



# 2024-2025 Budget Workshop

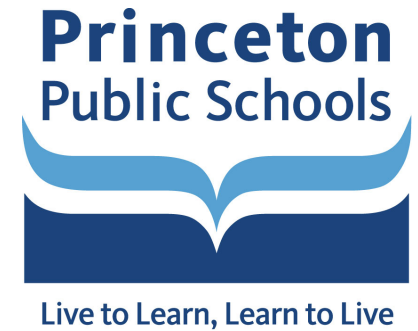
February 6, 2024

## Outline of Discussion

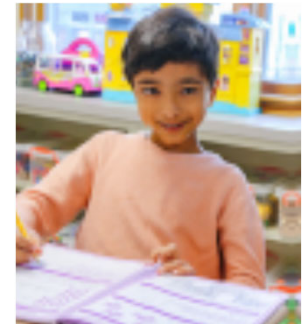
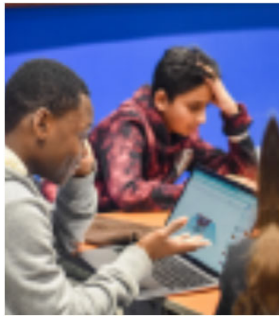
- **Our Promise/Strat Plan**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating Budget and Preliminary Budget Analysis**
- **Questions From the Public**



**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 post-secondary pathway of their choice and design.



Live to Learn, Learn to Live



# 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 comparatively small class sizes
- A large number of student programs and opportunities
- A large number of student support services
- A very experienced teaching staff
- Programs that are well above State minimum
- High percentage of population navigating poverty (~13%) compared to peer districts, as well as having a 424 student charter school in town
- Commitment to Equity



## Budget Calendar

### 2024-2025 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 21<sup>st</sup>**

**January-February - Central Office Analysis**

**February 6<sup>th</sup> - (TONIGHT) Budget Workshop-Top level overview**

**February 28<sup>th</sup> - Governor Murphy's Budget Address and PPS Board Meeting**

**March 1<sup>st</sup> - State Aid Numbers released (48 hours after Budget Address)**

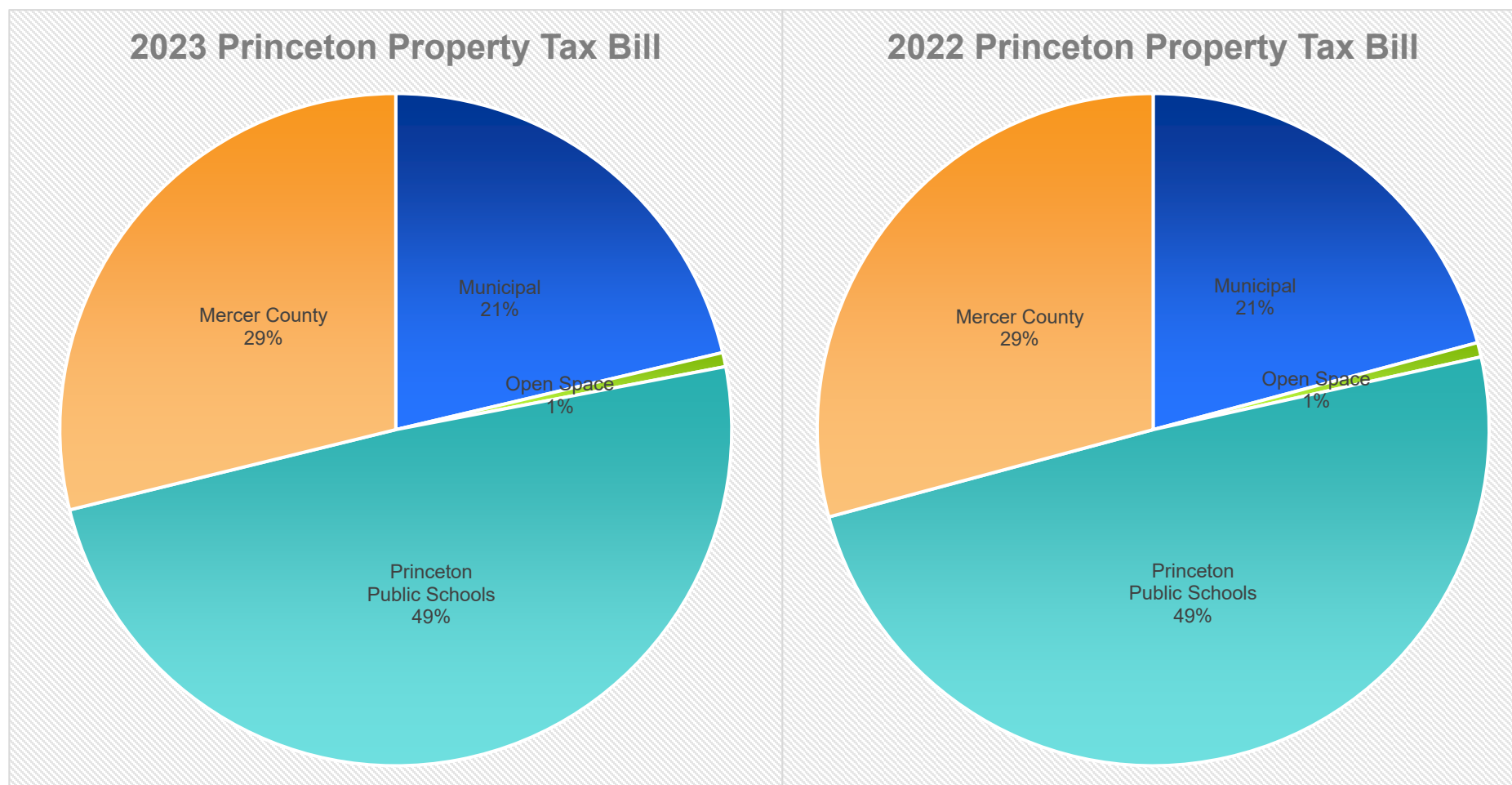
**March 19<sup>th</sup> - Tentative Budget Adoption**

**March 20<sup>th</sup> - Budgets submitted to County (State review)**

**April 30<sup>th</sup> - Public Budget Hearing and Final Budget Adoption**

**Budget presentations throughout the budget development and approval process. State Budget Calendar not released as of February 4, 2024.**

## Calendar Tax year Princeton Property Tax Comparison



Source: 2022 and 2023 Mercer County Abstract of Ratables



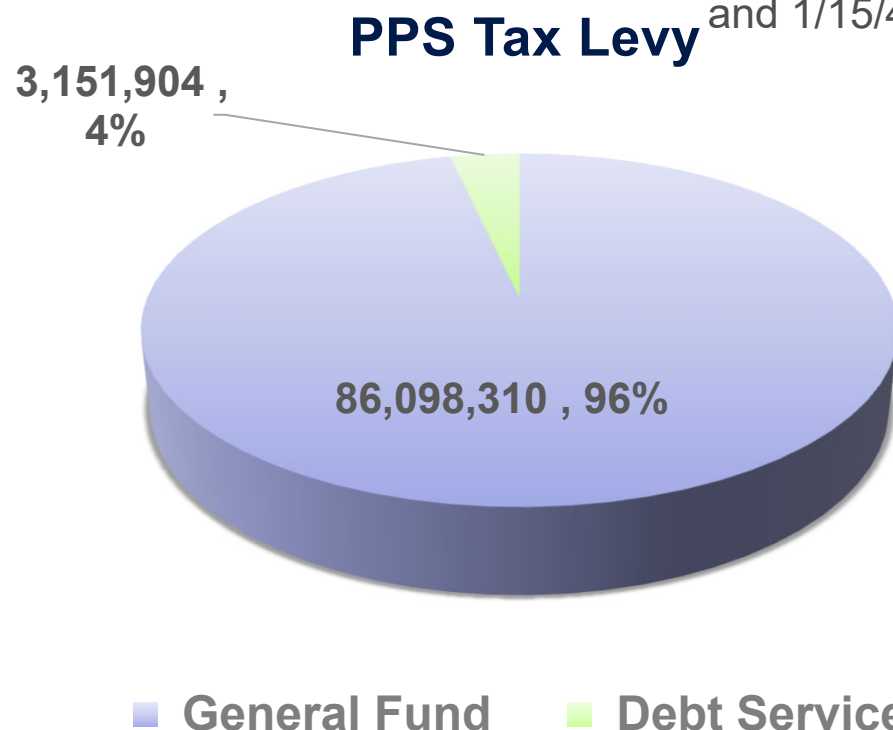
## 2023-24 School Tax: Two Separate Levies = \$89.250MM

### 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 6-30-2023, \$40.975 MM debt outstanding, with maturities of 7/15/38 and 1/15/42

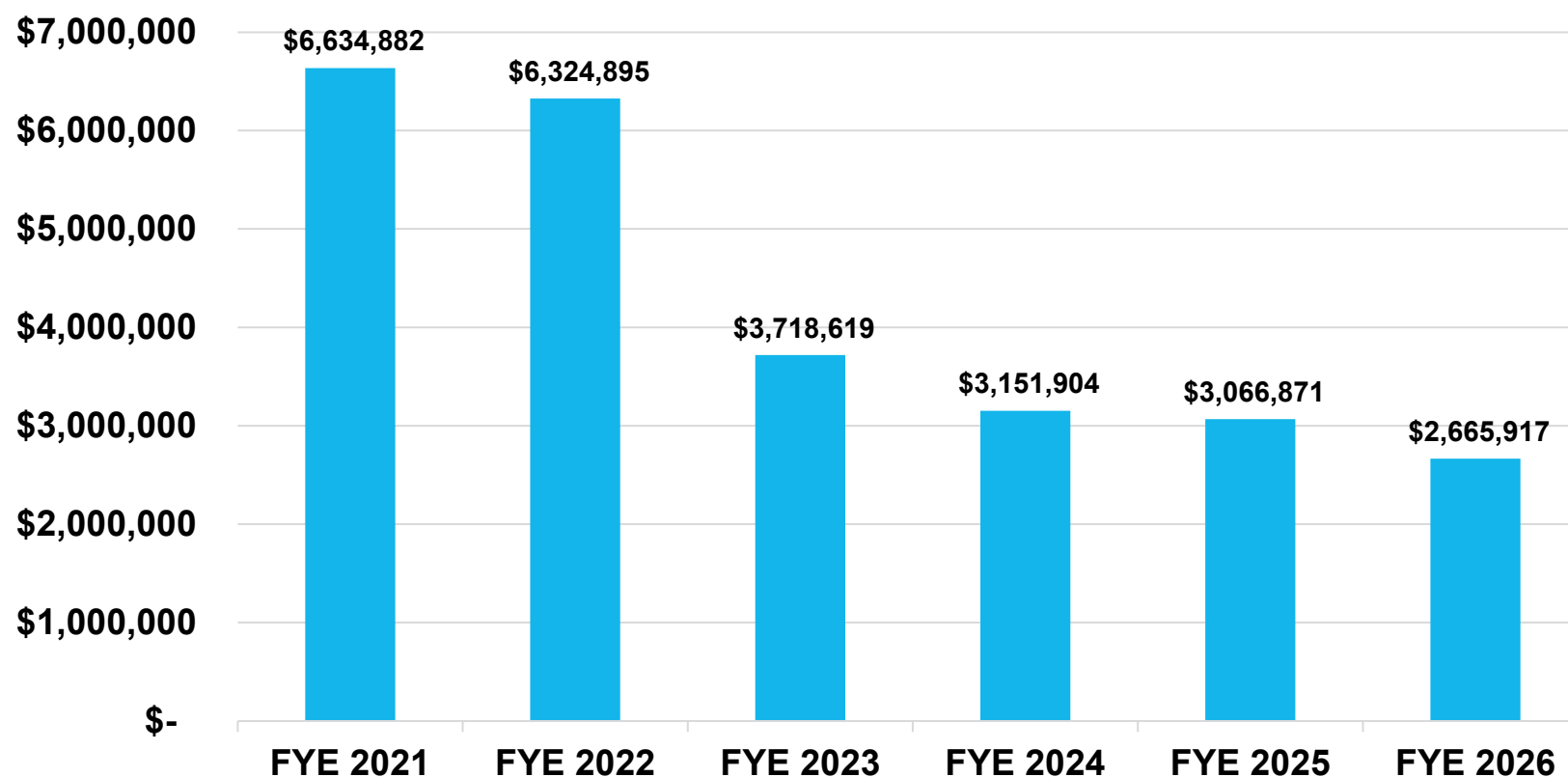


## Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues currently outstanding, with a new \$12.998MM issue on 12-28-2023, approved by voters **70.8%** on November 7, 2023.
- Our most current Debt was issued at 3.261% over 13 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt as of **12/31/2023** Below:

	Orig. Issue Date	Maturity Date	Int. Rates	Int. Rates	Principal Bal. <b>12/31/2023</b>
<b>26.928 MM School Bonds</b>	<b>1/23/2019</b>	<b>7/15/2038</b>	<b>2.50%</b>	<b>3.00%</b>	<b>24,525,000</b>
<b>17.451 MM School Bonds</b>	<b>3/30/2022</b>	<b>1/15/2042</b>	<b>2.60%</b>	<b>2.75%</b>	<b>16,450,000</b>
<b>12.998 MM School Bonds</b>	<b>12/28/2023</b>	<b>1/15/2037</b>	<b>2.63%</b>	<b>3.40%</b>	<b>12,998,000</b>
					<b>53,973,000</b>

**Projected Change in “Net” Debt Service over next 2 Fiscal Years (FYE), assuming no new debt and includes \$250,000 in investment earnings on unexpended proceeds.**



# 2022, 2023 and 2024 School Tax Levy Comparison



## 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 School Tax Levy:

**\$86.098 MM** Gen Fund Levy(3.71%)  
+\$3.151 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 School Tax Levy:

**\$86.098 MM** Gen Fund Levy(3.71%)  
+\$3.152 MM Debt Service Levy  
= \$89.250 MM

## 2024-25 Prelim. School Tax Levy:

**\$87.820 MM** Gen Fund Levy(2.00%)  
+\$3.067 MM Debt Service Levy  
= \$90.887 MM

## Calendar 2022 Tax Levy:

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

## Calendar 2023 Tax Levy:

\$84.557 MM General Fund Levy  
+\$3.435 MM Debt Service Levy  
= **\$87.993 MM\***

## Estimated Calendar 2024 Tax Levy:

\$86.959 MM General Fund Levy  
+\$3.109 MM Debt Service Levy  
= **\$90.069 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**

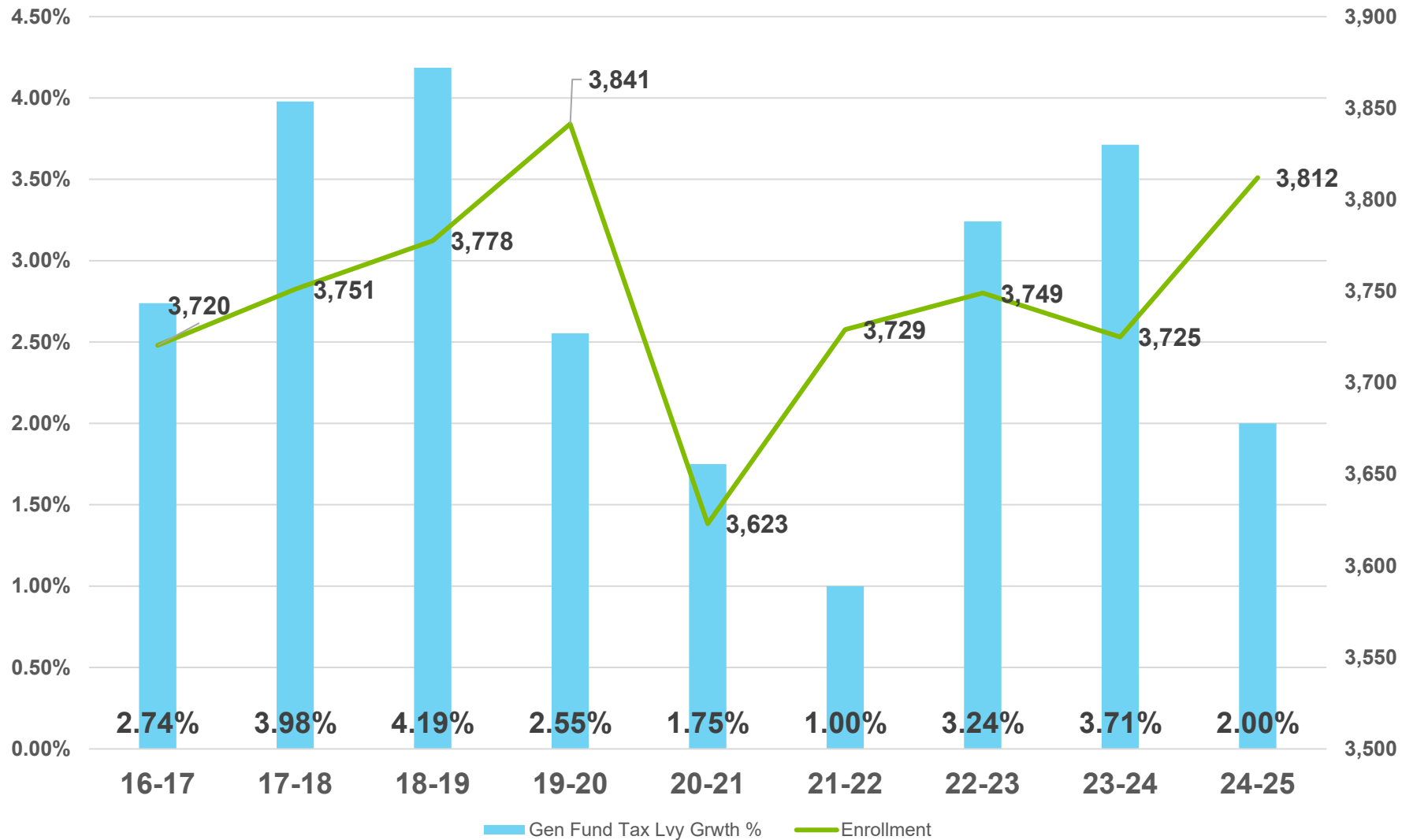
## Taxpayer Impact

- **Actual Calendar 2023 total school levy of \$87.993 MM**
- **Tax rate increased from 1.1982 to 1.236 per \$100** assessed property value
  - Princeton 2023 actual tax base, net assessed valuation (ratables) of \$7.120 Billion\*
  - Tax base de-creased 1.664% from 2022 – 2023, which means tax levy shared across a smaller total assessed value...
- **...which means that a 1.45% calendar year school tax levy increase results in a 3.14% “effective” school tax increase. The Tax increase is spread across a smaller base.**

*\*2023 ratables taken from Mercer County Tax Tables*

## General Fund Tax Levy Growth % vs. Enrollment

24-25 Enrollment is an estimate





## Banked Tax Cap Analysis

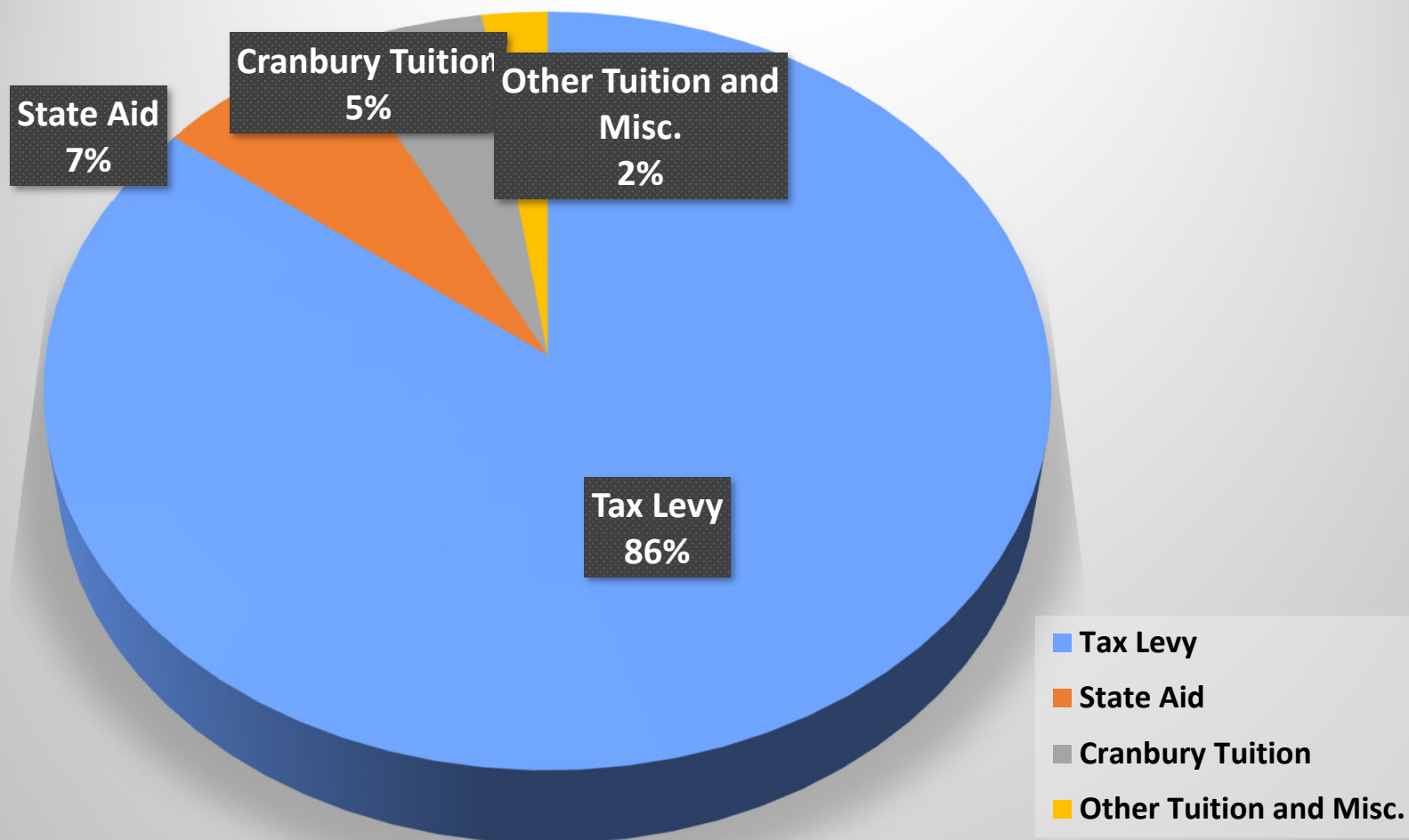
<b><u>Description</u></b>	<b><u>21-22</u></b>	<b><u>22-23</u></b>	<b><u>23-24</u></b>	<b><u>24-25</u></b>	<b><u>25-26</u></b>
Generated	796,138	-	94,684	-	
Expiring	-	-		51,688	
Available	253,626	1,049,764	51,688	146,372	
Used/Will Use	-	998,076		-	
Foregone Tax Levy	5,073	15,923	-	-	

### 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 (THIS) budget cycle

## 2023 Actual General Fund Revenues



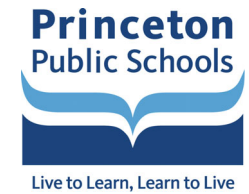
# 2019 to 2023 Actual Gen Fund Revenue Analysis w Estimated Actual 2024 and Preliminary 2025 Budget



2/4/2024	Actual 18-19	Actual 19-20	Actual 20-21	Adopted 21-22 Bud.	Actual 21-22	Actual 22-23	Adopt 23-24	Est. Act. 23-24	Prelim 24-25
<b>Revenue:</b>									
Tax Levy	73,055,295	76,246,634	78,244,588	79,613,868	79,613,868	83,016,283	83,016,283	86,098,310	86,098,310
Chp. 44 Tax Levy Decrease		-	-	-	-				
Tax Levy Increase-2%	1,482,875	1,524,933	1,369,280	796,139	796,139		1,660,326		1,721,966
Banked Cap Utilized	-	-	-	-	-		-	-	
Health Care Waiver	413,110	473021					1,421,701		
Enrollment Waiver	1,295,354								
Total Tax Levy	76,246,634	78,244,588	79,613,868	80,410,007	80,410,007	83,016,283	86,098,310	86,098,310	87,820,276
Tuitions	5,565,909	5,405,652	5,720,335	5,110,908	5,152,878	5,395,363	5,209,229	5,209,229	5,313,414
Misc. and Interest	1,184,547	735,913	533,121	700,250	969,934	786,796	750,300	1,153,000	750,300
Categorical State Aid	4,087,798	4,186,173	4,290,589	4,520,472	4,590,258	4,945,004	5,348,358	5,348,358	5,615,776
Extraordinary Aid	2,478,553	1,931,302	3,067,905	750,000	3,074,305	2,631,610	2,750,000	2,631,610	2,500,000
Princeton University						1,125,000	2,750,000	2,295,000	2,386,800
Fed SEMI	6,420	41,458	61,757	64,818	41,552	46,781	66,242	46,781	48,000
Cap Reserve Withdrawal				1,519,413					
Fund Balance			-	3,303,052	-		3,275,760		
<b>Budgeted Revenue</b>	<b>89,569,861</b>	<b>90,545,086</b>	<b>93,287,575</b>	<b>96,378,920</b>	<b>94,238,934</b>	<b>97,946,837</b>	<b>106,248,199</b>	<b>102,782,288</b>	<b>104,434,565</b>

\* 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.**

# 2018 to 2022 Actual Gen Fund Expense Analysis w Estimated Actual 2023 and Preliminary 2024 Budget



2/4/2024	Actual 18-19	Actual 19-20	Actual 20-21	Adopted 21-22 Bud.	Actual 21-22	Actual 22-23	Adopt 23-24	Est. Act. 23-24	Prelim 24-25
<b>Appropriations (Expenses):</b>									
Salaries	53,425,769	52,207,317	52,943,356	55,553,597	54,459,174	56,831,203	61,096,834	59,000,000	60,770,000
Benefits	15,397,570	16,240,594	16,644,463	16,416,734	15,995,273	16,791,208	19,851,493	17,400,000	18,009,000
	68,823,339	68,447,911	69,587,819	71,970,331	70,454,447	73,622,411	80,948,327	76,400,000	78,779,000
Charter School	6,161,680	6,544,147	6,603,954	7,155,590	7,122,382	6,961,200	7,564,608	7,640,586	7,829,369
Insurance, Legal and Prof. Svcs.	1,394,305	1,381,160	1,546,595	1,423,986	1,958,554	2,004,302	2,040,628	1,954,269	2,051,983
Maintenance, Custodial	1,382,706	1,335,686	1,712,554	1,543,497	2,898,526	2,327,847	1,800,000	2,050,455	2,050,455
Energy	1,418,157	1,390,558	1,262,505	1,544,189	1,461,899	1,673,728	1,517,511	1,556,698	1,603,399
Stdnt Svcs.-Tuitons -Home Instr	3,776,066	4,032,317	3,998,128	4,250,000	3,343,442	4,190,413	4,820,000	5,064,712	5,064,712
Curriculum and Instruction	599,106	326,684	354,567	633,401	420,330	654,493	967,646	712,150	986,999
Technology	1,088,678	888,802	1,300,599	1,120,686	1,778,709	1,356,265	1,347,179	1,235,470	1,260,180
School Budgets	1,372,337	986,226	875,882	1,271,051	1,109,509	1,164,563	1,275,000	1,164,563	1,164,563
Transportation	2,068,248	1,714,658	1,853,597	2,218,035	2,375,778	2,835,870	3,042,223	3,211,051	3,133,490
Athletics	511,988	408,693	373,771	525,689	551,505	722,888	925,077	848,828	800,000
Covid Expenses			1,804,920						
Supplies and Services	19,773,272	19,008,932	21,687,073	24,408,589	23,020,634	23,891,569	25,299,872	25,438,784	25,945,151
Total Expenditures	88,596,611	87,456,843	91,274,892	96,378,920	93,475,081	97,513,980	106,248,199	101,838,784	104,724,151
Surplus/(Deficit) of Rev.	973,250	3,088,243	2,012,683	0	763,853	432,857	(0)	943,504	(289,586)

**Fact checker spoiler alert, you will note one dollar rounding errors, if you are so inclined as to add the columns.**

## Fund Balance Analysis

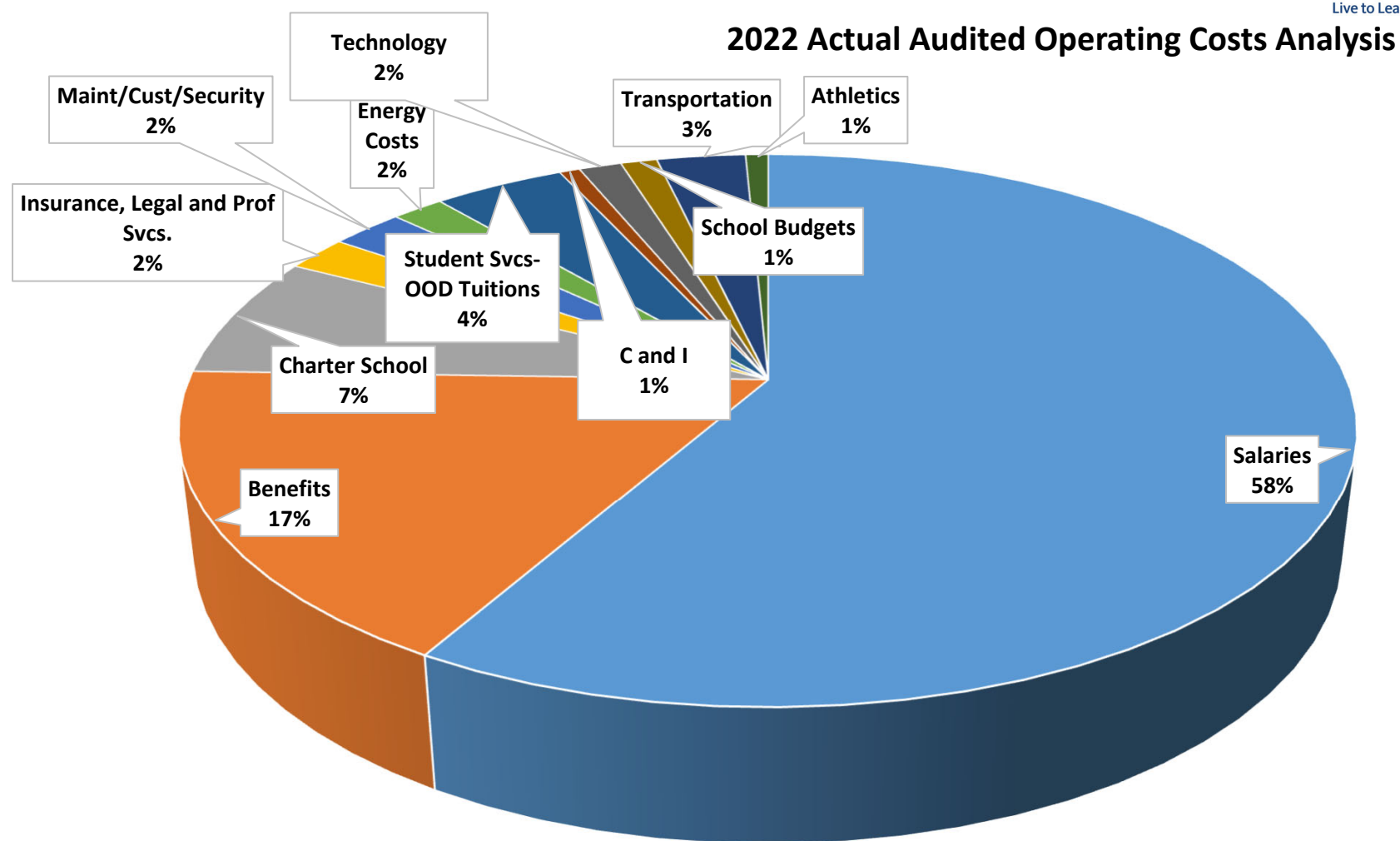
2/4/2024	Actual	Actual	Actual	Actual	Actual	Est. Act.
	18-19	19-20	20-21	21-22	22-23	23-24
("FREE") Fund Bal.	6,310,095	8,707,636	10,541,873	11,101,758	11,125,390	11,671,302
Cap Reserve Fund Balance	2,303,847	3,015,413	2,885,813	1,318,184	1,727,409	2,125,000
	8,613,942	11,723,049	13,427,686	12,419,942	12,852,799	13,796,302

**We had been using capital reserve to do important replacements and renovations on PMS Pool HVAC system, district wide HVAC equipment, PHS shingle roof as well as augmenting the 2018 Referendum project.**

**We have plans to use more capital reserve, hopefully to augment additional HVAC projects through BPU funded grant where we may get back up to 75% of costs. Approvals are delayed due to funding issues.**



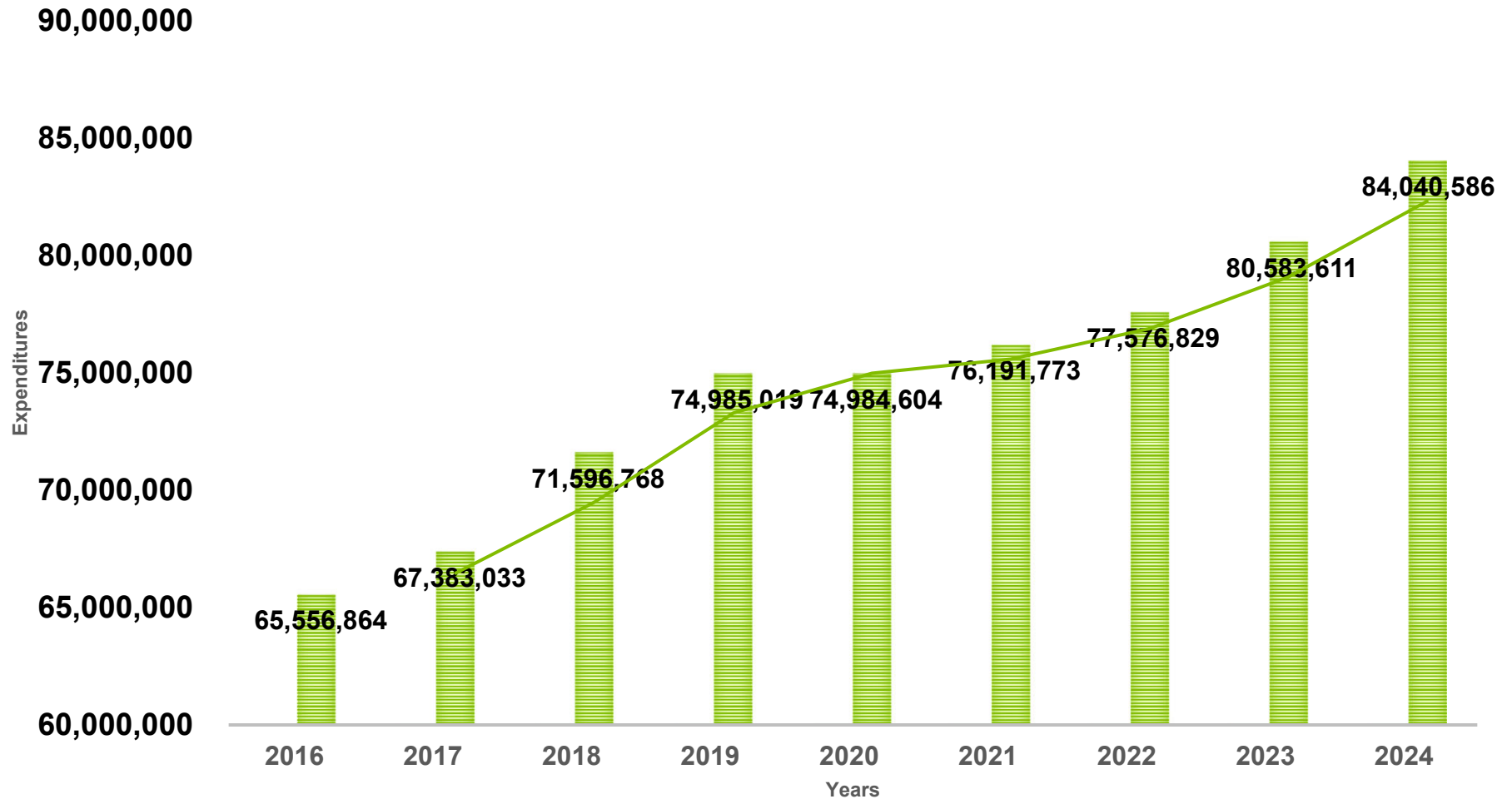
## 2023 Operating Budget Actual Results : How was it spent?



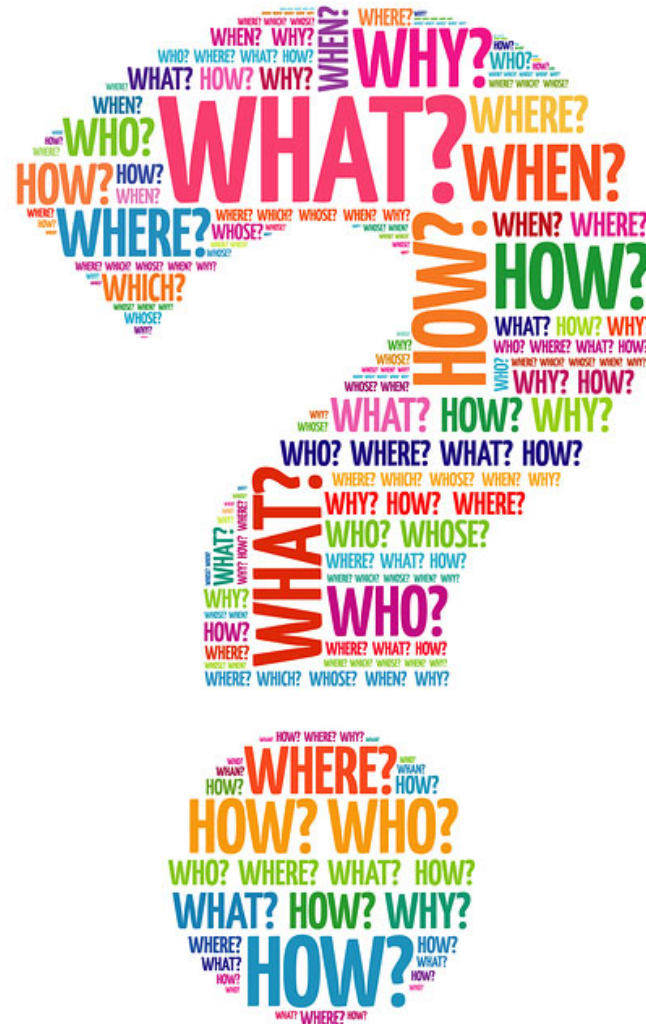


**2016 to 2024 Major Budget Trend (2024 Estimated) –  
82.64% of Actual 2023 Expenses**

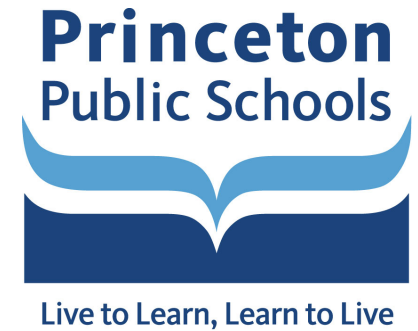
**SALARIES, BENEFITS AND CHARTER SCHOOL  
EXPENDITURES**



# Budget Related Question and Answer Session



**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.

