



Together, Educating Every Student for Excellence

TAX WARRANT RECOMMENDATION

Fiscal Year 2022

June 15, 2021

For discussion

- Summary up front
- About the tax warrant
- About the tax rate components
- Basis for the recommendation
- The recommendation restated
- Request for Board action on the resolution and tax warrant

Summary up front

- Recommend a total tax rate of \$3.0440 per \$100 assessed value

	FY2020	FY2021	FY2022 Recommended	Change FY21 to FY22	Reason
Operating	\$1.7200	\$2.0600	\$2.1100	+ \$0.0500	June 9, 2020 Referendum
Debt Service	\$0.0750	\$0.0932	\$0.0780	- \$0.0152	Low int rates and debt paid down
Match	\$0.0700	\$0.0700	\$0.1110	+ \$0.0410	Matching Oppty Fund
Tuition	\$0.6200	\$0.7150	\$0.7450	+ \$0.0300	Increased spec ed costs
TOTAL	\$2.4850	\$2.9382	\$3.0440	+ \$0.1058	

About the tax warrant

- Tax warrant is due to the County by the second Thursday of each July. For fiscal year 2022 it is due by July 8, 2021.
- 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.
- Each additional penny of tax costs the average residential taxpayer in the district \$6.30 per year based on assessed values.

Major factors and assumptions

- Christina SD total school taxable assessed property value was \$5,550,829,506 as of March 2021 (NCC's annual report to CSD).
- CSD assumes 2% for delinquencies (\$111,016,590) as a conservative budgeting factor. Law allows for up to 10%.
- NCC reported that assessment value at risk under appeal is \$40,485,749.
- After accounting for these adjustments, CSD's FY2022 budget will assume that revenue per penny of tax rate is **\$539,933**.

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 FY2022.
- **Recommendation: Increase the Operating Tax rate by 5¢/\$100 assessed from FY2021 rate (\$2.06/\$100) to \$2.11/\$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 FY2022 to other districts as a result of the “Tax Pool.”

Recommendation – Debt Service

- The District financed bonds through the State of Delaware in April 2021 for our voter-approved FY2021 major capital program. Due to the lower-than-projected rate of 1.67% and 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 1.52¢/\$100 assessed from FY2021 rate (9.32¢/\$100) to 7.80¢/\$100 assessed.**

Recommendation – Match Tax

- **Recommendation: For FY2022, increase the Match Tax rate by 4.10¢/\$100 assessed from FY2021 rate (\$7.00/\$100) to \$11.10/\$100 assessed.**
- Opportunity Fund was not matched in FY2020 or FY2021. Administration recommends levying this match in FY2022 and ongoing. This will provide an additional \$2.15M per year to improve educational outcomes for students from low-income households and for English learners.

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.	1.60¢
SSBG	SSBG (Student Success Block Grant) Match provides for the local cost share of K-3 Basic special education teachers and reading interventionists to the extent they can be funded by state Student Success Block Grant funds.	0.94¢
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.	1.33¢
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.	1.56¢
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.	3.99¢
TOTAL		11.10¢

Recommendation – Tuition Tax

Major tuition tax category projections:

DSD, DAP, REACH	\$14.30M
Placements in Other Districts and Private Placement	\$2.70M
Choice and Charter	\$5.35M
CSD Traditional Schools - Bilingual, Sarah Pyle, Intense & Complex	\$18.34M
TOTAL	\$40.69M

$$\text{\$40.69M (amount needed)} \div \text{\$539,933/¢ (tax revenue per penny)} = \text{75.36¢}$$

Recommendation – Tuition Tax

- $\$40.69\text{M}$ (amount needed) \div $\$539,933/\text{¢}$ (tax revenue per penny)
 $= 75.36\text{¢}$
- This would be a 3.86¢ increase, but due to carryover in the Tuition Tax fund, we are only recommending a 3.00¢ increase.
- **Recommendation: Increase the Tuition Tax rate by $3.0\text{¢}/\$100$ assessed from FY2021 rate ($\$0.715/\100) to $\$0.745/\100 assessed.**

Recommendation

- Recommend a total tax rate of \$3.0440 per \$100 assessed value

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Request for Board action

- Questions?
- Recommend approval of the resolution and tax warrant as presented