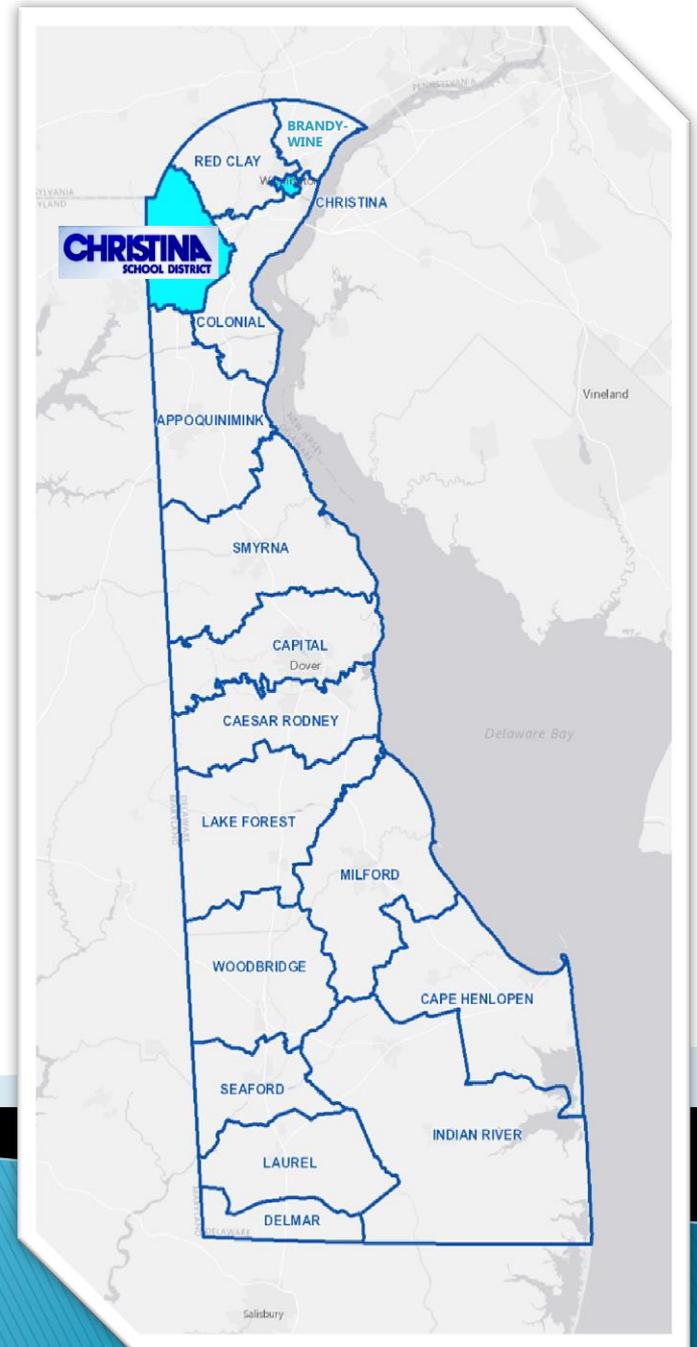


Public School District Funding in the State of Delaware

Super Ultra Condensed Version

Christina School District



Snapshot of Christina School District

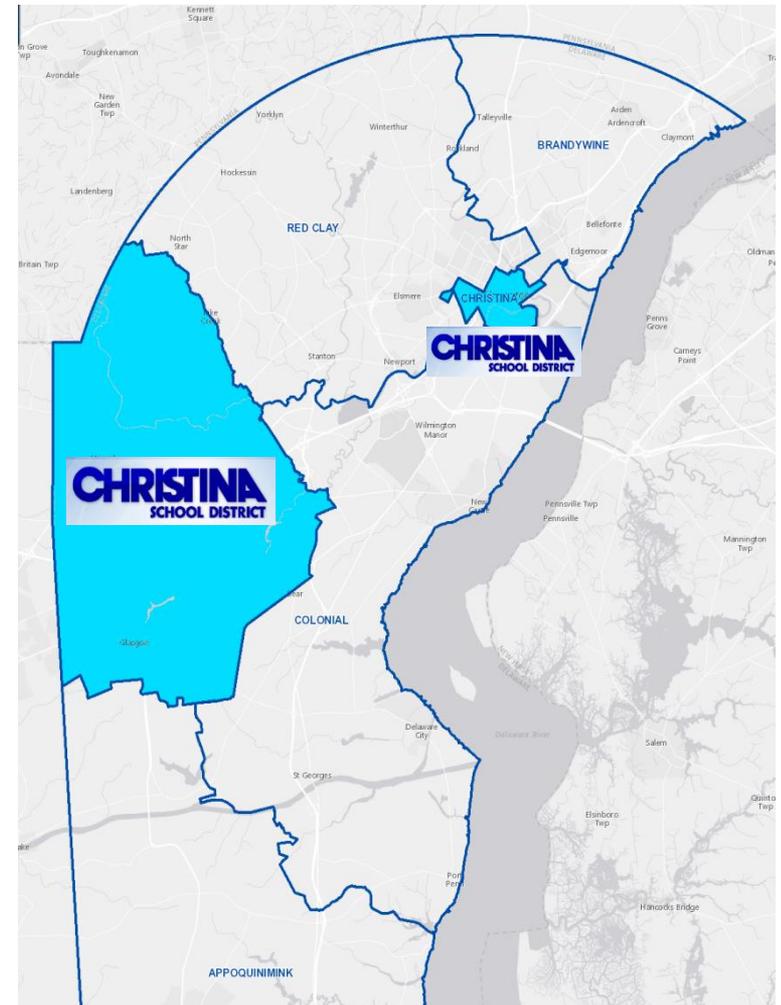
16,000 public school students in:

- ▶ 19 Elementary Schools
- ▶ 4 Middle Schools
- ▶ 3 High Schools
- ▶ 2 Statewide Special Programs
 - Delaware School for the Deaf
 - Delaware Autism Program – The Brennen School
- ▶ Alternative education settings
 - Douglass School, Sarah Pyle Academy, REACH, Networks
- ▶ District operates 40 buildings across 66 square miles

5,500 students live in the District but attend public Charter schools or use the Choice program.

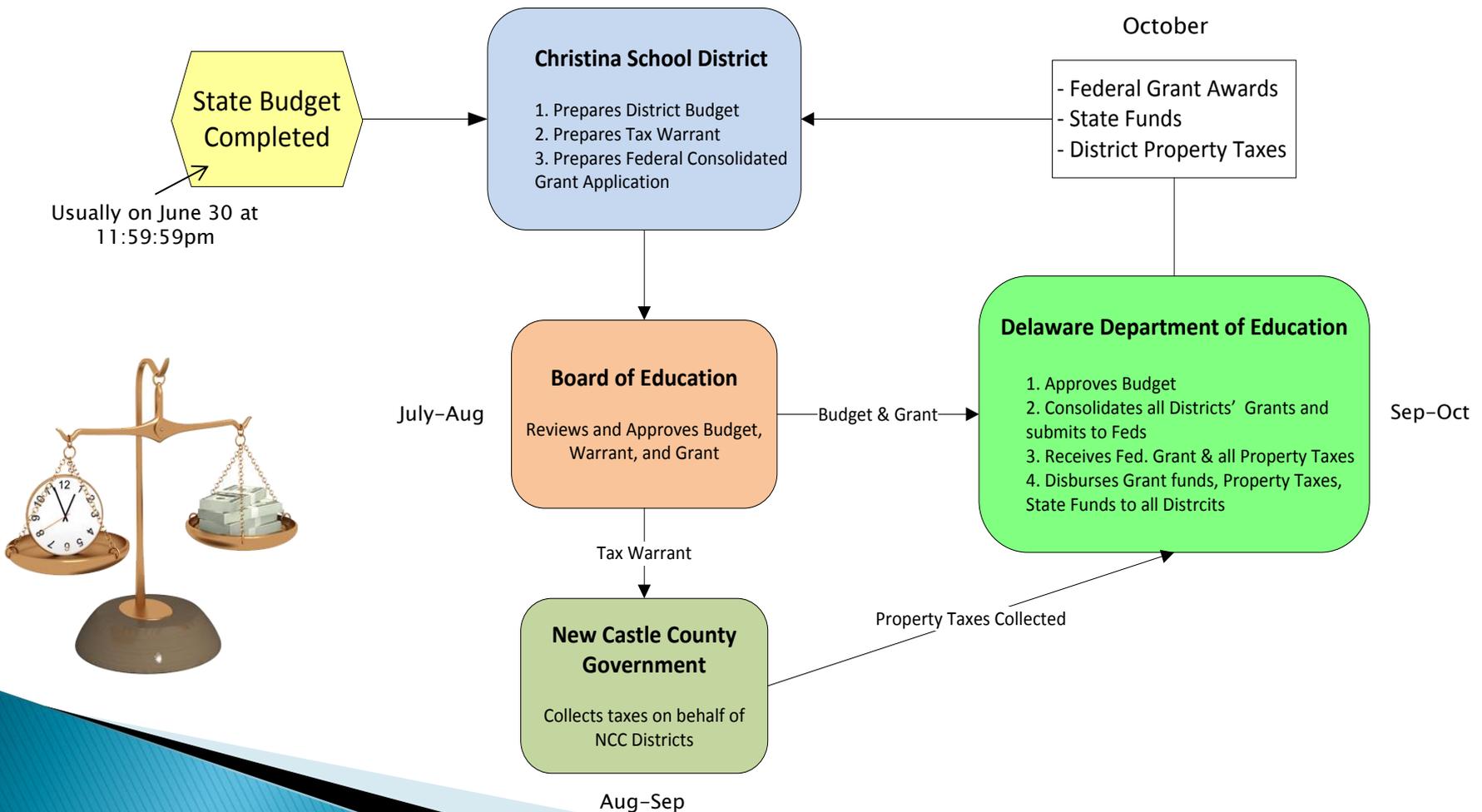
Total student population CSD is responsible for funding: ~21,500 and that number is growing each year.

- ▶ Christina employs
 - 2,650 non-administrator personnel
 - 73 administrators for the traditional District
 - Includes principals, asst. principals, IT staff, & District admin
 - 20 administrators for 2 Statewide Special Programs



The School District Funding “Process”

- ▶ Public school districts in Delaware funded by “Big 3” sources of money.
 1. Federal funds – Consolidated Grant – submitted by Del. Dept. of Ed.
 2. State funds – funding formulas – developed annually with State budget
 3. Local funds – property taxes in NCC collected by county gov’t



The School District Budget

Funding is Assigned to Different Buckets



- ▶ Funds from the “Big 3” are placed into different appropriations (aka: Buckets)
- ▶ 4 Main Types of Buckets
 - State
 - Federal
 - Restricted Local
 - Unrestricted Local
- ▶ Restricted Local, State, & Federal Funds by law are required to be reserved and labeled for specific use.
 - “**USE ONLY AS DIRECTED**”, these funds have specific instructions attached on how and what to use the money for.
 - Using it for anything else invites a visit from people in suits wearing dark sunglasses and driving big SUVs.
- ▶ Unrestricted Local Funds can be spent on District needs beyond State or Federal funding



Hold On To Your Hats – The Fiscal Year Rollercoaster

▶ June

- State completes its budget for upcoming fiscal year beginning July 1
- District determines recommended tax rates for Board to approve, New Castle County to collect
- District begins finalizing preliminary budget for upcoming fiscal year beginning July 1

▶ July

- Recommended tax rates (tax warrant) presented to Board of Education for approval
 - When approved, District submits to NCC Gov't, must be done by second Thursday in July
- District continues to work on preliminary budget

▶ August

- District presents preliminary budget to Board of Education for approval
 - If approved, District begins plans to recall teachers, make purchases needed for schools
- **School year begins**
- District operating on cash reserves at this time (taxes still uncollected by county gov't at this point)
- Many teaching positions still uncertain



Hold On To Your Hats – The Fiscal Year Rollercoaster

- ▶ **September** (Students & teachers in classrooms)
 - County begins property tax collection
 - District still unsure of how many teachers it will need and can afford
 - Waiting on State funding & property taxes
 - Sept 30 – “Cheeks in the Seats” Day
 - AKA: “Make Sure Your Kids Are In School Today” Day
 - One time snapshot of enrollments at all schools used to calculate State funding
 - State funding for teachers AKA “Earned Units” **does not pay for all types of teachers**
 - State disregards enrollment changes after Sept. 30.
 - County sends collected property taxes to Del. Department of Education (DDOE)
- ▶ **October** (Students & Teachers in classrooms)
 - Charter/Choice payments due
 - DDOE begins disbursing property taxes and State funds to Districts
 - Districts finalize exact number of teachers they can hire and pay for
 - Class sizes adjusted
- ▶ **November–December** (Students & Teachers in classrooms)
 - Class sizes finalized
 - Final budget presented to the Board of Education for approval
- ▶ **January–June**
 - Get ready to do it all over again!



Local Funds – Assessed Values & Property Taxes

Back to the Future

- ▶ Property owners subject to tax on each \$100 of value of land & buildings in 1983 prices (yes, 1983).
- ▶ Assessed Value is not Market Value
 - Assessed Value = value of land & dwelling in 1983 prices – **only used for tax purposes**
 - Whatever property was worth 32 years ago is what taxes are calculated on
 - Example: Middle unit townhome in 19701, 1,500 sq ft, 3 beds, 1.5 bath
 - Purchased market value in 2007 for \$189,000, 1983 assessed value for taxes: **\$50,000**
 - Avg assessment in CSD: ~\$64,000

1983 PROPERTY VALUES?!



Tax/Assessment Info

Assessment

Land: 8700
 Structure: 41300
 Homesite: 0
 Total: 50000
 County Taxable: 50000
 School Taxable: 50000

NEW CASTLE COUNTY
DELAWARE

Home > Parcel Search > Parcel Details

Tax and Sewer Info for Parcel # 1102820316

Tax History as of 6/22/2015 3:08:10 AM

Tax Year	County				School			
	Principal Due	Penalty Due	Date Paid	Amt Paid	Principal Due	Penalty Due	Date Paid	Amt Paid
2010A	\$0.00	\$0.00	9/8/2010	\$409.53	\$0.00	\$0.00	9/8/2010	\$899.50
2011A	\$0.00	\$0.00	9/8/2011	\$412.96	\$0.00	\$0.00	9/8/2011	\$959.00
2012A	\$0.00	\$0.00	8/15/2012	\$410.30	\$0.00	\$0.00	8/15/2012	\$1,042.00
2013A	\$0.00	\$0.00	9/25/2013	\$406.49	\$0.00	\$0.00	9/25/2013	\$1,073.50
2014A	\$0.00	\$0.00	9/30/2014	\$415.49	\$0.00	\$0.00	9/30/2014	\$1,121.65

County Balance Due: \$0.00
 School Balance Due: \$0.00

These amounts are valid through the last day of the month. For accounts with delinquent balances, statutory penalty will accrue on the first day of next month.

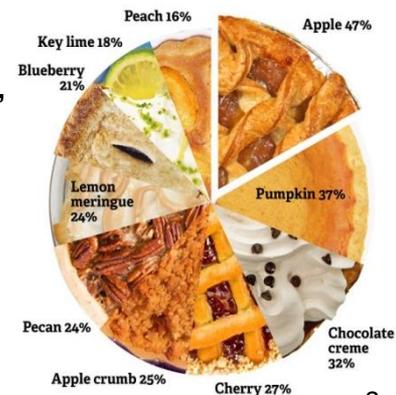
One School–Tax Pie, Please

LOCAL SCHOOL DISTRICT TAXES STATE OF DELAWARE						
School tax rates are set by your school district and are collected by New Castle County as required by State law. For inquiries concerning your school tax rates, please call - School: 302-552-2600 Vocational: 302-995-8000						
						
School District	Taxable Assessment	X	Rate/\$100 Assessment	X	=	Current Amount
CHRISTINA	50000		2.09000		100	1,045.00
NCC VOCATIONAL	50000		0.15330		100	76.65
Total Current Tax						1,121.65
Prior Balance						0.00
Penalty						0.00
TOTAL SCHOOL DISTRICT TAXES DUE						1,121.65
TOTAL TAXES AND FEES DUE						1,537.14

School Tax = \$2.09 / \$100 A.V.			
Operating Tax	Tuition Tax	Debt Service Tax	Match Tax
\$1.42	\$0.06	\$0.135	\$0.475
<u>\$2.09</u>			

- Operating Tax can only be changed by referendum
- Last increase, 2010
- Tuition, Debt Service, Match are adjusted to meet needs annually by District’s Board of Education

- ▶ For every \$100 your property is worth, you pay \$2.09 to support Christina School District
 - \$50,000 assessed value / \$100 = 500. 500 x \$2.09 = \$1,045 toward Christina School District
 - VoTechs – own line independent of Districts; makes up remainder of bill.
- ▶ **Tuition** – Funds education expenses of special needs students (School for the Deaf, Autism Program, REACH & ILC, Bilingual, Sarah Pyle, private placements)
- ▶ **Debt Service** – Pays a public school district’s “mortgage payments”
- ▶ **Match** – State: “Here’s a short list of things. If you raise money through taxes for them, we’ll ‘match*’ the amount you raise.”
 - (*match is not a true match)

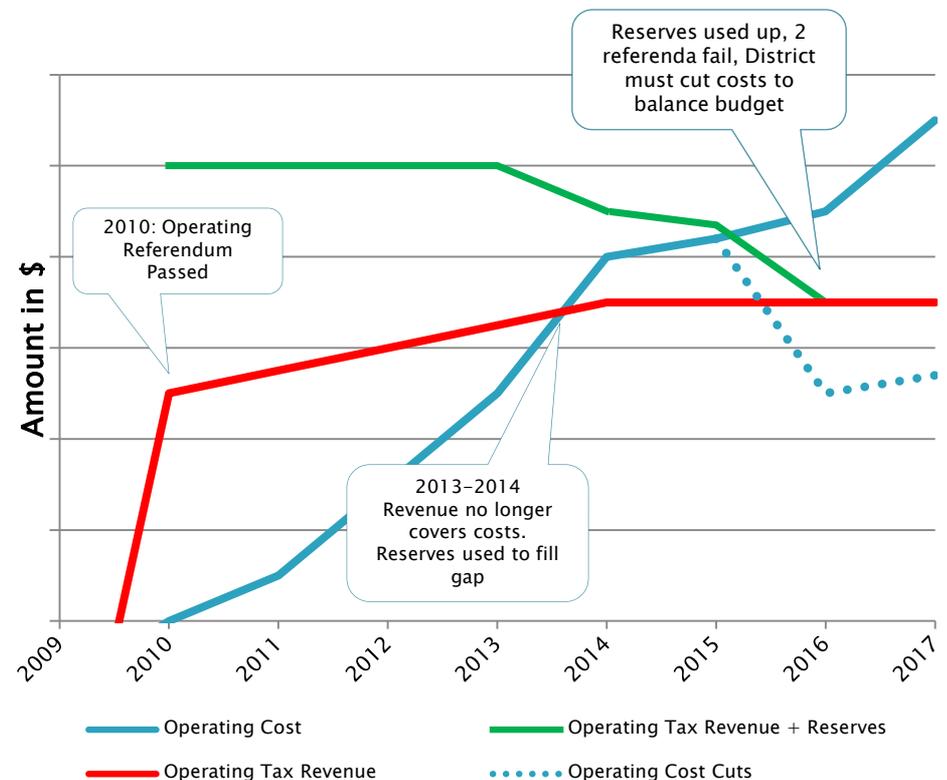


The Operating Tax: A 3–5 Year Cycle

- ▶ What does a school need to function? Teachers, paper, supplies, energy, transportation...
- ▶ Operating Tax helps pay for all of that and more (beyond what State pays)
- ▶ Costs *always* go up but operating taxes only go up with a public vote.
 - If operating taxes do not go up, spending must be cut.
- ▶ Districts go out for referendum when costs meet or exceed revenue.
- ▶ Every district in Delaware goes through this process every 3–5 years.

CSD Timeline

- 2009–2010
 - Passed Operating Referendum
 - Revenue exceeded costs
 - Excess placed into reserve account
- 2011–2013
 - Costs continue to rise, revenue remains relatively fixed
- 2014–2015
 - Costs higher than revenue
 - District in 'deficit spending' mode
 - Use of reserves to cover shortfall
- 2015 – **Beyond**
 - Reserves depleted, cannot cover shortfall,
 - 2 referenda votes defeated
 - Not enough cash to keep spending at current levels.
 - Spending must be cut



There's a Hole in the Bucket

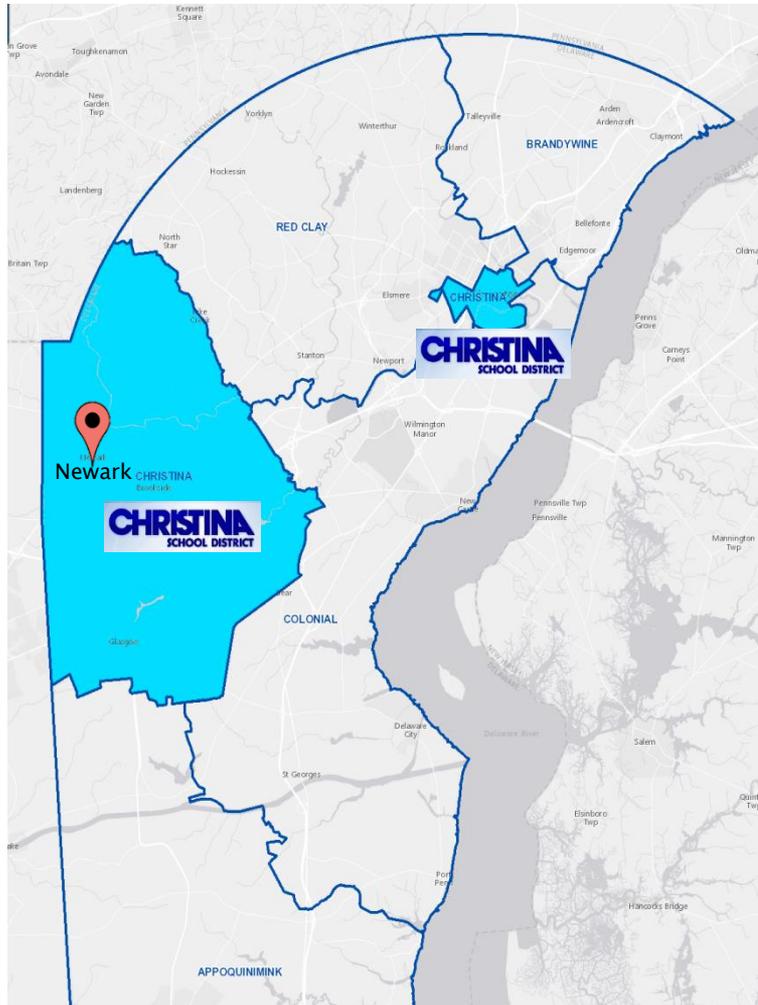
Significant Financial Concerns for Christina

- ▶ Charter Schools are Public Schools
 - Students receive funding from property taxes & State determined by the same factors as traditional public school students
 - Student's residential district is responsible for sending the funds with the student to the Charter or Choice school (The Money Follows the Student)
- ▶ In 2014–2015, Christina paid approximately \$18 million in (unrestricted) local funds to Charter/Choice schools.
 - Payment projected at \$20+ million in 2015–2016
- ▶ Students migrating from private schools to Charters = More students funded with public money
- ▶ Students leaving Christina for Charters/Choice = funding follows
- ▶ Fewer Christina students = less funding from State and property taxes BUT: reduction in students per school is gradual, so
 - District must still operate all buildings
 - Keep teachers in all classrooms
 - Run buses to all neighborhoods
- ▶ Revenue declines, costs stay the same at best, continue to rise at worst.

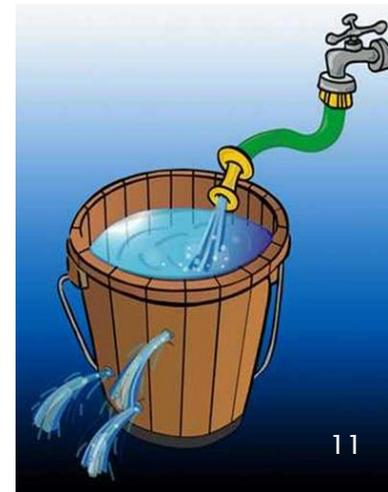


There's Another Hole in the Bucket

Significant Financial Concerns for Christina



- ▶ Christina is not a contiguous school district.
 - Christina's area in the City of Wilmington does not have a high school
- ▶ Buses transport students from Wilmington to Newark area and back
 - Home-school-home, Sports, extracurriculars
- ▶ Bus yard in Newark
- ▶ State only pays transportation costs from 1st student pickup to school & school to last student drop-off
- ▶ Remaining cost paid out local funds:
 - Yard to 1st pickup
 - School to yard
 - Yard to School
 - Last drop-off to Yard
- ▶ District Central Office in Wilmington
- ▶ District borders controlled by State of Delaware



We Need A New Bucket

- ▶ Continued reduction in State & Federal public education funding
 - ▶ Shrinking tax base in District
 - ▶ Potential loss of Christina's Wilmington presence
 - Wilmington makes up ~20% of District's property tax revenue
 - ▶ Aging infrastructure and buildings
 - ▶ Major changes in public school funding are needed
-
- ▶ Upcoming Meetings
 - Citizen's Budget Oversight Committee Meeting
 - Tomorrow 6/24 at Eden Support Services Center – 6:30pm
 - Expense Reduction Committee Meeting
 - Thursday 6/25 at Eden Support Services Center – 6pm
 - Board of Education General Business Meeting
 - Tuesday 7/7 at Sarah Pyle Academy – 7:30pm
(Tax Warrant Presentation)



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