



Together, Educating Every Student for Excellence

TAX WARRANT RECOMMENDATION

Fiscal Year 2023

June 7, 2022

For discussion

- Summary up front
- About the tax warrant
- About the tax rate components
- Basis for the recommendation
 - Operating, Debt Service, Match, Tuition
- Request for Board action on the resolution and tax warrant

Summary up front

- Recommend a total tax rate of \$3.1110 per \$100 assessed value

	FY2021	FY2022	FY2023 Recommended	Change FY22 to FY23	Reason
Operating	\$2.0600	\$2.1100	\$2.1600	+ \$0.0500	June 9, 2020 Referendum
Debt Service	\$0.0932	\$0.0780	\$0.0730	- \$0.0050	Debt paid down
Match	\$0.0700	\$0.1110	\$0.1040	- \$0.0070	K-3 Basic removed
Tuition	\$0.7150	\$0.7450	\$0.7740	+ \$0.0290	Increased spec ed costs
TOTAL	\$2.9382	\$3.0440	\$3.1110	+ \$0.0670	

About the tax warrant

- Tax warrant is due to the County by the second Thursday of each July. For fiscal year 2023 it is due by July 14, 2022.
- We are presenting the tax warrant in June for approval; however, if there are major unanticipated changes (usually in the state budget), we may present a modified tax warrant in July before the County's deadline.
- Calculations are based on historical and projected revenue and expenditure data, State budget and bond bill, and tax data from New Castle County.
- Each additional penny of tax costs the average residential taxpayer in the district about \$6.30 per year based on current assessed values.

Major factors and assumptions

- Christina SD total school taxable assessed property value was \$5,585,144,894 as of March 2022 (NCC's annual report to CSD).
- CSD assumes 2% for delinquencies (\$111,702,898) as a conservative budgeting factor. Law allows for up to 10%.
- NCC reported that assessment value at risk under appeal is \$40,670,974 as of March 2022.
- After accounting for these adjustments, CSD's FY2023 budget will assume that revenue per penny of tax rate is **\$543,277**.

Tax rate components

Operating Tax	Operating (also known as Current Expense) Tax revenue pays for the general operation of the district and specific programs per voter referenda. A referendum is required to increase the maximum authorized rate that the Board may levy.
Debt Service	Debt Service revenue pays for retirement of authorized capital improvement bonds. A referendum is required for authority to issue bonds. The Board approves a rate sufficient to meet debt service (principal and interest) payments.
Match Tax	Match Tax may be levied by the Board, without referendum, for certain specific purposes as provided for in state law and regulation. In some cases, a local match is required to receive a corresponding state match.
Tuition Tax	Tuition Tax revenue pays for, to the extent authorized by state law and regulation, expenses related to in-district programs and out-of-district placements for certain students with disabilities, as well as placements in other specific programs without regard to special education status. No referendum is required; the Board is authorized to set the Tuition Tax rate.

Recommendation – Operating Tax

- The June 9, 2020 referendum was approved by voters, authorizing the Board to increase the operating tax rate 5 cents for FY2023. This is the last of the automatic operating tax rate increases from that referendum.
- **Recommendation: Increase the Operating Tax rate by 5¢/\$100 assessed from FY2022 rate (\$2.11/\$100) to \$2.16/\$100 assessed.**
- Rate includes the 46.8¢/\$100 New Castle County School Tax District rate. Christina property owners will lose an estimated total of \$750K in FY2023 to other districts as a result of the “Tax Pool.”

Recommendation – Debt Service

- The District is currently paying on six major capital project bonds through the State of Delaware. These bonds are from 2004, 2005, 2006, 2008, 2009, and 2021. The 2004 bond will be paid off on July 1, 2023.
- Due to the impact of paying down our existing debt on the normal schedule, we are able to reduce the debt service tax rate.
- **Recommendation: Decrease the Debt Service rate by 0.50¢/\$100 assessed from FY2022 rate (7.80¢/\$100) to 7.30¢/\$100 assessed.**

Recommendation – Match Tax

Minor Capital	Provides a 40% required match to the State's 60% of MCI funds for maintenance/repair of facilities as provided in the Bond Bill. Architectural Barrier funds are also available based on need and require a 40% match. Some carryover is desired to match partially early in the year.	2.21¢
SSBG	SSBG (Student Success Block Grant) Match provides for the local cost share of reading interventionists to the extent they can be funded by state Student Success Block Grant funds.	0.45¢
Technology	Provides funds for technology support based on former State appropriations.	1.68¢
Extra Time	Provides funds for additional academic support based on former State appropriations.	1.32¢
Math/Reading Specialists	Provides funds for the local cost share of reading specialists in elementary schools and math specialists in middle schools based on former State authorizations.	1.55¢
Opportunity Fund	Provides funds to extend activities related to the state Opportunity Fund supporting mental health, reading, English learners and students from low-income households.	3.97¢
TOTAL		11.18¢
Due to projected carryover of \$427,656 recommended rate is:		10.40¢

Recommendation – Match Tax

- **Recommendation: For FY2023, decrease the Match Tax rate by 0.7¢/\$100 assessed from FY2022 rate (11.10¢/\$100) to 10.40¢/\$100 assessed.**
- If a legislative effort to address school deferred maintenance is successful, there will be additional state funding and match opportunity for which we will recommend a modified tax warrant in July. Estimated impact based on an additional \$40M for statewide minor capital improvements (MCI) is 4 cents additional tax rate providing about \$3.3M state MCI and \$2.2M local match.

Recommendation – Tuition Tax

Major tuition tax category projections:

DSD, DAP, REACH, NCC PreK MOU	\$15.85M
Placements in Other Districts and Private Placement	\$3.46M
Choice and Charter	\$5.94M
CSD Traditional Schools - Bilingual, Sarah Pyle, Intense & Complex	\$20.30M
TOTAL	\$45.55M

Recommendation – Tuition Tax

- \$45.55M (next FY projected spend/transfers) minus \$9.22M (projected July 1 carryover) plus \$5.72M (amount needed for carryover to cover through Oct) = \$42.05M (amount needed)
- \$42,054,364.58 (amount needed) divided by \$543,277 (tax revenue per penny of tax rate) = 77.41¢
- **Recommendation: Increase the Tuition Tax rate by 2.9¢/\$100 assessed from FY2022 rate (\$0.745/\$100) to \$0.774/\$100 assessed**

Recommendation

- Recommend a total tax rate of \$3.1110 per \$100 assessed value

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Request for Board action

- Recommend approval of the resolution and tax warrant as presented