

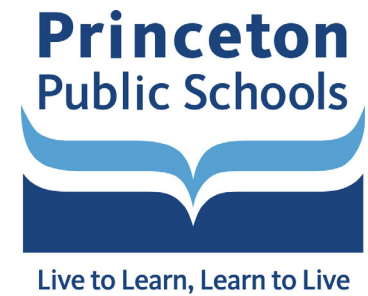


2023-2024 Budget Tentative Budget Adoption

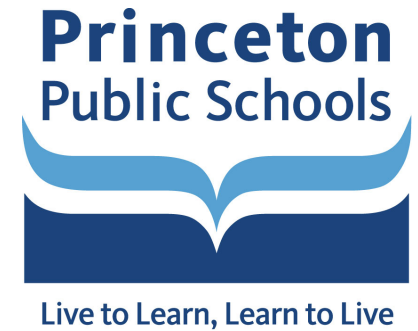
March 14, 2023

Outline of Discussion

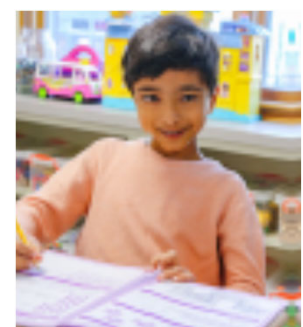
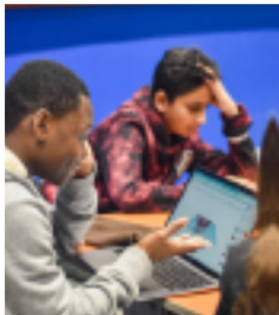
- **Our Promise – Strategic Plan Goals**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Debt Service Analysis**
- **Tentatively Adopted Budget Analysis**
- **Questions?**



PPS: Our Promise
Starting Point for All Initiatives



We promise to prepare all our students to
lead lives of joy and purpose as
knowledgeable, creative and
compassionate citizens of a global society.



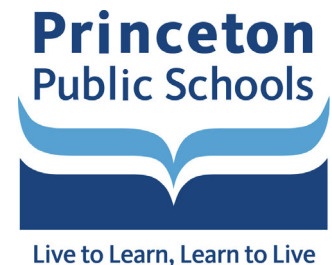
Strategic Planning Goals 2023 – 2028

Focus on Early Years: Age 3 to Grade 3 : Every student will build solid foundational literacies through purposeful play, inquiry-based learning, and targeted instruction.

Wellness, Inclusion and Supports for All: Every student will be known, connected, engaged, and supported, and will encounter fair, affirming schooling experiences at every stage.

Opportunity and Achievement for All : Every student will have access to challenging academic programs and will demonstrate achievement of rigorous standards with intellectual integrity.

Preparation for a meaningful life beyond PPS: Every student will successfully navigate school transitions and will build the foundation to thrive in the postsecondary pathway of their choice and design.



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.



Budget Calendar

2023-2024 Budget

November - District Budget planning (Central Office)

November- Budget manual shared with Budget Managers who were required to enter their ZBB details into System3000 directly by December 23rd

January-February - Central Office Analysis

February 7th - Budget Workshop-Top level overview

February 28th - Governor Murphy's Budget Address and PPS Board Meeting

March 2nd - State Aid Numbers released (48 hours after Budget Address)

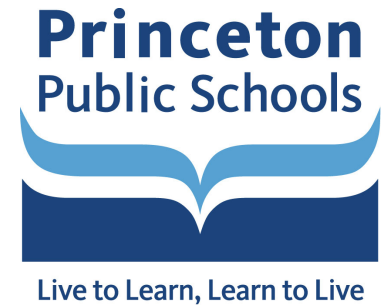
March 14th - (TONIGHT) Tentative Budget Adoption

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

April 25th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

What makes Princeton Public Schools Unique



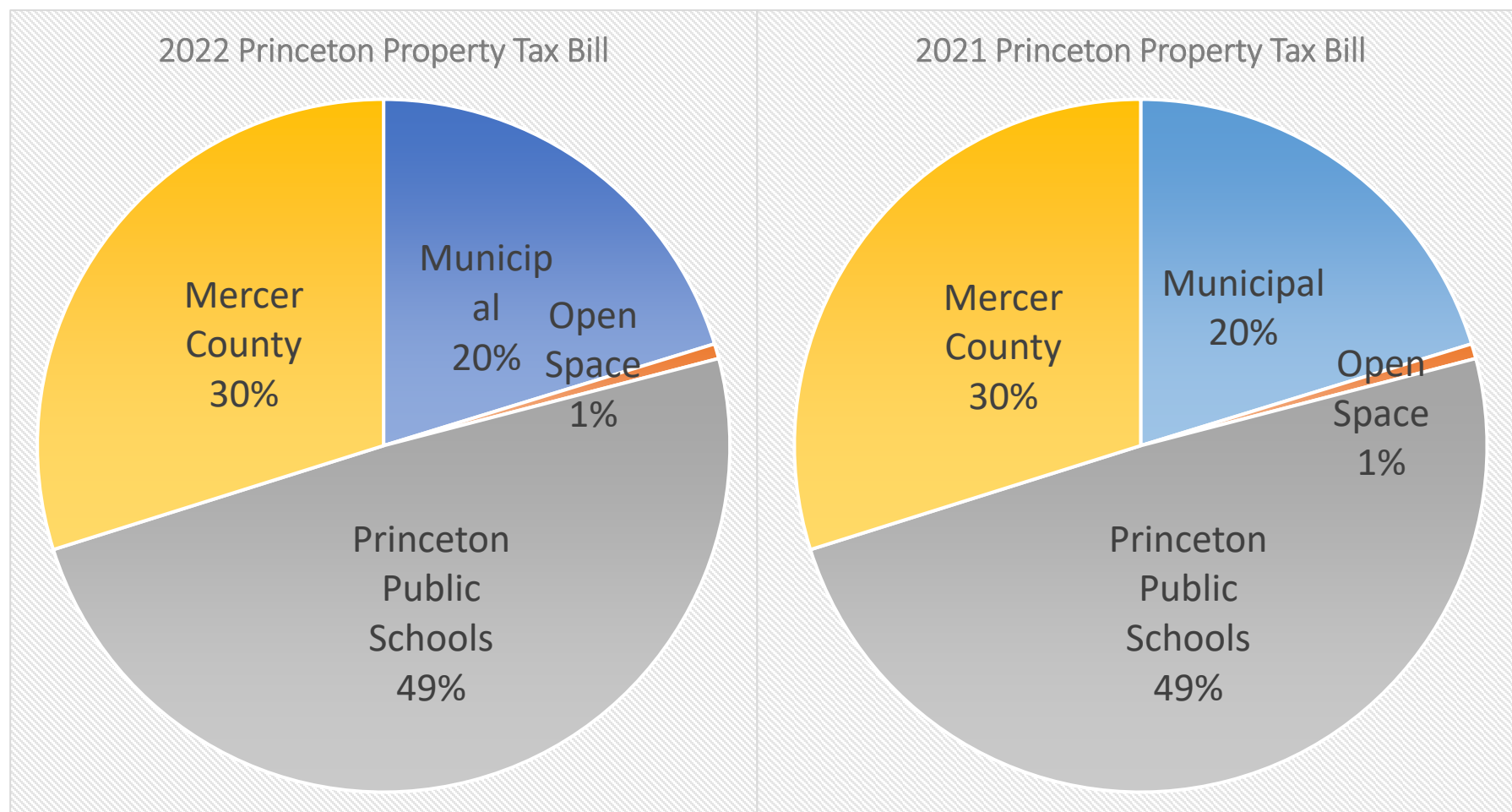
- World class university in our community
- Small Schools with generally comparatively small class sizes
- A large number of student programs and opportunities
- A large number of student support services including a full time Family Liaison for Elementary, Middle and High School
- A very experienced 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

23-24 Budget “Drivers”



- Meeting student needs post-pandemic
 - More students needing extra services and out of district placements
- Inflation and Scarcity
 - Less teachers and high employment costs; our transportation costs alone, both contracted and in district will have increased well over \$1MM dollars in 2 years
 - Pressure on health care costs and property and casualty insurance
- Improving pedagogy
 - Ensuring we have adequate funds for Curriculum and Instruction

Calendar Tax year Princeton Property Tax Comparison



Source: 2021 and 2022 Mercer County Abstract of Ratables

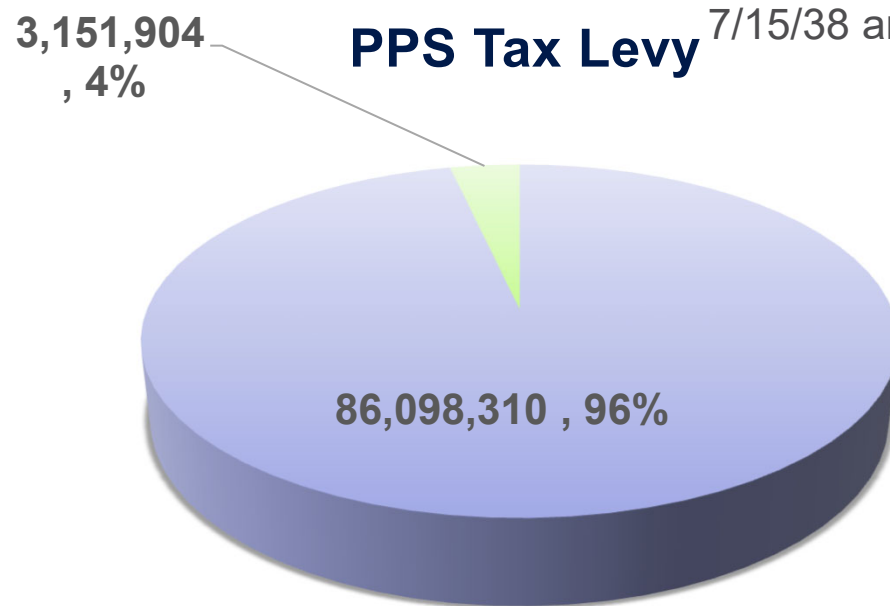
2023-24 School Tax: Two Separate Levies = \$89.250 MM

General Fund Levy = \$86.098 MM

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

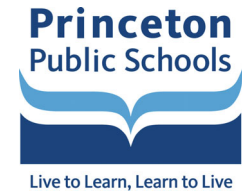
Debt Service Levy = \$3.152 MM

- Funds **long-term capital** projects
- Approved by taxpayers via referendum
- As of 6-30-2022, \$44.001 MM debt outstanding, with maturities of 2/1/23, 7/15/38 and 1/15/42



■ General Fund ■ Debt Service

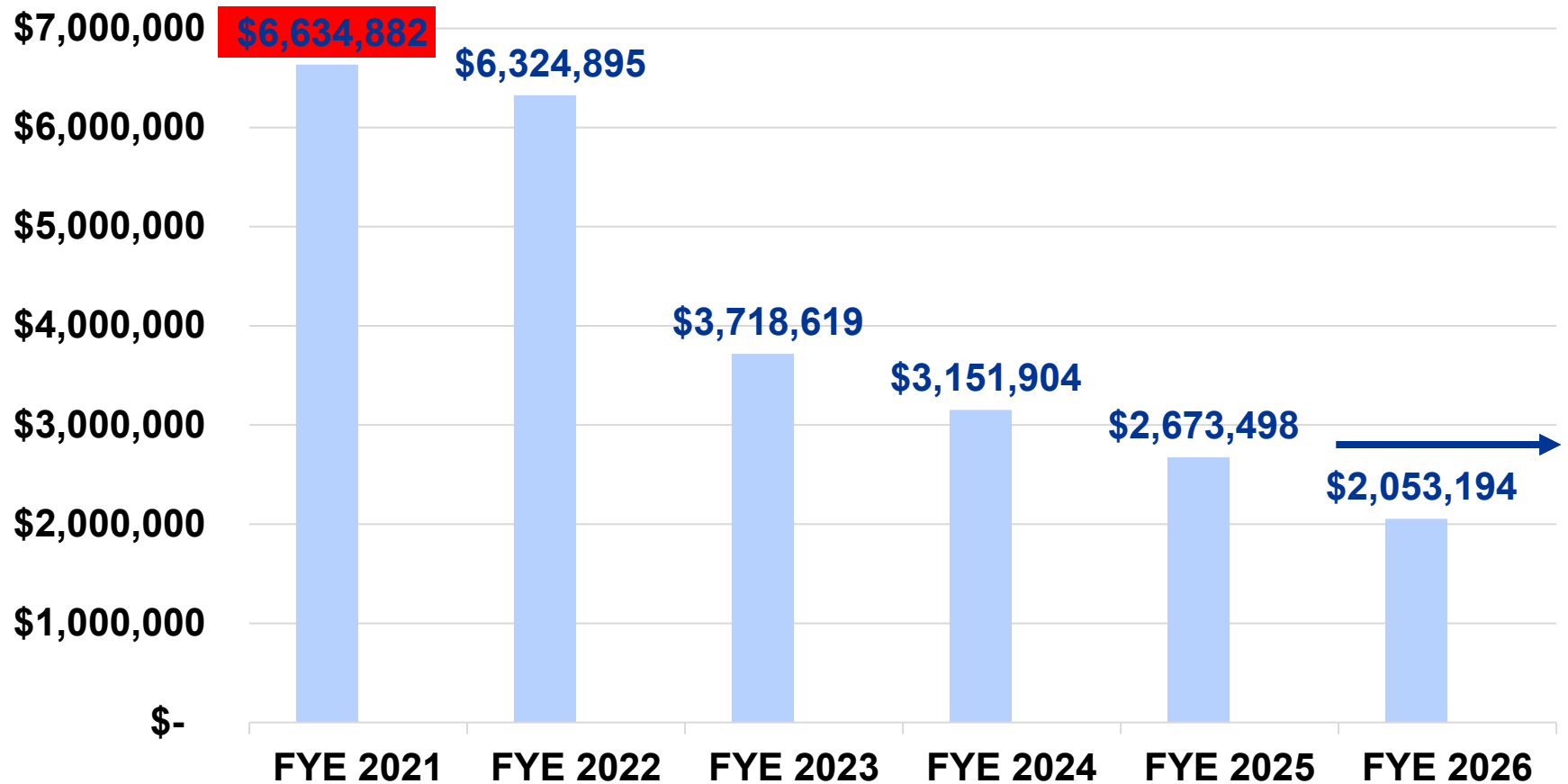
Debt Service Levy → Pays for Long-Term Debt



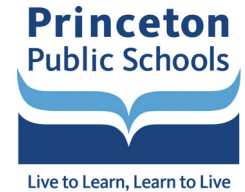
- Three Bond issues outstanding, with 7/30/2009 debt maturing during previous fiscal year; 6-30-2022. New issue on 3-30-2022, approved by voters 3 to 1, on January 25, 2022.
- Our most current Debt was issued at 2.75% over 20 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt Below:

	Orig. Issue Date	Maturity Date	Int. Rates	Int. Rates	Principal Bal. 6/30/2022
10.980 MM School Bonds	1/15/2013	2/1/2023	0.50%	2.00%	1,225,000
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50%	3.00%	25,325,000
17.451 MM School Bonds	3/30/2022	1/15/2042	2.60%	2.75%	17,451,000
					<u>44,001,000</u>

Projected Change in Debt Service over next 3 Fiscal Years (FYE), *assuming no new debt*. Goal is to keep PPS debt at “20-21” peak of \$6.635 MM - “Flat” 2026 and onward



2021, 2022 and 2023 School Tax Levy Comparison



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 School Tax Levy:

\$83.016 MM Gen Fund Levy(3.24%)
+\$3.719 MM Debt Service Levy
= \$86.735 MM

2021-22 School Tax Levy:

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

2022-23 School Tax Levy:

\$83.016 MM Gen Fund Levy(3.24%)
+\$3.719 MM Debt Service Levy
= \$86.735 MM

2023-24 Prelim. School Tax Levy:

\$86.098 MM Gen Fund Levy(3.79%)
+\$3.152 MM Debt Service Levy
= \$89.250 MM

Calendar 2021 Tax Levy:

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

Calendar 2022 Tax Levy:

\$81.713 MM General Fund Levy
+\$5.022 MM Debt Service Levy
= **\$86.735 MM***

Estimated Calendar 2023 Tax Levy:

\$84.557 MM General Fund Levy
+\$3.436 MM Debt Service Levy
= **\$87.993 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

- **Tentative Adopted Calendar 2023 total school levy of \$87.993 MM**
- **Tax rate increases from 1.198 to 1.237 per \$100** assessed property value
 - Princeton 2023 estimated actual tax base, net assessed valuation (ratables) of \$7.112 Billion*
 - Tax base de-creased (est.) 1.89% from 2022 – 2023, which means tax levy shared across a smaller base.
- **...which means that a 1.45% estimated calendar year school tax levy increase results in a 3.26% “effective” school tax increase.**

**2023 ratables from Tax Assessor and are estimated as of 3-10-2013*

Taxpayer Impact – Estimated at Tentative Adoption

PRINCETON ~ MUNICIPALITY OF

School Year July - June

March 14, 2023

	2017~2018	2018~2019	2019~2020	2020~2021	2021~2022	2022~2023	2023~2024
	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY	TAX LEVY
GENERAL FUND	\$ 73,055,295	\$ 76,246,634	\$ 78,244,588	\$ 79,613,868	\$ 80,410,007	\$ 83,016,283	\$ 86,098,310
DEBT SERVICE	\$ 5,512,273	\$ 5,168,761	\$ 5,754,598	\$ 6,634,882	\$ 6,324,895	\$ 3,718,619	\$ 3,151,904
TOTAL TAX LEVY	\$ 78,567,568	\$ 81,415,395	\$ 83,999,186	\$ 86,248,750	\$ 86,734,902	\$ 86,734,902	\$ 89,250,214
Y/Y % Increase		3.62%	3.17%	2.68%	0.56%	0.00%	2.90%
				6 year Compound Annual Growth Rate (CAGR)			2.15%

2023 Est. TAX RATE PER \$100.00 OF ASSESSED PROPERTY VALUATION **\$ 1.23727**

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

2022 Rate	Per \$100		Tax Year 2022	Tax Year 2023	Difference In
\$ 1.19821	% Increase		School Tax	School Tax	School Tax
		\$ 0.039			
		3.260%			
Home Assessed Value of \$650,000			\$ 7,788.35	\$ 8,042.23	\$ 253.88
Home Assessed Value of \$750,000			\$ 8,986.56	\$ 9,279.50	\$ 292.94
Home Assessed Value of \$844,787			\$ 10,122.46	\$ 10,452.43	\$ 329.97
Home Assessed Value of \$850,000			\$ 10,184.76	\$ 10,516.77	\$ 332.00
Home Assessed Value of \$900,000			\$ 10,783.87	\$ 11,135.40	\$ 351.53
Home Assessed Value of \$1,000,000			\$ 11,982.08	\$ 12,372.66	\$ 390.59
Home Assessed Value of \$1,500,000			\$ 17,973.11	\$ 18,559.00	\$ 585.88

Ave. Assessed Home Value

2022	\$ 844,787
2020	\$ 841,064
2019	\$ 838,562

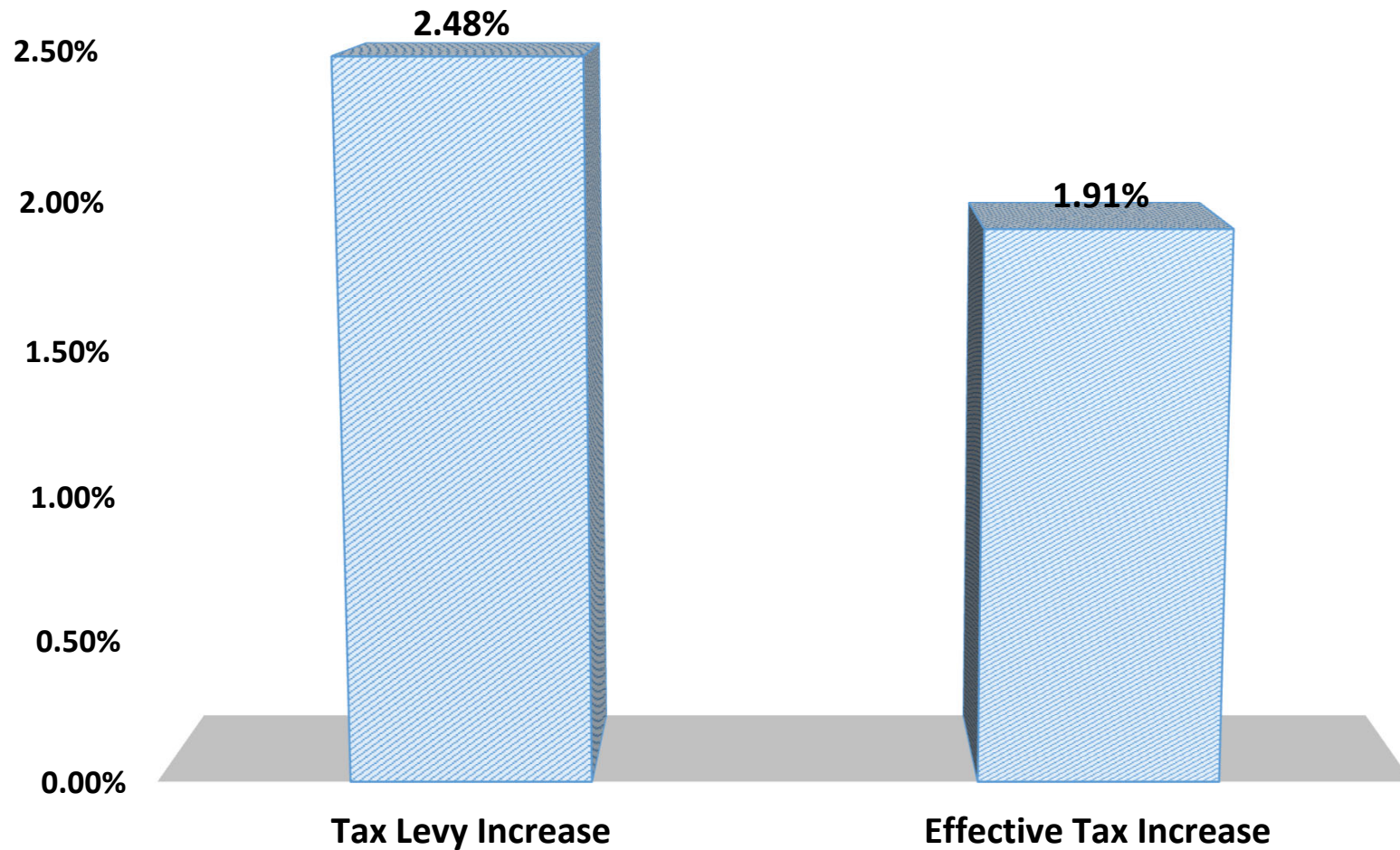
2022 Dec. Ave.

\$ (11.58)

~Estimated increase

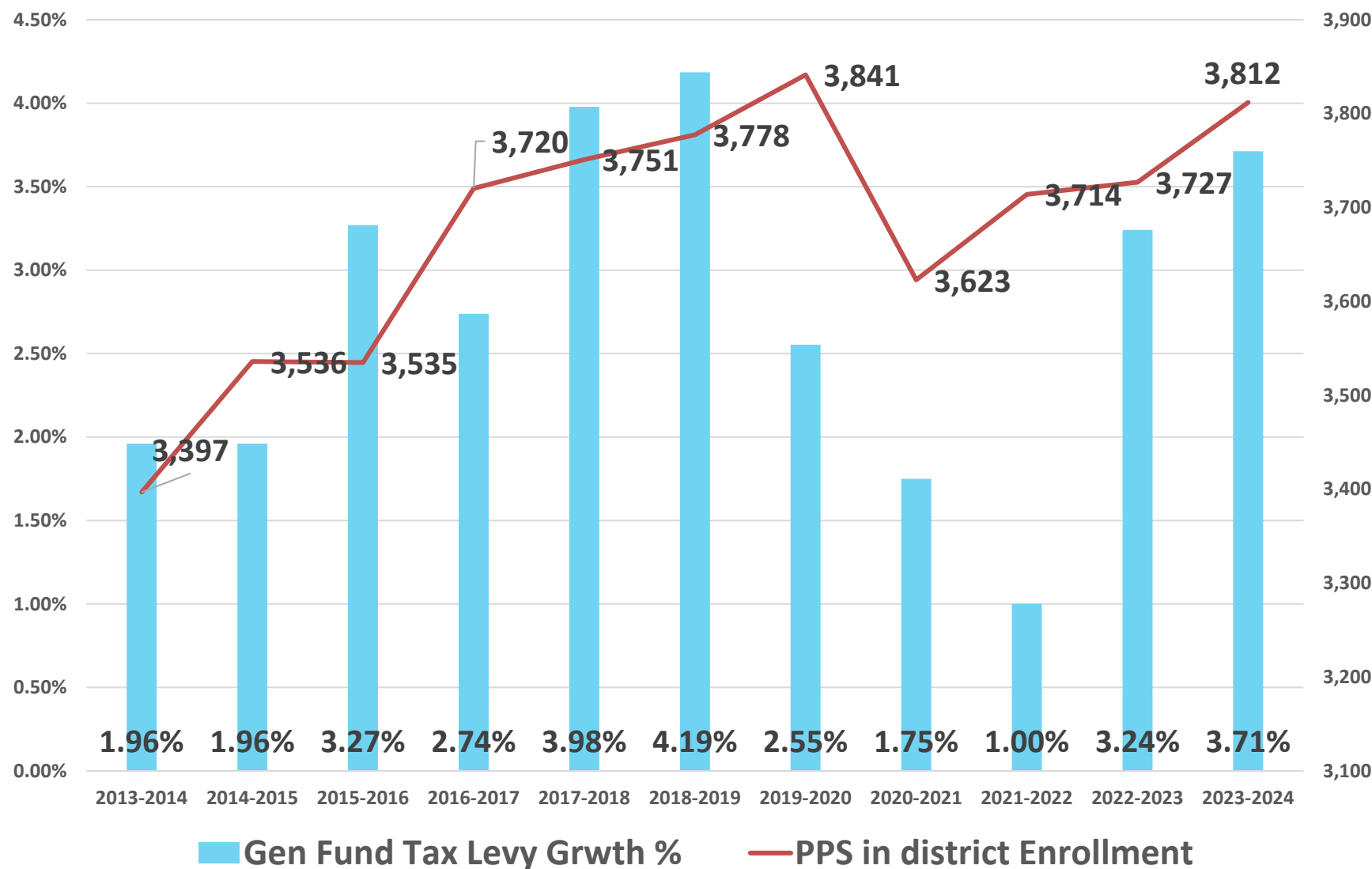
8 year (Estimated) tax levy and school tax growth – Effect of Rising Tax Ratables

'2015 to '2023 (Est.) PPS Tax Levy Increase vs. Effective Tax Increase



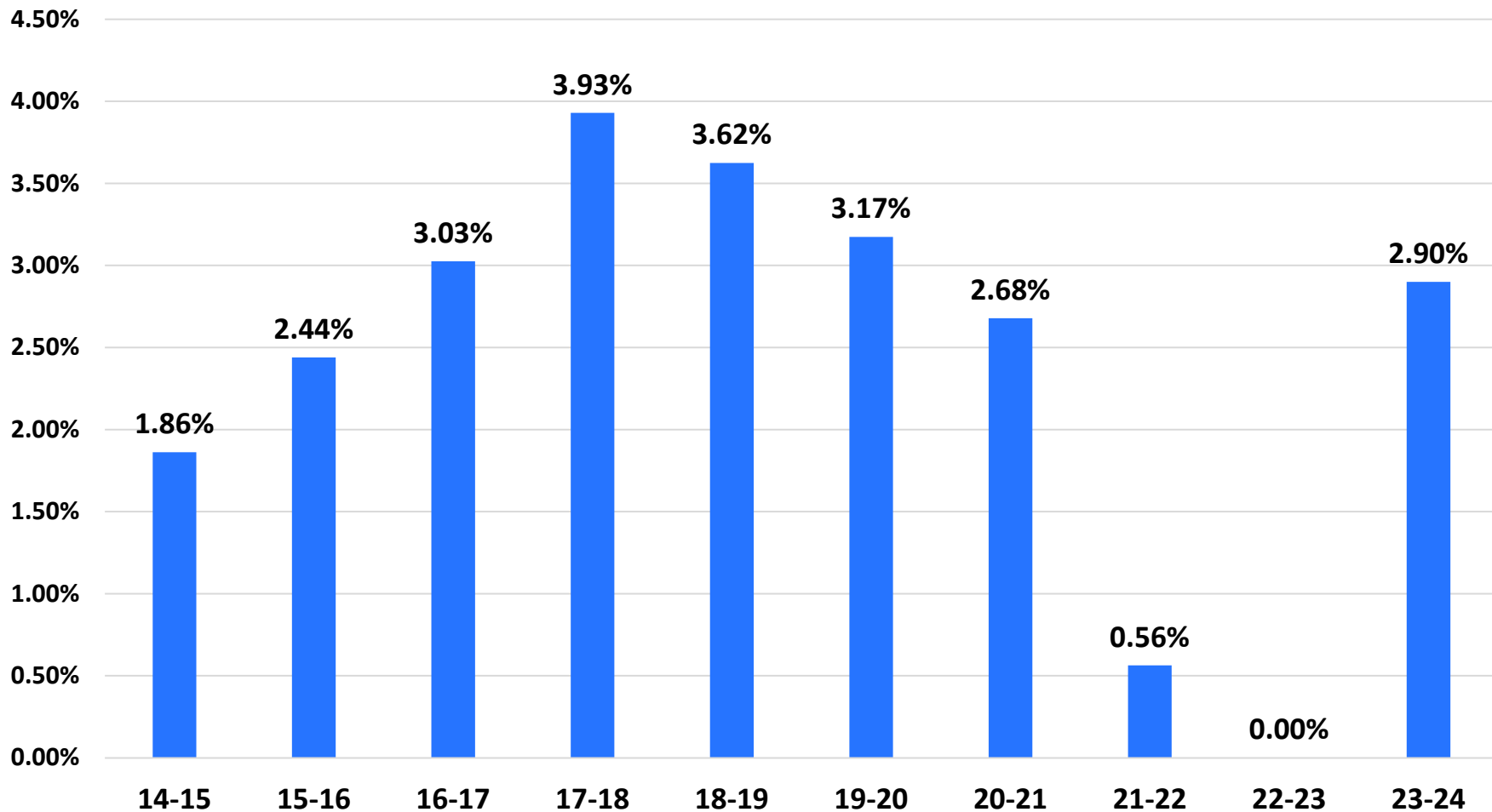
General Fund Tax Levy Growth % vs. Enrollment

Enrollments are actual except last two years



Total Tax Levy Growth Analysis – Past 10 Fiscal Years (June 30)

% Total (Op and Debt Svc) Tax Levy Growth



Banked Tax Cap Analysis

3/14/2023

<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	-	181,144	-
Expiring	-	-	-	-	51,688
Available	-	253,626	1,049,764	51,688	181,144
Used/Will Use	-	-	998,076		-
Foregone Tax Levy	-	5,073	15,923	-	-

Banked Cap:

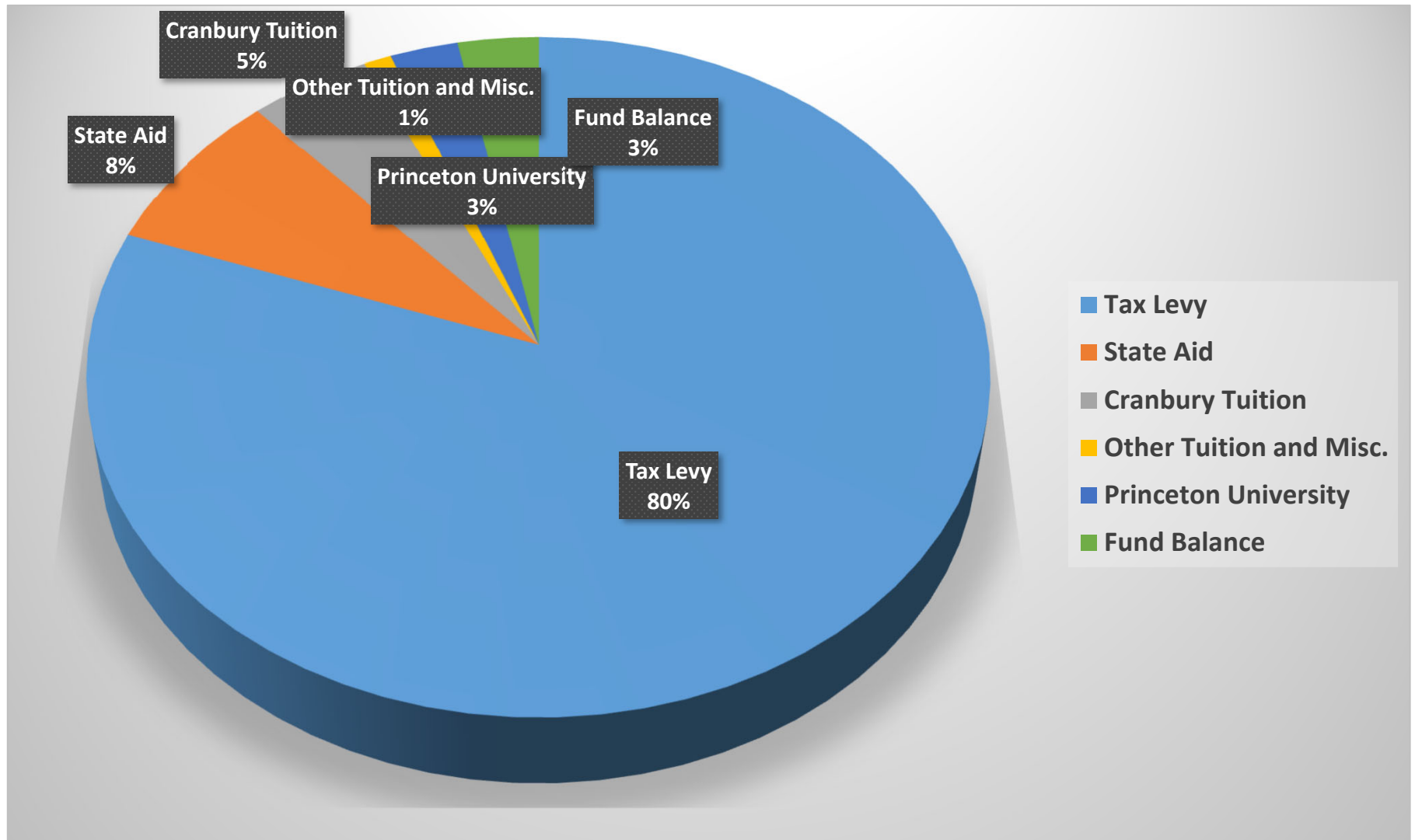
Unused taxation or spending authority, that can be saved for 3 future budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health insurance, enrollment or deferred pension increases

District has banked cap expiring in the 24-25 budget cycle

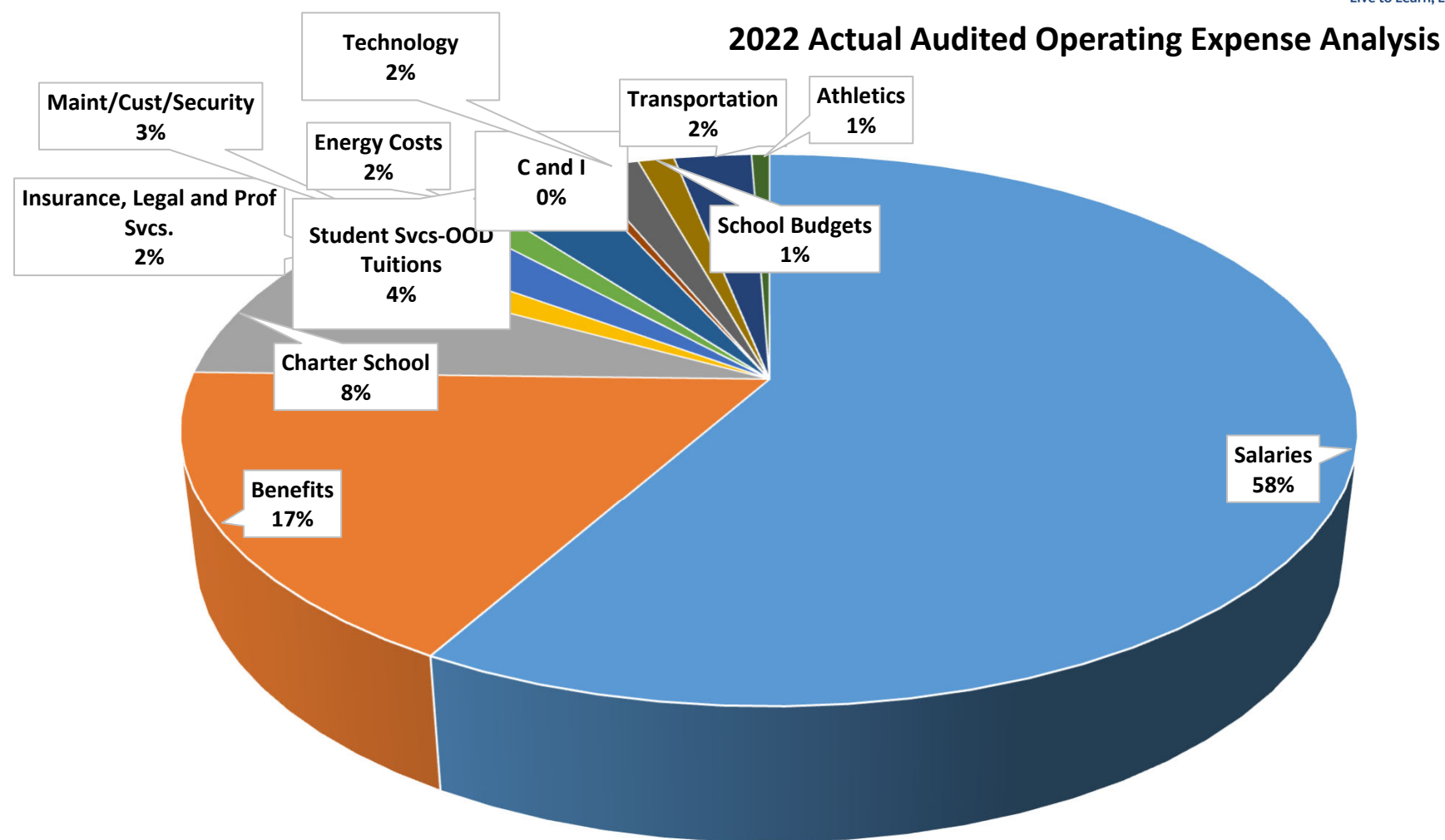
Fund Balance Analysis

3/11/2023	Actual 18-19	Actual 19-20	Actual 20-21	Actual 21-22	Adopt 22-23 Bud.	Est. Act. 22-23	Tent. Adopt 23-24
("FREE") Fund Bal.	6,310,095	8,707,636	10,541,873	11,101,758	11,101,758	10,403,957	10,403,957
Cap Reserve Fund Balance	2,303,847	3,015,413	2,885,813	1,318,184	1,318,184	1,250,000	1,250,000
	<u>8,613,942</u>	<u>11,723,049</u>	<u>13,427,686</u>	<u>12,419,942</u>	<u>12,419,942</u>	<u>11,653,957</u>	<u>11,653,957</u>

2023-24 Tentative Adopted Revenues



2022 Operating Budget Actual Results : How was it spent?



23-24 TENTATIVE ADOPTED GENERAL FUND

Big Picture Movements

3/14/2023

	Two Year Increase			24 vs '22	24 vs '22
	Actual	Est. Act.	Tent. Adopt	%	\$
	21-22	22-23	23-24	Inc.	Chnge.
				Bud vs Act.	Bud vs Act.
Revenue:					
Total Tax Levy	80,410,007	83,016,283	86,098,310	7.07%	5,688,303
Categorical State Aid	4,590,258	4,866,720	5,348,358	16.52%	758,100
Princeton University			2,750,000		2,750,000
Other Changes	9,238,669	9,129,308	12,051,531		2,812,862
Budgeted Revenue	94,238,934	97,012,311	106,248,199	20.90%	12,009,265
Appropriations (Expenses):					
Salaries	54,459,174	58,200,000	61,096,834	12.19%	6,637,660
Benefits	15,995,273	16,827,495	18,712,175	16.99%	2,716,902
	70,454,447	75,027,495	79,809,009	13.28%	9,354,562
NON-Salary Expenses					
Charter School	7,122,382	7,011,200	7,564,608	6.21%	442,226
Maintenance, Custodial	2,898,526	2,405,781	1,800,000	-37.90%	(1,098,526)
Stndt Svcs.-Tutions -Home Instr	3,343,442	4,076,122	4,820,000	44.16%	1,476,558
Curriculum and Instruction	420,330	545,301	967,646	130.21%	547,316
Technology	1,778,709	1,326,892	1,347,179	-24.26%	(431,530)
Transportation	2,375,778	2,734,780	3,042,223	28.05%	666,445
Athletics	551,505	722,717	925,077	67.74%	373,572
Other Changes	4,529,962	4,491,823	5,972,466	31.84%	1,442,504
Supplies and Services	23,020,634	23,314,617	26,439,199	14.85%	3,418,565
Total Expenditures	93,475,081	98,342,112	106,248,208	13.66%	12,773,127
					-763,861.72

23-24 TENTATIVE ADOPTED GENERAL FUND BUDGET REVENUES



3/14/2023	Actual 20-21	Actual 21-22	Adopt 22-23 Bud.	Est. Act. 22-23	Tent. Adopt 23-24	24 vs '23 % Inc. Bud vs Bud	24 vs '23 \$ Chnge. Bud vs Bud
Revenues:							
Tax Levy	78,244,588	79,613,868	80,410,007	83,016,283	83,016,283	3.24%	2,606,276
Tax Levy Increase-2%	1,369,280	796,139	1,608,200		1,660,326	3.24%	52,126
Banked Cap Utilized	-	-	998,076		-		(998,076)
Health Care Waiver					1,421,701		1,421,701
Total Tax Levy	79,613,868	80,410,007	83,016,283	83,016,283	86,098,310	3.71%	3,082,027
Tuitions	5,720,335	5,152,878	5,414,807	5,414,807	5,209,229	-3.80%	(205,578)
Misc. and Interest	533,121	969,934	750,240	746,501	750,300	0.01%	60
Categorical State Aid*	4,290,589	4,590,258	4,866,720	4,866,720	5,348,358	9.90%	481,638
Extraordinary Aid	3,067,905	3,074,305	1,767,775	2,920,000	2,750,000	55.56%	982,225
Princeton University					2,750,000		2,750,000
Fed SEMI	61,757	41,552	69,332	48,000	66,242	-4.46%	(3,090)
Fund Balance	-	-	1,765,949		3,275,760	85.50%	1,509,811
Budgeted Revenue	93,287,575	94,238,934	97,651,106	97,012,311	106,248,199	8.80%	8,597,093

23-24 TENTATIVE ADOPTED GENERAL FUND BUDGET EXPENDITURES (APPROPRIATIONS)

3/14/2023	Actual 20-21	Actual 21-22	Adopt 22-23 Bud.	Est. Act. 22-23	Tent. Adopt 23-24	24 vs '23 % Inc. Bud vs Bud	24 vs '23 \$ Chnge. Bud vs Bud
Appropriations (Expenses):							
Salaries	52,943,356	54,459,174	57,440,357	58,200,000	61,096,834	6.37%	3,656,477
Benefits	16,644,463	15,995,273	17,566,180	16,827,495	19,851,493	13.01%	2,285,313
	69,587,819	70,454,447	75,006,537	75,027,495	80,948,327	7.92%	5,941,790
Charter School	6,603,954	7,122,382	7,331,036	7,011,200	7,564,608	3.19%	233,572
Insurance, Legal and Prof. Sv	1,546,595	1,958,554	1,917,510	1,795,712	2,040,628	6.42%	123,118
Maintenance, Custodial	1,712,554	2,898,526	1,508,964	2,405,781	1,800,000	19.29%	291,036
Energy	1,262,505	1,461,899	1,517,511	1,546,112	1,517,511	0.00%	(0)
Stdnt Svcs.-Tutions -Home Ins	3,998,128	3,343,442	4,250,215	4,076,122	4,820,000	13.41%	569,785
Curriculum and Instruction	354,567	420,330	650,000	545,301	967,646	48.87%	317,646
Technology	1,300,599	1,778,709	1,237,207	1,326,892	1,347,179	8.89%	109,972
School Budgets	875,882	1,109,509	1,275,000	1,150,000	1,275,000	0.00%	-
Transportation	1,853,597	2,375,778	2,423,858	2,734,780	3,042,223	25.51%	618,365
Athletics	373,771	551,505	533,268	722,717	925,077	73.47%	391,809
Covid Expenses	1,804,920						-
Supplies and Services	21,687,073	23,020,634	22,644,569	23,314,617	25,299,872	11.73%	2,655,303
Total Expenditures	91,274,892	93,475,081	97,651,106	98,342,112	106,248,199	8.80%	8,597,093
Surplus/(Deficit) of Rev.	2,012,683	763,853	0	(1,329,801)	(0)		

Portrait of a Princeton Public Schools Graduate

Critical Thinker

- assesses underlying causes
- finds, evaluates and employs relevant evidence
- determines the validity of claims and analyzes sources
- builds reasoned arguments



Informed & Involved Global Citizen

- values diversity of all kinds (language, racial, religious, gender, sexuality, ability, class) and fosters inclusion
- makes ethical and fair choices/acts with integrity
- develops global awareness and civic responsibility
- takes action to positively impact community



Curious Learner

- embodies a growth mindset
- develops personal passions and interests
- remains open to new possibilities
- persists in the face of obstacles



Health & Wellness Advocate

- makes personal decisions that promote wellbeing
- identifies and appreciates personal strengths and exhibits confidence and belief in self
- employs tools and practices to manage emotions
- uses agency and self-advocacy to express needs



Collaborative Communicator

- listens actively to understand different points of view
- communicates responsibly in multiple modalities
- organizes and expresses information clearly
- works well with diverse teams
- values the contributions of others



Creative Innovator

- looks at a problem from multiple perspectives
- thinks expansively and considers what isn't possible yet
- applies imagination to solve complex problems and innovates solutions



Budget Related Question and Answer Session

