000
Equipment, Fund 12	676,308	950,841	939,740	459,792	430,216	316,350	278,857	278,857
Admin Expenses	523,450	652,437	714,852	667,992	670,999	666,736	772,918	725,000
Nurse, Guidance	50,442	56,803	52,457	40,500	61,350	80,110	106,582	80,110
Curriculum and Library/Media	52,455	39,114	63,322	43,611	33,486	56,973	22,660	59,822
School Admin	116,861	127,124	210,719	139,668	85,724	134,015	78,061	134,015
Technology	939,731	964,983	1,117,397	1,083,160	1,050,991	1,105,300	1,100,000	1,122,000
Maintenance, Custodial and Security	1,447,466	1,481,568	2,104,419	1,829,127	1,997,438	2,015,070	2,071,584	1,850,000
Transportation	2,142,691	1,821,448	1,868,567	2,285,084	1,816,562	2,536,418	1,863,748	2,424,949
Extra Curr and Athletics	206,970	227,615	219,435	304,428	282,524	323,776	216,897	323,776
CST, Sp Ed Supp., Txt, Svcs	553,290	970,108	1,192,675	1,064,956	954,319	871,150	829,989	1,000,000
Home Instruction	46,363	32,126	37,252	44,367	26,751	60,000	26,500	62,100
COVID-19							1,830,613	
	17,570,866	17,376,227	19,312,589	19,645,702	19,579,522	21,424,016	21,272,979	20,785,151
Total Expenses	78,220,323	80,013,483	85,369,735	88,469,041	88,019,980	92,408,575	90,832,914	93,000,890
Excess/(Deficiency) of Revenues	833,794	770,539	(1,419,316)	1,100,821	2,525,106	(152,255)	975,786	(175,604)

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Fund Balance Analysis

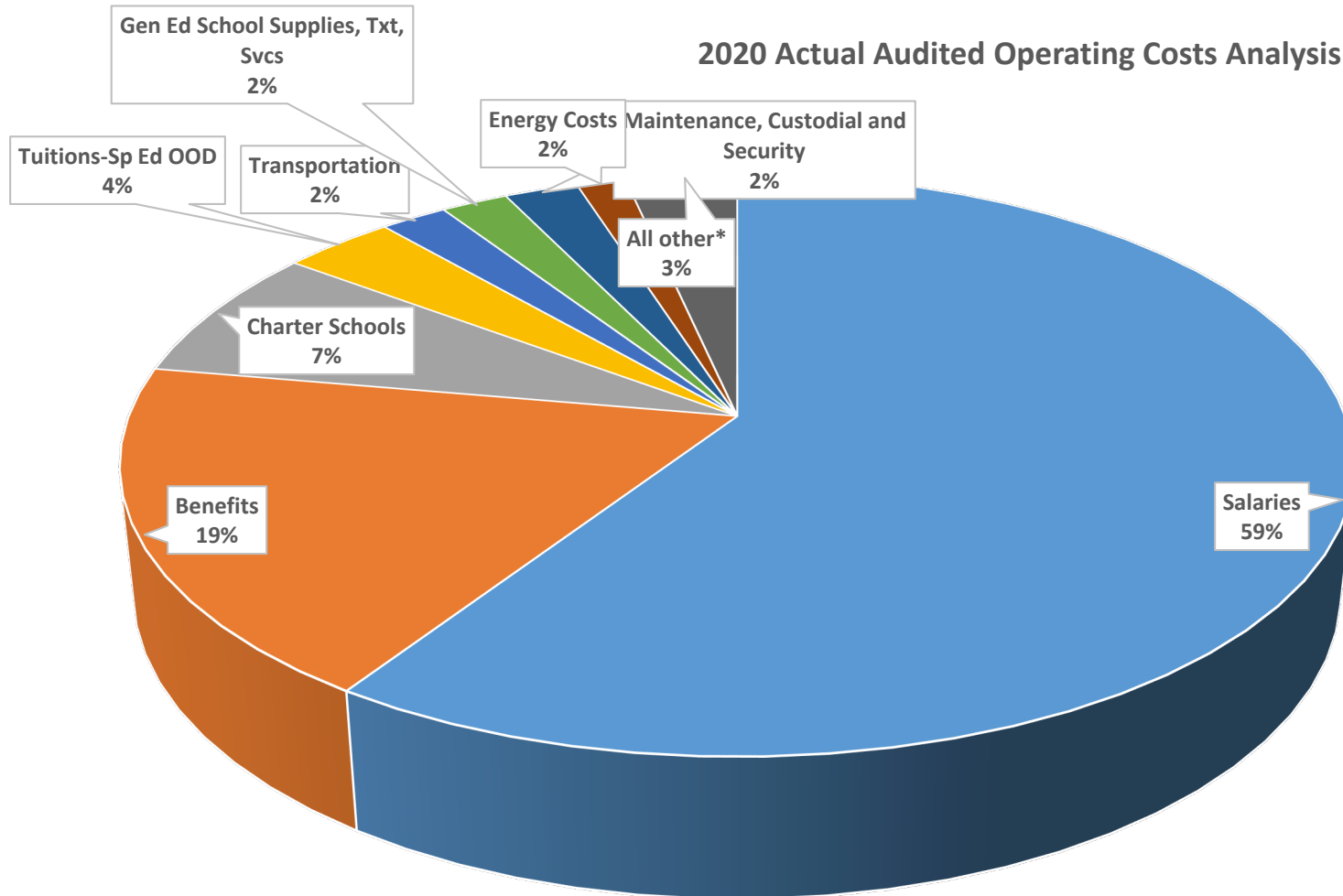
2/6/2021	Actual	Actual	Actual	Actual	Est. Act.	Preliminary
	FYE	FYE	FYE	FYE	FYE	FYE
	2017	2018	2019	2020	2021	2022
Non-Cap Reserve ("free") Fund Balance	6,480,023	5,369,799	6,310,095	8,657,636	9,633,422	9,457,818
Cap Reserve Fund Balance	2,274,167	2,242,450	2,303,847	3,065,413	3,065,413	3,065,413
	8,754,190	7,612,249	8,613,942	11,723,049	12,698,835	12,523,231

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?

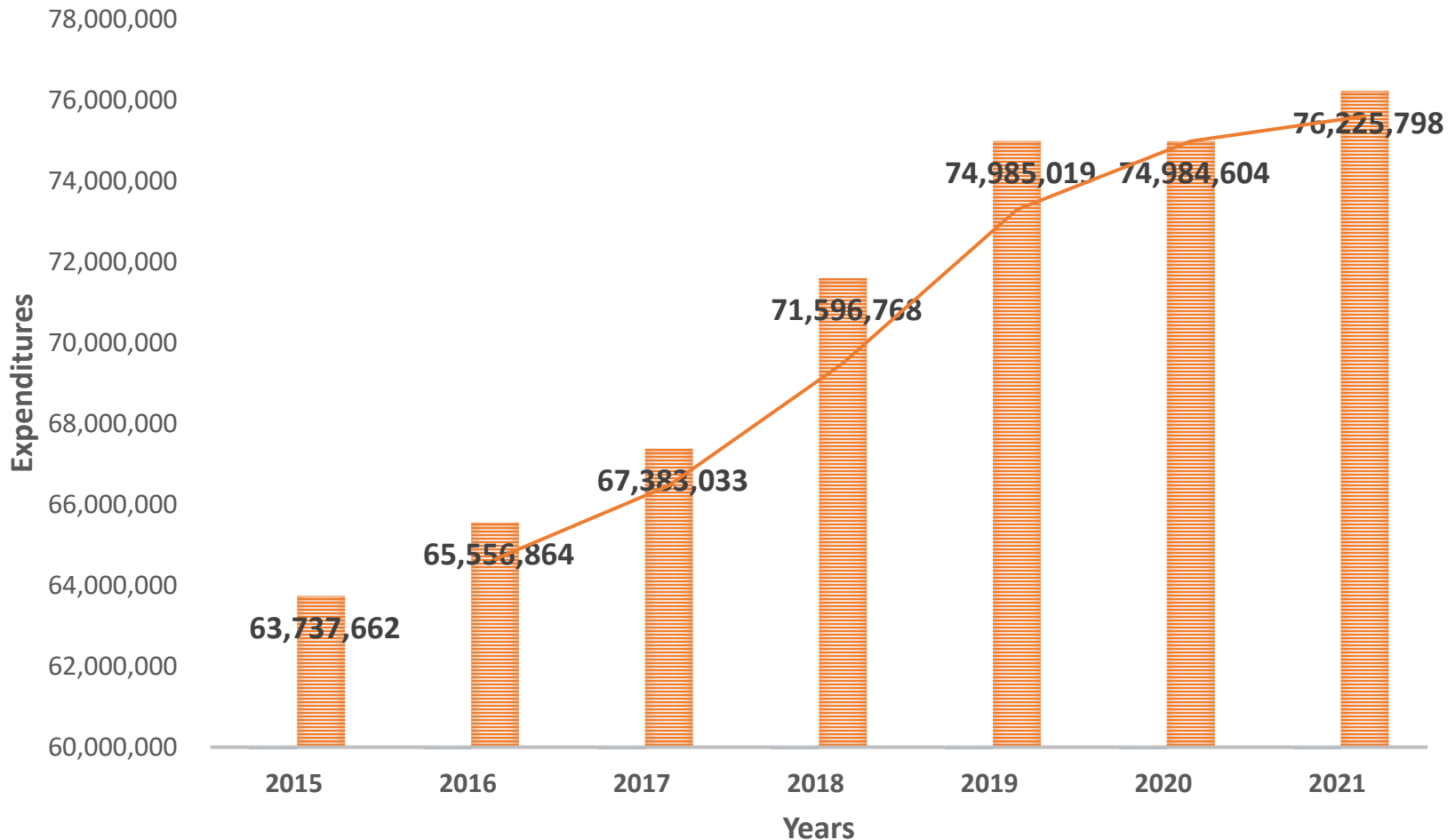
2020 Actual Audited Operating Costs Analysis



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

2015 to 2021 Major Budget Trend (2021 Estimated)

SALARIES, BENEFITS AND CHARTER SCHOOL EXPENDITURES



Preliminary 2021-2022 Budget – A closer look

2/6/2021	Actual FYE 2019	Actual FYE 2020	Budget FYE 2021	Est. Act. FYE 2021	Preliminary FYE 2022
Revenues:					
Tax Levy	73,055,295	76,246,634	78,244,588	79,613,868	79,613,868
2% Tax Levy (Max.)	1,482,875	1,524,933	1,369,280		1,592,277
H.C. Pass through	413,110	473,021	-		-
Enrollment Tax Levy Inc.	1,295,354	-	-		-
Total Tax Levy	76,246,634	78,244,588	79,613,868	79,613,868	81,206,146
Tuitions	5,565,909	5,405,652	5,892,651	5,714,000	5,110,908
Misc. and Interest	1,184,547	735,913	717,860	461,377	700,000
Categorical State Aid*	4,087,798	4,186,173	4,224,455	4,224,455	4,013,232
Extraordinary Aid	2,478,553	1,931,302	1,750,000	1,750,000	1,750,000
Fed SEMI	6,420	41,458	57,486	45,000	45,000
Fnd Bal (not incl in Rev)			2,500,000		
Actual Revenue	89,569,861	90,545,086	92,256,320	91,808,700	92,825,286

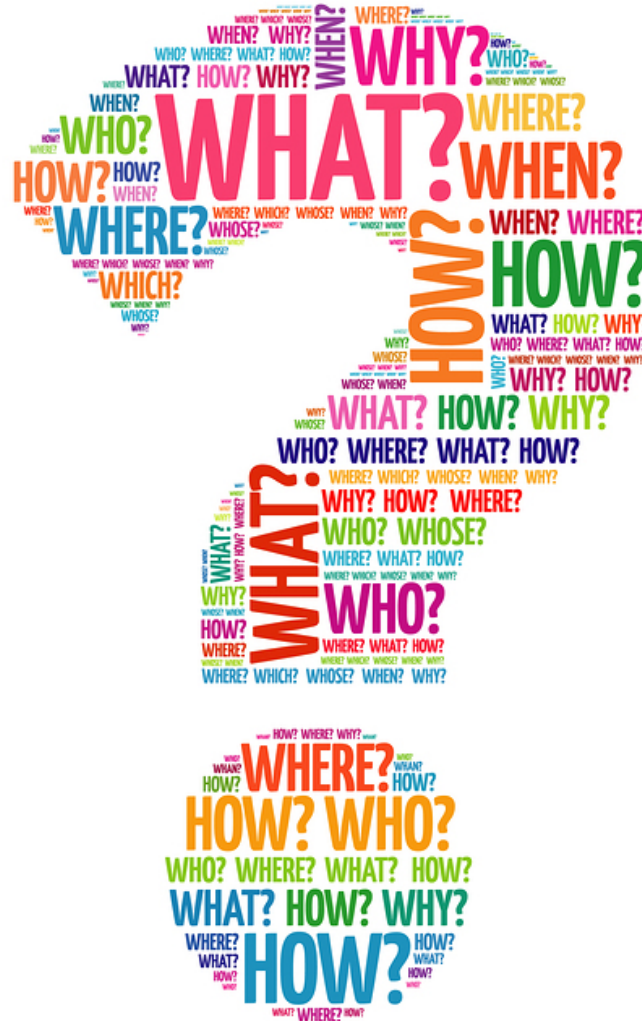
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Preliminary 2021-2022 Budget – A closer look

2/6/2021		Actual FYE 2019	Actual FYE 2020	Budget FYE 2021	Est. Act. FYE 2021	Preliminary FYE 2022
Expenses:						
Salaries		53,425,769	52,184,417	54,377,335	53,350,000	55,615,739
Benefits		15,397,570	16,256,040	16,607,224	16,209,935	16,600,000
		68,823,339	68,440,457	70,984,559	69,559,935	72,215,739
Non Sal and Benefit Expenses:						
Charter Schools		6,161,680	6,544,147	6,793,271	6,628,954	6,814,565
Tuitions-Sp Ed OOD		2,640,517	3,045,150	3,448,932	3,053,100	3,159,958
Energy Costs		1,251,025	1,333,495	1,391,963	1,368,787	1,250,000
Gen Ed School Supplies, Txt, Svcs		1,629,796	1,246,369	1,623,952	1,023,731	1,500,000
Equipment, Fund 12		459,792	430,216	316,350	278,857	278,857
Admin Expenses		667,992	670,999	666,736	772,918	725,000
Nurse, Guidance		40,500	61,350	80,110	106,582	80,110
Curriculum and Library/Media		43,611	33,486	56,973	22,660	59,822
School Admin		139,668	85,724	134,015	78,061	134,015
Technology		1,083,160	1,050,991	1,105,300	1,100,000	1,122,000
Maintenance, Custodial and Security		1,829,127	1,997,438	2,015,070	2,071,584	1,850,000
Transportation		2,285,084	1,816,562	2,536,418	1,863,748	2,424,949
Extra Curr and Athletics		304,428	282,524	323,776	216,897	323,776
CST, Sp Ed Supp., Txt, Svcs		1,064,956	954,319	871,150	829,989	1,000,000
Home Instruction		44,367	26,751	60,000	26,500	62,100
COVID-19					1,830,613	
		19,645,702	19,579,522	21,424,016	21,272,979	20,785,151
Total Expenses		88,469,041	88,019,980	92,408,575	90,832,914	93,000,890
Excess/(Deficiency) of Revenues		1,100,821	2,525,106	(152,255)	975,786	(175,604)

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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.