



2022-2023 Budget Workshop

February 8, 2022

Outline of Discussion

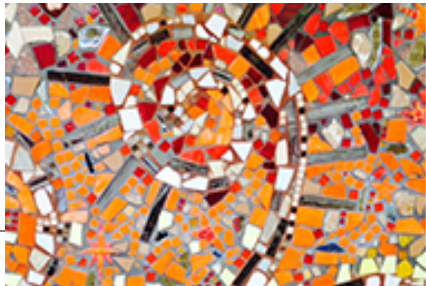
- **Statement of Values**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating Budget and Preliminary Budget Analysis**
- **Questions From the Public**



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

**New Strategic Plan for 22-27
WILL BE Underway soon....**

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

2022-2023 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-February - Central Office Analysis

February 8th - (TONIGHT) Budget Workshop-Top level overview

February 22nd - Governor Murphy's Budget Address and PPS Board Meeting

February 24th - State Aid Numbers released (48 hours after Budget Address)

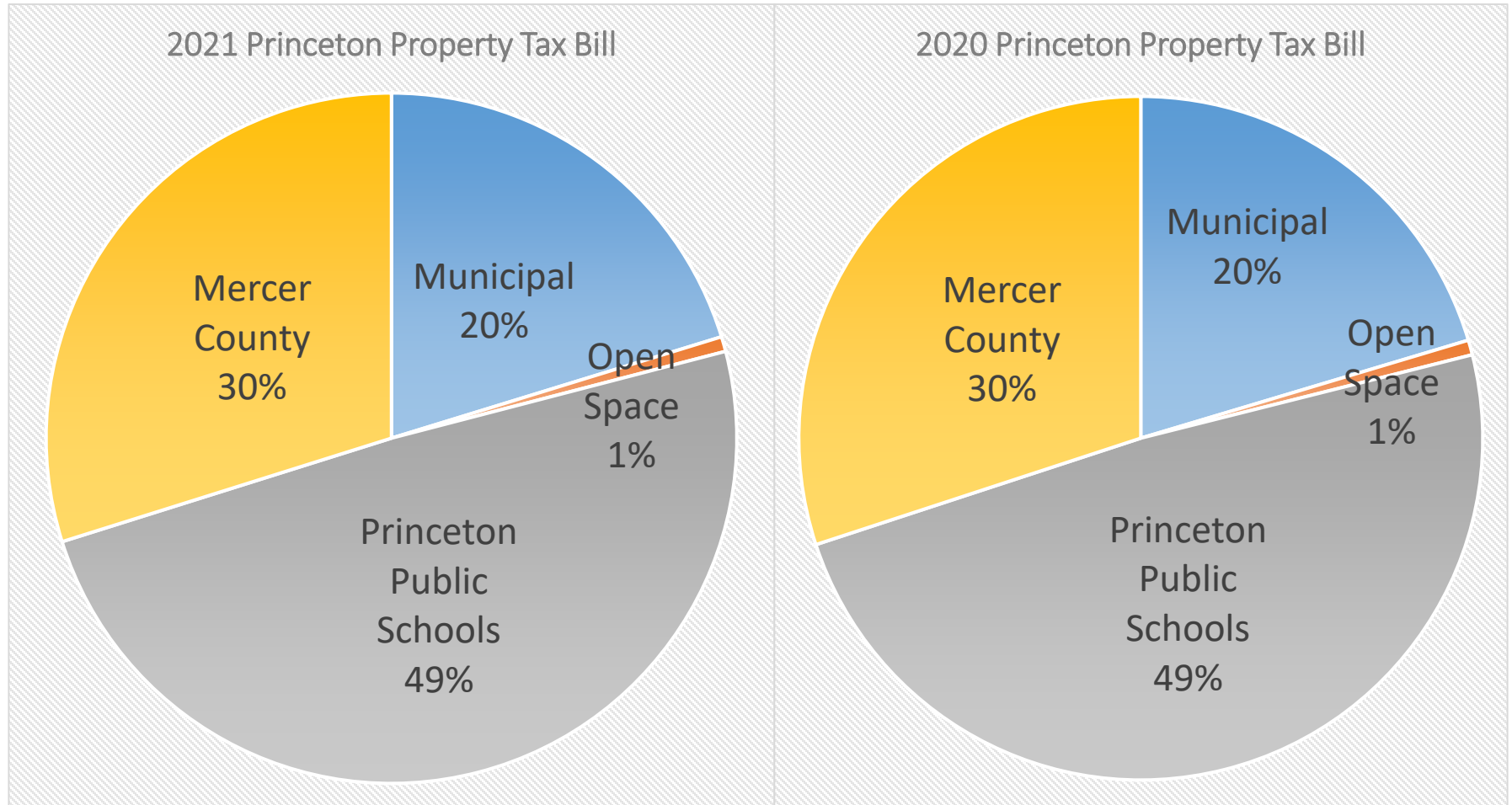
March 15th - Tentative Budget Adoption

March 18th - Budgets submitted to County (State review)

April 26th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

Calendar Tax year Princeton Property Tax Comparison



Source: 2020 and 2021 Princeton Budget Newsletter

2021-22 School Tax: Two Separate Levies = \$86.735MM

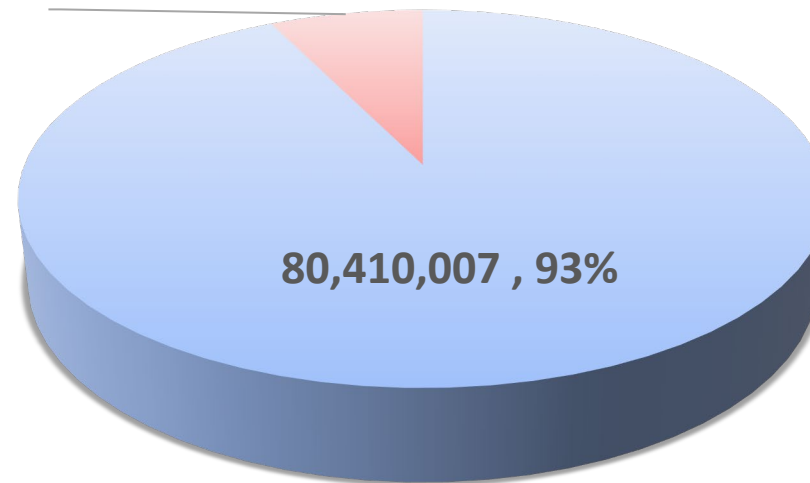
General Fund Levy = \$80.410 MM

- 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 6-30-2021, \$32.750 MM debt outstanding, with maturities of 2/1/22, 2/1/23 and 7/15/38

6,324,895 , 7%



PPS Tax Levy

■ General Fund ■ Debt Service

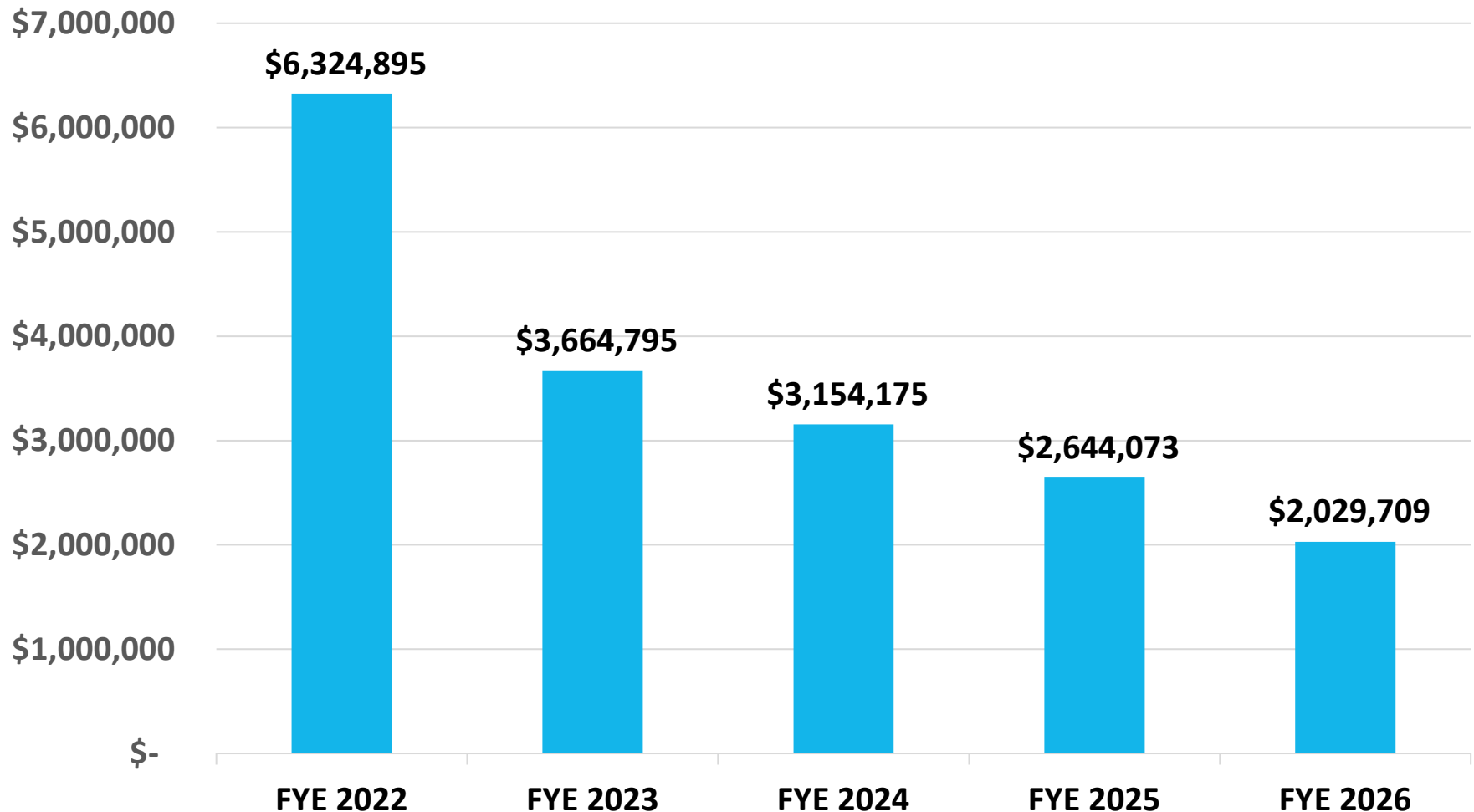
Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues outstanding, with fourth planned for sale on March 10th, 2022. 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. 6/30/2021
10.980 MM School Bonds	1/15/2013	2/1/2023	0.50%	2.00%	2,420,000
12.155 MM Refunding Bonds	7/30/2009	2/1/2022	3.00%	5.00%	4,205,000
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	26,125,000
17.451 MM School Bonds	~ 3/10/2022	1/15/2042	tbd	tbd	
					<u><u>32,750,000</u></u>

Projected Change in Debt Service over next 4 Fiscal Years (FYE), assuming new debt, 17.451MM issued at 2.5% a year for 20 years at AAA Moody's with 34% NJ Debt Service Aid

Estimated "Net" Debt Service



2020, 2021 and 2022 School Tax Levy Comparison

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 School Tax Levy:

\$80.410 MM Gen Fund Levy(1%)
+\$6.325 MM Debt Service Levy
= \$86.735 MM

2020-21 School Tax Levy:

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

2021-22 School Tax Levy:

\$80.410 MM Gen Fund Levy(1%)
+\$6.325 MM Debt Service Levy
= \$86.735 MM

2022-23 Prelim. School Tax Levy:

\$83.068 MM Gen Fund Levy(3.31%)
+\$3.665 MM Debt Service Levy
= \$86.733 MM

Calendar 2020 Tax Levy:

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

Calendar 2021 Tax Levy:

\$80.012 MM General Fund Levy
+\$6.480 MM Debt Service Levy
= **\$86.492 MM***

Estimated Calendar 2022 Tax Levy:

\$81.739 MM General Fund Levy
+\$4.995 MM Debt Service Levy
= **\$86.734 MM***

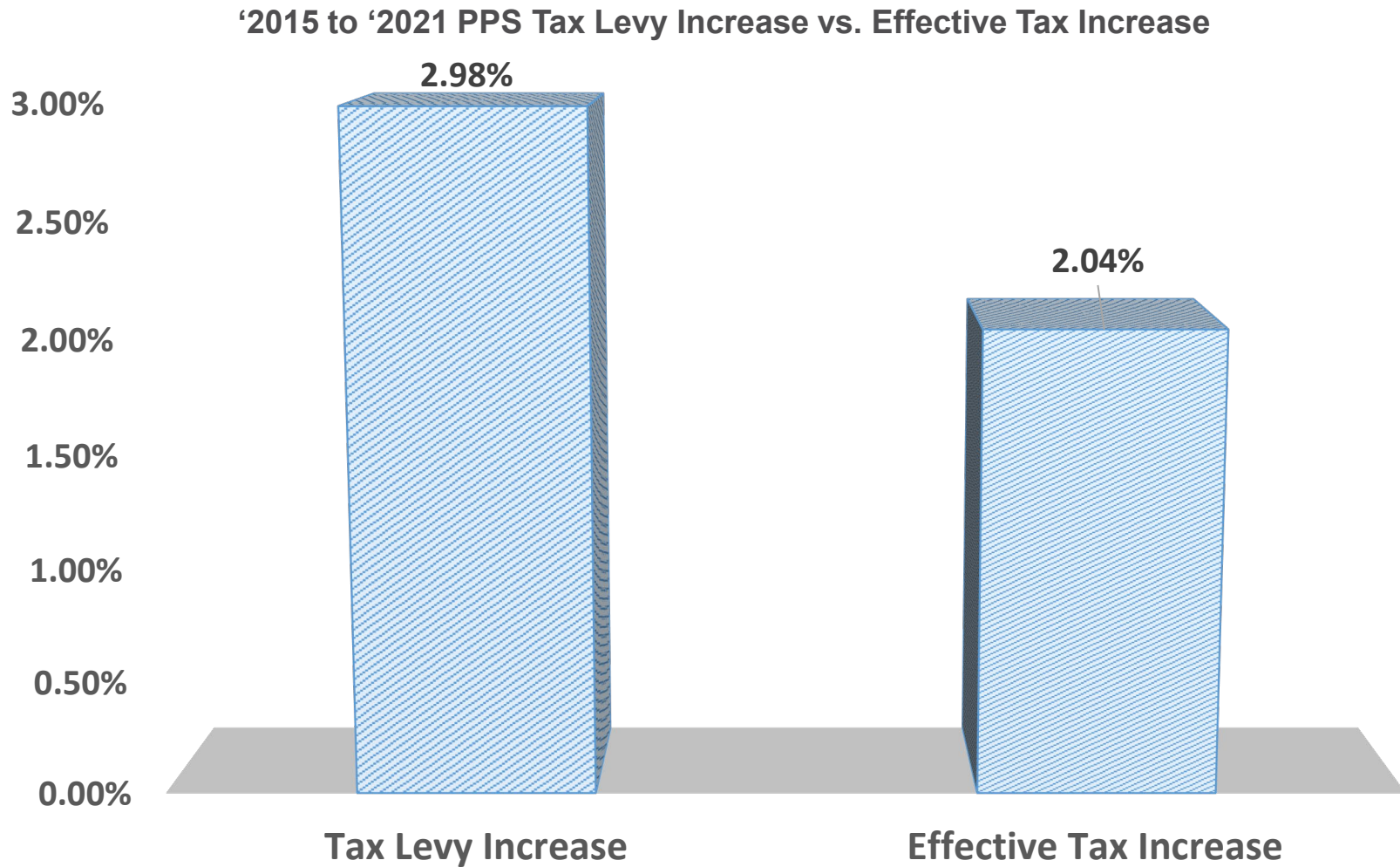
Actual calendar tax levy reflects split fiscal year: 50% of current budget year (Jan 1 – Jun 30) and 50% of new budget year (Jul 1 – Dec 31)
School Tax Levy

Taxpayer Impact

- **Actual Calendar 2021 total school levy of \$86.492 MM**
- **Tax rate increases from 1.183 to 1.200 per \$100** assessed property value
 - Princeton 2021 actual tax base, net assessed valuation (ratables) of \$7.210 Billion*
 - Tax base increased .15% from 2020 – 2021, which means tax levy shared across a slightly greater total assessed value...
- **...which means that a 1.61% calendar year school tax levy increase results in a 1.52% “effective” school tax increase. The Tax increase is spread across a bigger base.**

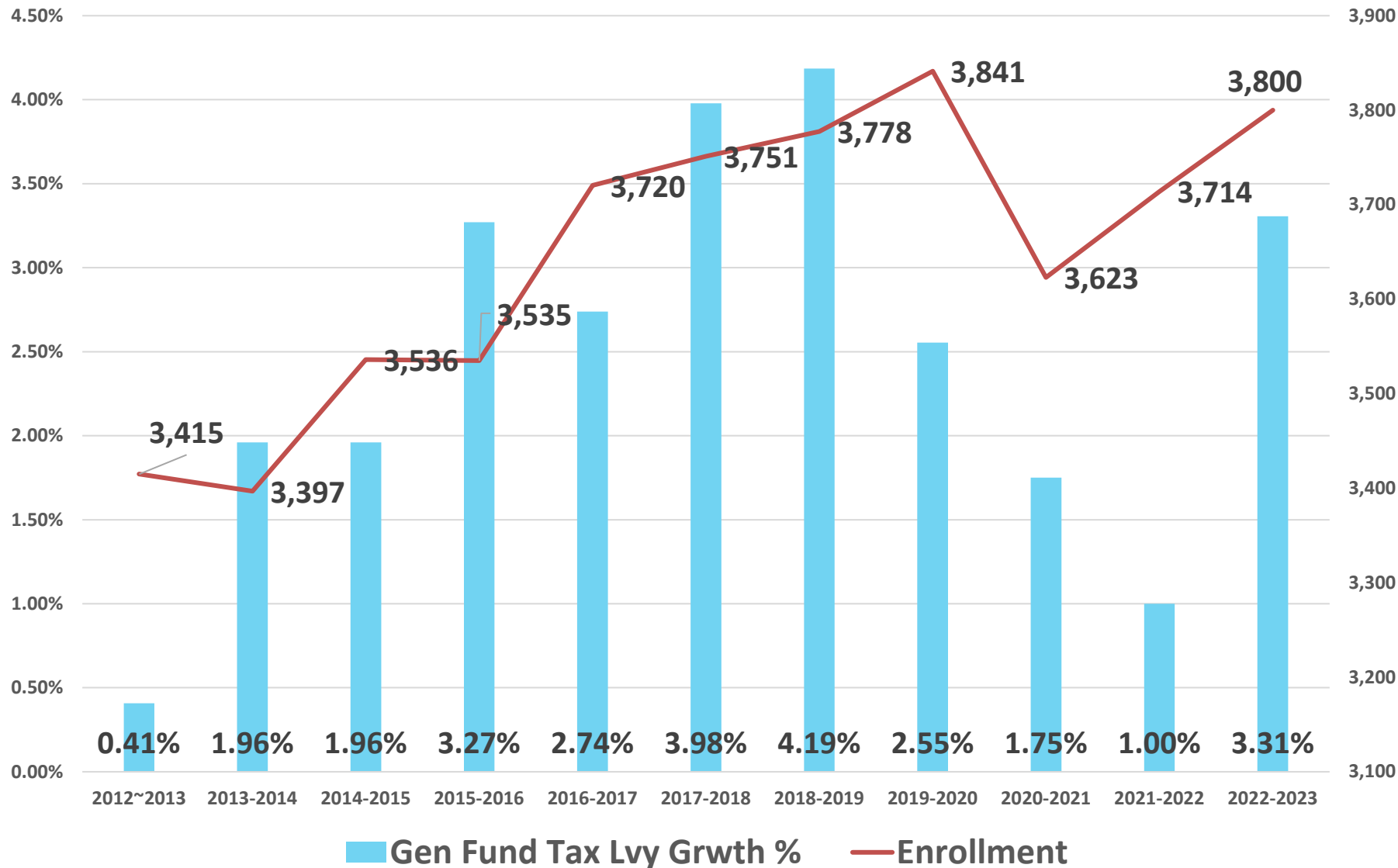
**2021 ratables taken from Mercer County Tax Tables*

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



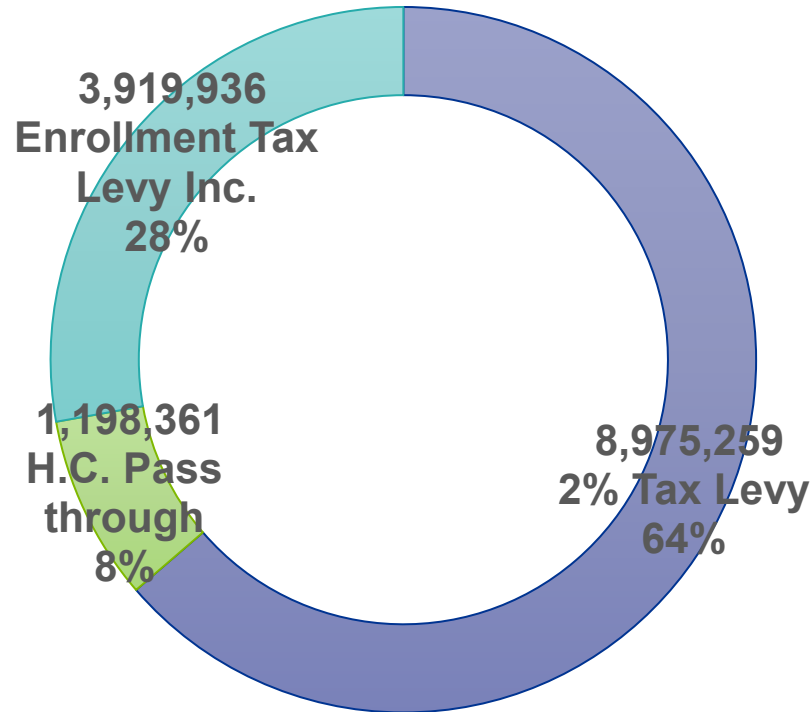
General Fund Tax Levy Growth % vs. Enrollment

Enrollments are actual except last two years



8 years 2015 through 2023 General Fund Tax Levy Categories

2023 is estimated and Banked Cap which is prior
“unused” 2% tax levy



Banked Tax Cap Analysis

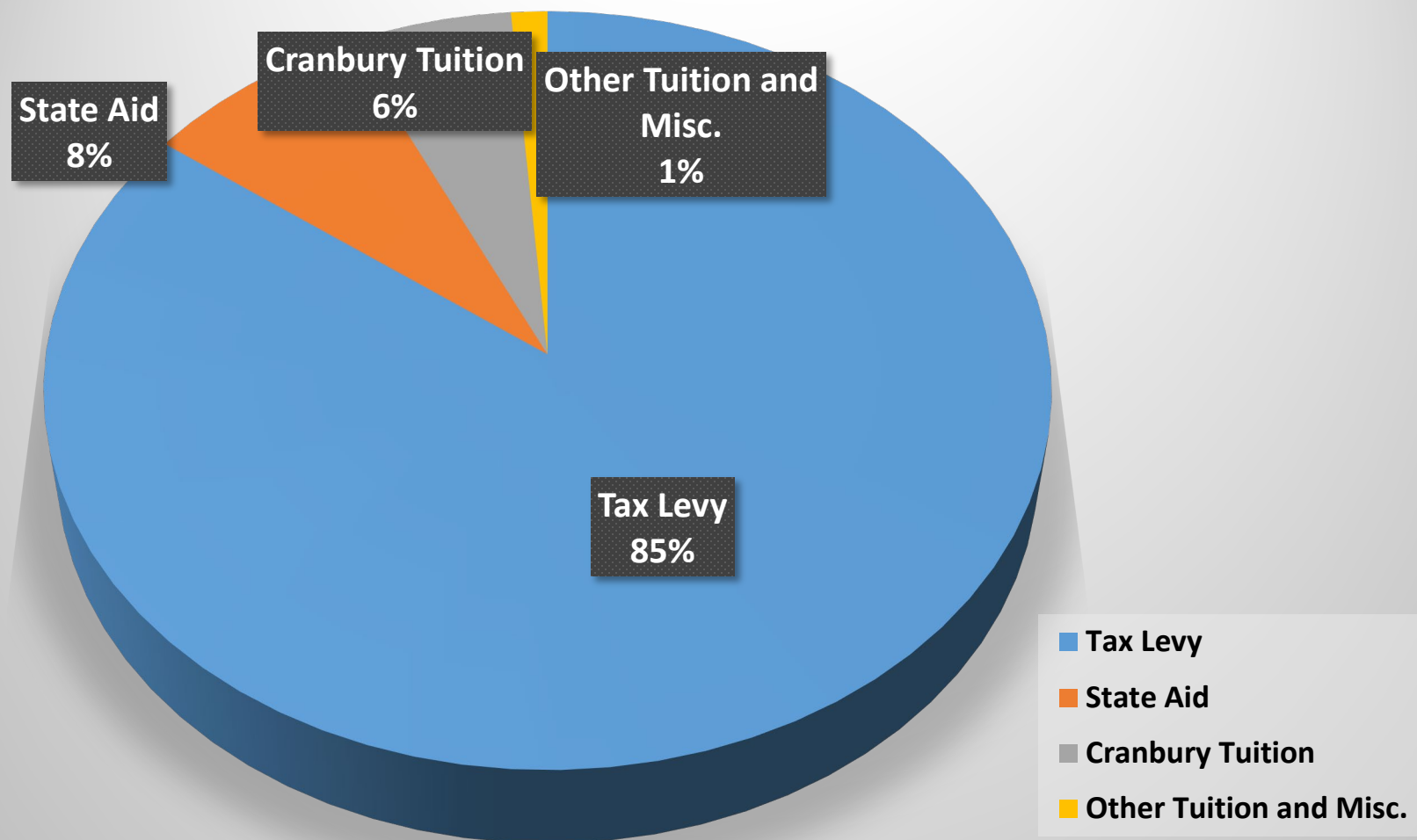
<u>Description</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Generated	253,626	796,138	-	-	-
Expiring	-	-	-	253,626	796,138
Available	-	253,626	1,049,764	-	-
Used	-	-	-	-	-
Foregone Tax Levy	-	5,073	15,923	-	-

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

District is forecasting to need banked cap in this 22-23 budget cycle

2021 Actual General Fund Revenues



2017 to 2021 Actual Gen Fund Revenue Analysis w Estimated Actual 2022 and Preliminary 2023 Budget

2/5/2022	Actual	Actual	Actual	Actual	Actual	Adopt. Bud	Est. Act.	Prelim Bud
	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE
	2017	2018	2019	2020	2021	2022	2022	2023
Tax Levy	68,227,892	70,148,719	73,055,295	76,246,634	79,613,868	79,613,868		80,410,007
2% Tax Levy (2% Max)	1,364,557	1,402,974	1,482,875	1,524,933		796,139		1,608,200
H.C. Pass through	264,382	47,848	413,110	473,021		-		-
Banked Cap								1,049,764
Enrollment Tax Levy Inc.	291,888	1,455,754	1,295,354	-		-		-
Total Tax Levy	70,148,719	73,055,295	76,246,634	78,244,588	79,613,868	80,410,007	80,410,007	83,067,971
Tuitions	5,150,332	5,228,140	5,565,909	5,405,652	5,720,335	5,110,908	5,135,908	5,414,912
Misc. and Interest	699,442	669,931	1,184,547	735,913	828,496	700,250	625,000	700,250
Categorical State Aid*	3,543,737	3,622,685	4,087,798	4,186,173	4,290,589	4,520,472	4,520,472	4,520,472
Extraordinary Aid	1,238,062	1,369,345	2,478,553	1,931,302	3,067,905	750,000	2,850,000	2,850,000
Fed SEMI	3,730	5,023	6,420	41,458	61,757	64,818	60,000	64,818
Cap Reserve Withdrawal						1,519,413		
Fnd Bal						3,303,052		
Revenue	80,784,022	83,950,419	89,569,861	90,545,086	93,582,950	96,378,920	93,601,387	96,618,423

* 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.**

2017 to 2021 Actual Gen Fund Expense Analysis w Estimated Actual 2022 and Preliminary 2023 Budget

2/8/2022	Actual FYE 2017	Actual FYE 2018	Actual FYE 2019	Actual FYE 2020	Actual FYE 2021	Adopt. Bud FYE 2022	Est. Act. FYE 2022	Prelim Bud FYE 2023
Appropriations (Expenditures):								
Salaries	48,788,292	51,558,305	53,425,769	52,184,417	52,943,356	55,962,843	53,875,352	58,273,175
Benefits	13,848,964	14,498,842	15,397,570	16,240,594	16,644,463	16,409,559	16,524,088	17,169,000
	62,637,256	66,057,147	68,823,339	68,425,011	69,587,819	72,372,402	70,399,440	75,442,175
Non Salary and Benefit Expenses:								
Charter Schools	4,745,777	5,539,621	6,161,680	6,544,147	6,603,954	7,155,590	7,122,742	7,200,000
Tuitions-Sp Ed OOD	2,594,750	2,853,951	2,640,517	3,025,470	3,008,073	3,253,036	3,121,071	3,214,703
Energy Costs	1,250,305	1,132,547	1,251,025	1,235,695	1,152,788	1,325,000	1,313,469	1,364,750
Gen Ed School Supplies, Txt, Svcs	1,461,228	1,265,634	1,629,796	1,190,876	1,079,019	1,500,000	1,262,453	1,500,000
Equipment, Fund 12	950,841	1,048,964	459,792	430,216	484,938	266,833	373,862	266,833
Admin Expenses	652,437	714,852	667,992	652,892	813,986	825,000	1,204,385	1,000,000
Nurse, Guidance	56,803	52,457	40,500	59,022	86,569	80,110	121,626	80,110
Curriculum and Library/Media	39,114	63,322	43,611	33,347	24,733	59,822	25,839	62,813
School Admin	127,124	210,719	139,668	84,515	84,546	134,015	61,702	134,015
Technology	964,983	1,117,397	1,083,160	885,063	1,300,599	1,122,000	940,257	1,144,440
Maint/Custodial/Security	1,565,312	2,091,435	1,829,127	1,819,310	2,127,939	1,850,000	2,980,616	1,850,000
Transportation	1,821,448	1,868,567	2,384,211	1,796,647	2,006,925	2,424,949	2,293,570	2,485,573
Extra Curr and Athletics	227,615	219,435	304,428	277,613	309,057	323,776	325,002	323,776
CST, Sp Ed Supp., Txt, Svcs	970,108	1,192,675	1,064,956	949,403	927,616	1,000,000	1,004,502	1,020,000
Home Instruction	32,126	37,252	44,367	26,751	30,740	62,100	66,062	64,274
COVID-19					1,804,920			
Budgeted Fund Bal and Cap Rsrve.						2,624,287		
	17,459,971	19,408,829	19,744,829	19,010,968	21,846,401	24,006,518	22,217,158	21,711,286
Total Expenses	80,097,227	85,465,976	88,568,168	87,435,979	91,434,220	96,378,920	92,616,598	97,153,461
Excess/(Deficiency) of Revenues	686,795	(1,515,556)	1,001,693	3,109,107	2,148,730	-	984,790	(535,038)

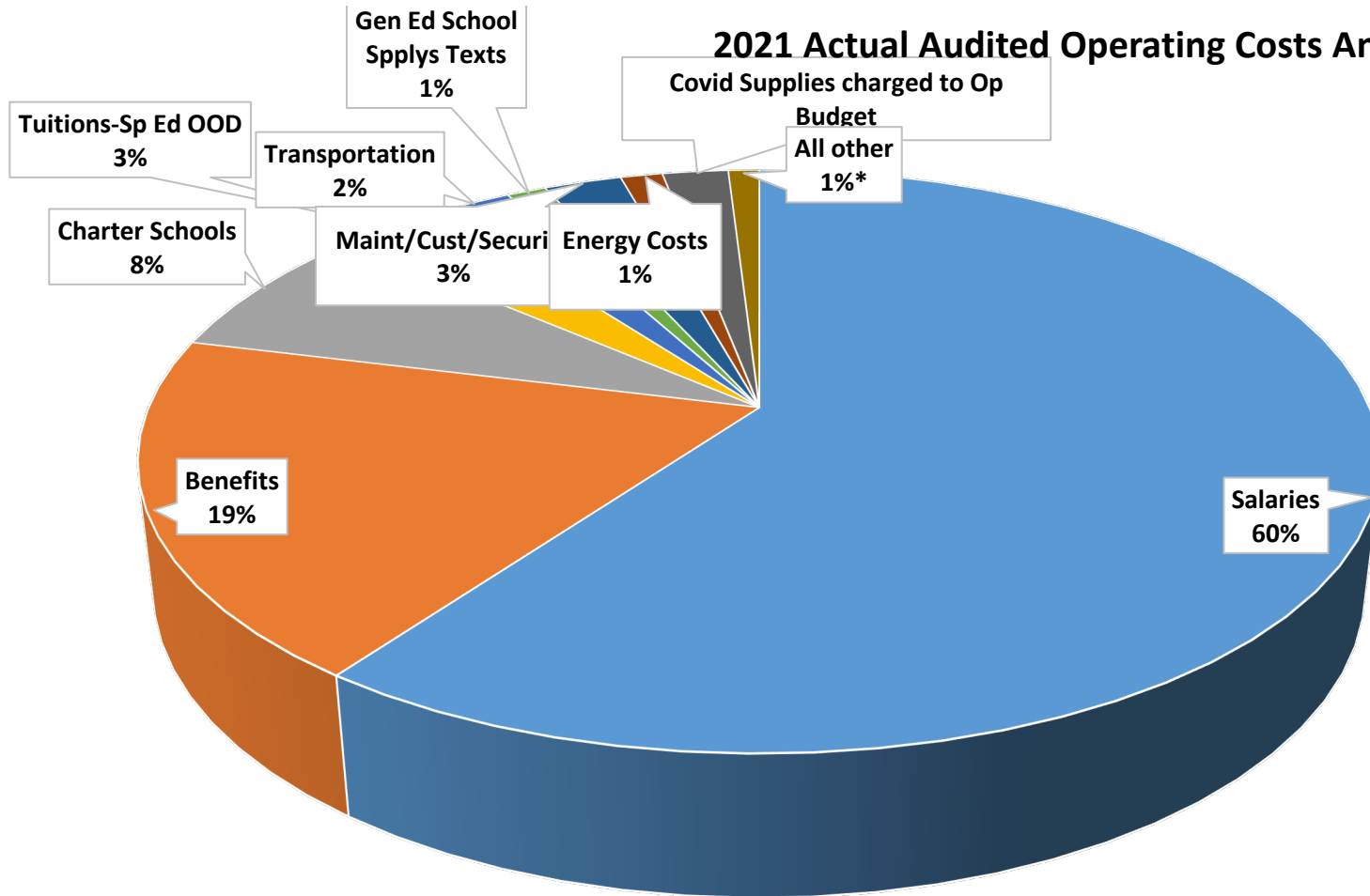
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Fund Balance Analysis

2/8/2022	Actual	Actual	Actual	Actual	Actual	Adopt. Bud	Est. Act.
	FYE	FYE	FYE	FYE	FYE	FYE	FYE
	2017	2018	2019	2020	2021	2022	2022
Non-Cap Rsrve ("free") Fund Bal.	6,480,023	5,369,799	6,310,095	8,707,636	10,620,753	10,620,753	11,605,543
Cap Reserve Fund Balance	2,274,167	2,242,450	2,303,847	3,015,413	2,885,813	2,885,813	795,549
	<u>8,754,190</u>	<u>7,612,249</u>	<u>8,613,942</u>	<u>11,723,049</u>	<u>13,506,566</u>	<u>13,506,566</u>	<u>12,401,092</u>

2021 Operating Budget Actual Results : How was it spent?

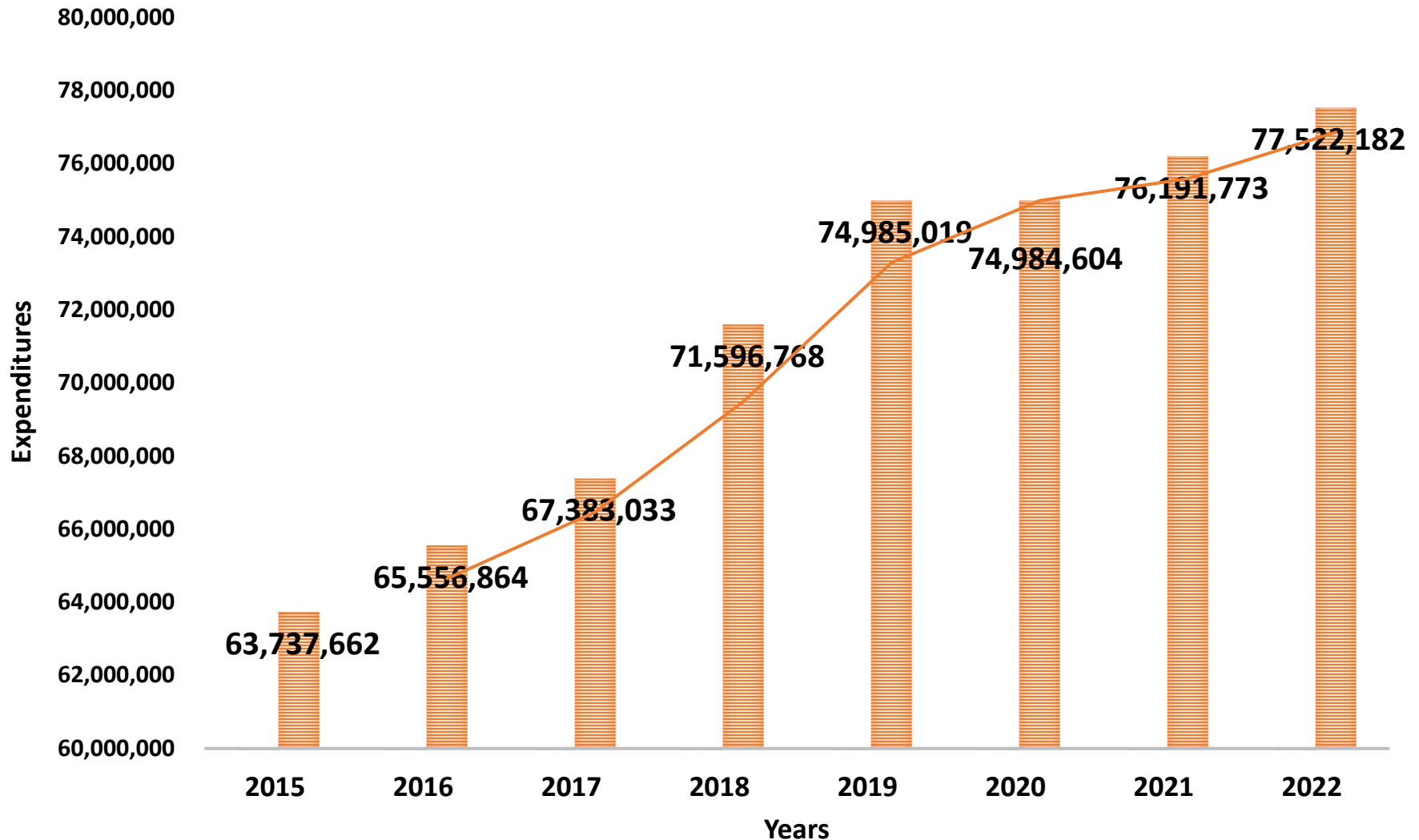
2021 Actual Audited Operating Costs Analysis



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

2015 to 2022 Major Budget Trend (2022 Estimated)

SALARIES, BENEFITS AND CHARTER SCHOOL EXPENDITURES



Preliminary 2022-2023 Budget – A closer look

2/5/2022	Actual	Actual	Adopt. Bud	Est. Act.	Prelim Bud
	FYE	FYE	FYE	FYE	FYE
	2020	2021	2022	2022	2023
Tax Levy	76,246,634	79,613,868	79,613,868		80,410,007
2% Tax Levy (2% Max)	1,524,933		796,139		1,608,200
H.C. Pass through	473,021		-		-
Banked Cap					1,049,764
Enrollment Tax Levy Inc.	-		-		-
Total Tax Levy	78,244,588	79,613,868	80,410,007	80,410,007	83,067,971
Tuitions	5,405,652	5,720,335	5,110,908	5,135,908	5,414,912
Misc. and Interest	735,913	828,496	700,250	625,000	700,250
Categorical State Aid*	4,186,173	4,290,589	4,520,472	4,520,472	4,520,472
Extraordinary Aid	1,931,302	3,067,905	750,000	2,850,000	2,850,000
Fed SEMI	41,458	61,757	64,818	60,000	64,818
Fed Covid Offset Est.* (nonrecurring)					
Cap Reserve Withdrawal			1,519,413		
Fnd Bal			3,303,052		
Revenue	90,545,086	93,582,950	96,378,920	93,601,387	96,618,423

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Preliminary 2022-2023 Budget – A closer look

2/8/2022		Actual FYE 2020	Actual FYE 2021	Adopt. Bud FYE 2022	Est. Act. FYE 2022	Prelim Bud FYE 2023
Appropriations (Expenditures):						
Salaries		52,184,417	52,943,356	55,962,843	53,875,352	58,273,175
Benefits		16,240,594	16,644,463	16,409,559	16,524,088	17,169,000
		<u>68,425,011</u>	<u>69,587,819</u>	<u>72,372,402</u>	<u>70,399,440</u>	<u>75,442,175</u>
Non Salary and Benefit Expenses:						
Charter Schools		6,544,147	6,603,954	7,155,590	7,122,742	7,200,000
Tuitions-Sp Ed OOD		3,025,470	3,008,073	3,253,036	3,121,071	3,214,703
Energy Costs		1,235,695	1,152,788	1,325,000	1,313,469	1,364,750
Gen Ed School Supplies, Txt, Svcs		1,190,876	1,079,019	1,500,000	1,262,453	1,500,000
Equipment, Fund 12		430,216	484,938	266,833	373,862	266,833
Admin Expenses		652,892	813,986	825,000	1,204,385	1,000,000
Nurse, Guidance		59,022	86,569	80,110	121,626	80,110
Curriculum and Library/Media		33,347	24,733	59,822	25,839	62,813
School Admin		84,515	84,546	134,015	61,702	134,015
Technology		885,063	1,300,599	1,122,000	940,257	1,144,440
Maint/Custodial/Security		1,819,310	2,127,939	1,850,000	2,980,616	1,850,000
Transportation		1,796,647	2,006,925	2,424,949	2,293,570	2,485,573
Extra Curr and Athletics		277,613	309,057	323,776	325,002	323,776
CST, Sp Ed Supp., Txt, Svcs		949,403	927,616	1,000,000	1,004,502	1,020,000
Home Instruction		26,751	30,740	62,100	66,062	64,274
COVID-19			1,804,920			
Budgeted Fund Bal and Cap Rsrve.				2,624,287		
		<u>19,010,968</u>	<u>21,846,401</u>	<u>24,006,518</u>	<u>22,217,158</u>	<u>21,711,286</u>
Total Expenses		<u>87,435,979</u>	<u>91,434,220</u>	<u>96,378,920</u>	<u>92,616,598</u>	<u>97,153,461</u>
Excess/(Deficiency) of Revenues		3,109,107	2,148,730	-	984,790	(535,038)

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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.