

Impact of Proposed State Budget Christina School District

Finance Office
Christina School District

March 20, 2010

Funding Cliff

- Discussed during Budget Approval
- We have reached the First Cliff

CHRISTINA SCHOOL DISTRICT REGULAR SCHOOLS – AGENCY 3300 FISCAL YEAR 2010 FINAL BUDGET

| Expense Category | Local | State | State-SFSF | Federal | Federal ARRA | Grand Total |
|------------------------|----------------------|-----------------------|---------------------|----------------------|---------------------|-----------------------|
| Salary & OEC | \$ 52,838,678 | \$ 93,698,261 | \$ 3,529,388 | \$ 8,790,041 | \$ 1,758,291 | \$ 160,614,660 |
| Contract Services | \$ 6,314,764 | \$ 10,428,660 | \$ 4,424,634 | \$ 5,036,087 | \$ 3,123,752 | \$ 29,327,897 |
| Tuition Payments | \$ 19,495,794 | \$ 2,971,095 | \$ - | \$ - | \$ - | \$ 22,466,889 |
| Debt Service | \$ 9,013,067 | \$ 11,136,715 | \$ - | \$ - | \$ - | \$ 20,149,782 |
| Supplies and Materials | \$ 298,306 | \$ 3,110,470 | \$ 374,825 | \$ 794,325 | \$ 1,159,432 | \$ 5,737,358 |
| Loan Payment | \$ 2,665,097 | \$ - | \$ - | \$ - | \$ - | \$ 2,665,097 |
| Technology | \$ 1,265,047 | \$ 6,408 | \$ - | \$ 475,134 | \$ 610,000 | \$ 2,356,589 |
| Reserve | \$ 1,000,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,000,000 |
| Total | \$ 92,890,754 | \$ 121,351,609 | \$ 8,328,846 | \$ 15,095,588 | \$ 6,651,476 | \$ 244,318,273 |



Impact Based on Proposed State Budget

| | |
|---|----------------|
| Reduction in State Fiscal Stabilization Funds | (\$ 2,490,000) |
| Elimination of Local Match Tax | (\$ 2,150,000) |
| Reduction of Division II (All other Costs) | (\$ 211,000) |
| Reduction of Support for Transportation Operations | (\$ 694,000) |
| Reduction in Minor Capital Support | (\$ 708,000) |
| Other Actions Impacting District | |
| Federal Elimination of Title IV | (\$ 165,000) |
| Cost Transfer – Transportation (75/25 Split) – District to be provided opportunity to raise funds through a “Match Tax” | (\$ 3,550,000) |

State Fiscal Stabilization Funds

Budget Fiscal 2010 **\$ 8,328,846**

- **Salary & OEC** **\$3,529,388**
- **Contract Services** **\$4,424,634**
- **Materials and Supplies** **\$ 374,825**

Match Funds

Budget Fiscal 2010 **\$ 2,150,181**

- **Salary & OEC** **\$ 1,139,681**
- **Contract Services** **\$ 694,000**
- **Materials and Supplies** **\$ 50,000**
- **Equipment/ Licenses** **\$ 266,500**

Title IV – Safe and Drug Free Schools

| | |
|--|-------------------|
| Budget Fiscal 2010 | \$ 164,819 |
| <input type="checkbox"/> Salary & OEC | \$ 2,770 |
| <input type="checkbox"/> Contract Services | \$ 130,765 |
| <input type="checkbox"/> Materials and Supplies | \$ 31,284 |

| ESTIMATED IMPACT BASED ON PROPOSED GOVERNOR'S BUDGET | Impact | Comment |
|---|-----------------------|--|
| Reduction State Fiscal Stabilization Funds | \$ (2,490,000) | FY 10 allocation was \$ 8,328,846. The amount indicated is considered a preliminary number. Funds were utilized to support positions and operating costs (\$5.8+M at risk fy 12) |
| Loss of Match Funds | \$ (2,150,000) | Programs funded with State and local "Match" funds were eliminated from the State budget in Fiscal 2010. In Fiscal 2010 we were authorized to continue "matching" at fiscal 09 levels. This authorization does not exist. This impacts positions and services supporting Academic, Counseling, and Behavior Intervention. |
| Divison II (All other cost) reduction | \$ (211,000) | Impacts Classroom supplies |
| Elimination of Title IV (Safe & Drug Free Schools) | \$ (165,000) | Predominately Impacts Douglass School - Counseling and Behavior Intervention Services |
| Reduction of Transportation Maintenance | \$ (694,000) | |
| Reduction in Minor Cap | \$ (708,000) | Funding Authorized (proposed) ~\$800,000. |
| <i>Not Driven by State Budget</i> | | |
| Step increases | \$ (886,000) | Projected local increase created by movement up and across the pay tables |
| Increase in other Employment Cost | \$ (828,000) | Driven by increased funding costs for Pension (Earnings/ performance driven) |
| Total | \$ (8,132,000) | |
| Proposed Cost Transfer - Transportation | \$ (3,550,000) | Proposed impact on Match Tax - \$.068 projected -actual change in Tax Warrant will depend on outcome of other Match issues. Current Match Tax rate is \$.06 |

Projected Shortfall

- Fiscal 2011 projection reflects a decrease in support of ~ \$ 6.4 Million
- Fiscal 2011 increased local costs (Step and Pension Cost) ~ \$1.7 Million

Budget Shortfall ~ \$8.1 Million

One last Budget item

- Proposal to shift Public School Transportation Expense from “100% State” to a 75/25% split.
- Proposal provides Districts to raise their portion through a “Match Tax”
- Impact projected at \$3,550,000 or ~6.8¢ per \$100 of assessed value.

Questions regarding Budget Shortfall

Operating Tax

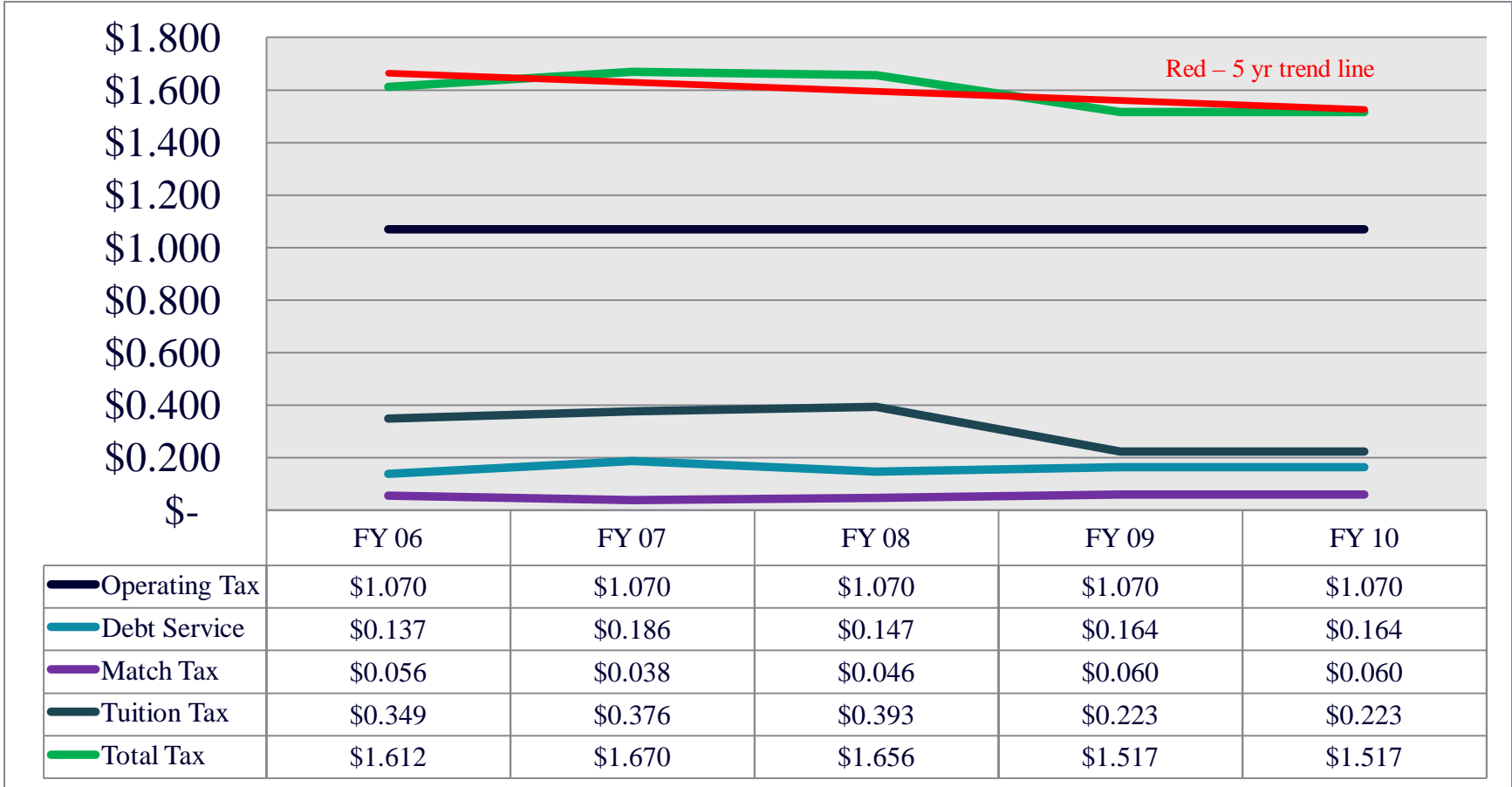
Considerations for a Referendum

Why Now?

- Strategic Plan target was March 2010
- Recently received notification of approval for NewState Staffing Model (Needs Based)

What is our current Local Tax Capacity

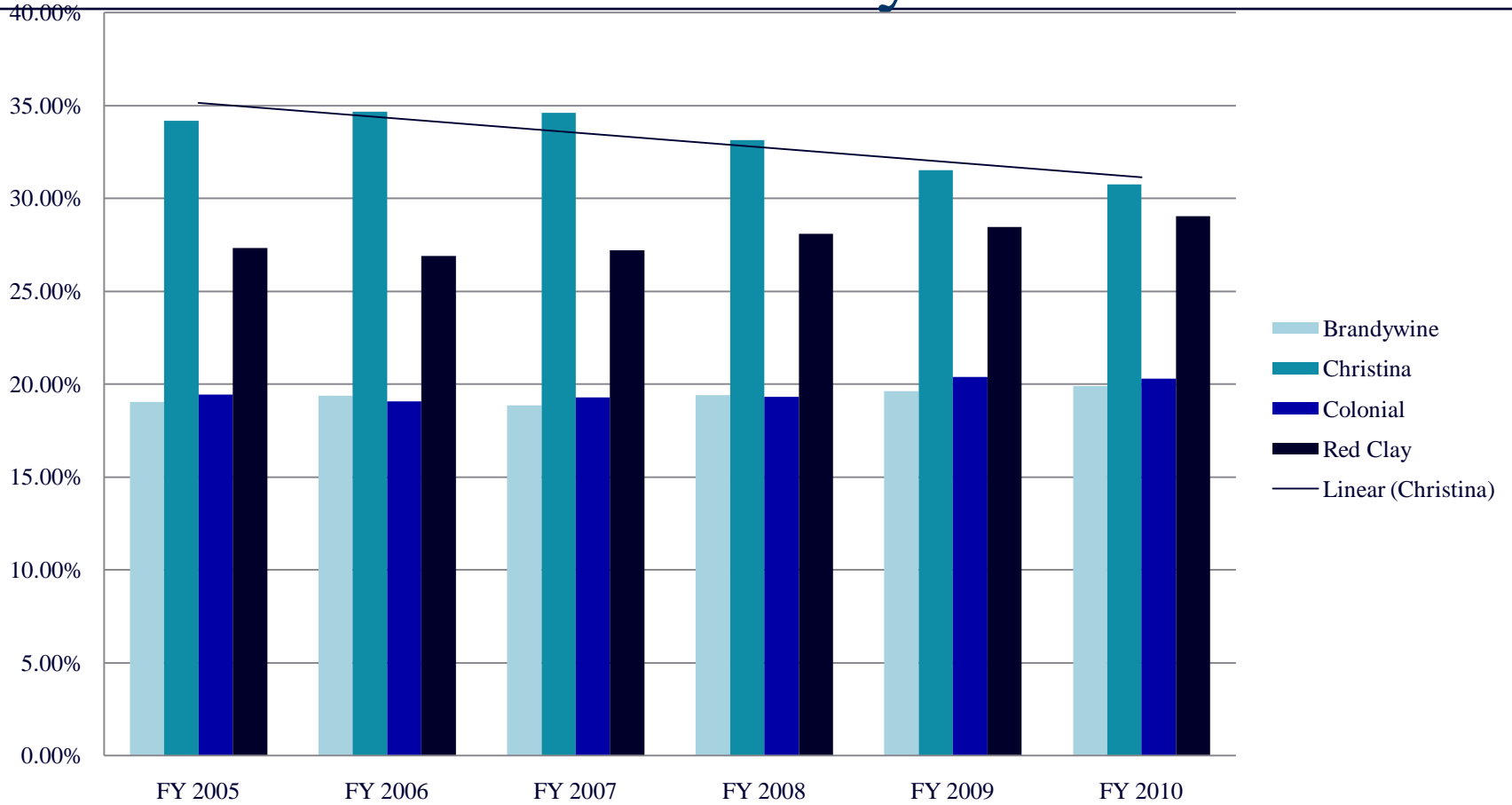
Tax Warrant History



Current Operating Tax Receipts

| | | | |
|---|------------------------------|---------------|----------------|
| □ | Calculated Receipts | (\$1.07) | \$ 57,916,840 |
| ■ | Reductions | | |
| □ | Delinquencies | \$ 2,316,674 | |
| □ | Charter/ Choice | \$ 10,348,272 | |
| □ | NCC Tax Pool | \$ 1,744,990 | |
| □ | State Loan Pymt. | \$ 2,665,097 | |
| □ | Net Tax Receipts | | \$ 40,841,807 |
| □ | Local Salaries | | \$ 46,304,440 |
| □ | Net Available for Operations | | (\$ 5,462,633) |

New Castle County Tax Pool



Effective Tax Rate

| <u>FY 2010</u> | <u>Christina</u> | <u>Red Clay</u> | <u>Brandywine</u> | <u>Colonial</u> |
|-------------------------------|-------------------|-------------------|-------------------|------------------|
| Total Operating Tax | \$ 1.070 | \$ 1.170 | \$ 1.280 | \$ 0.850 |
| NCC Pool | \$ 0.468 | \$ 0.468 | \$ 0.468 | \$ 0.468 |
| Non - Pool | \$ 0.602 | \$ 0.702 | \$ 0.812 | \$ 0.382 |
| Assessed Value | \$ 5,462,624,928 | \$ 5,084,424,613 | \$ 3,350,928,686 | \$ 2,654,099,085 |
| Pool Revenue | \$ 25,565,084.66 | \$ 23,795,107.19 | \$ 15,682,346.25 | \$ 12,421,183.72 |
| | 33.00% | 30.72% | 20.24% | 16.03% |
| % Pool Allocation | 30.75% | 29.04% | 19.90% | 20.31% |
| Pool Receipts | \$ 23,820,094.46 | \$ 22,495,464.82 | \$ 15,415,280.64 | \$ 15,732,881.90 |
| Net impact | \$ (1,744,990.20) | \$ (1,299,642.37) | \$ (267,065.61) | \$ 3,311,698.18 |
| | \$ (0.032) | \$ (0.026) | \$ (0.008) | \$ 0.125 |
| Adjusted Operating Tax | \$ 1.038 | \$ 1.144 | \$ 1.272 | \$ 0.975 |
| Approved Increase | \$ - | \$ 0.05 | \$ - | \$ - |
| | | \$ 1.22 | | |

Status of District Loan

| Original Amount Available | \$20,000,000 | Total Amount Borrowed | \$15,007,624 |
|----------------------------------|---------------------|------------------------------|---------------------|
| Repayment | FY 2007 | \$ 2,857,738 | |
| | FY 2008 | \$ 3,819,692 | |
| | FY 2009 | \$ 3,000,000 | |
| Current Balance | | | \$ 5,330,194 |
| Scheduled Payment | FY 2010 | \$ 2,665,097 | |
| | FY 2011 | \$ 2,665,097 | |

Critical Funding Needs

- Local Funding to Support New State Staffing Model (Needs Based)
 - ~ 140 new units (estimated) - smaller class size
- Increased Operating Expenses
 - State operating support based on number of units, not cost
 - Energy costs increasing – no increase in Support (Porter Rd)
 - State operating support -decreasing
 - State support of Transportation decreasing
 - Additional State reductions pending (FY 12)
- Update and Replenish Instructional Material

Consideration # 1 -

| | Amount | Tax Yr. 1 | Tax Yr. 2 | Tax Yr. 3 | |
|--|----------------|----------------|----------------|----------------|---------------|
| Local Support - New State Staffing Model (Needs Based Funding) | \$5,500,000.00 | \$0.105 | | | |
| Increased operating costs (since FY 2003) | \$6,050,000.00 | \$0.115 | | | |
| Projected additional decrease State Funding FY 2012 - Support 50% (loss projected at \$5.8M) | \$3,190,000.00 | | \$0.060 | | |
| Curriculum and Program Upgrades | \$1,100,000.00 | | \$0.000 | \$0.020 | |
| | | \$0.220 | \$0.060 | \$0.020 | \$0.30 |

Consideration # 2 -

| | Amount | Tax Yr. 1 | Tax Yr. 2 | Tax Yr. 3 | |
|--|----------------|---------------|---------------|----------------|---------------|
| Local Support - New State Staffing Model (Needs Based Funding) | \$5,500,000.00 | \$0.055 | \$0.050 | | |
| Increased operating costs (since FY 2003) | \$6,050,000.00 | \$0.115 | | | |
| Projected additional decrease State Funding FY 2012 - Support 50% (loss projected at \$5.8M) | \$3,190,000.00 | | \$0.060 | | |
| Curriculum and Program Upgrades | \$1,100,000.00 | | | \$0.020 | |
| | | \$0.17 | \$0.11 | \$0.020 | \$0.30 |

Consideration # 2

- Fiscal 2011 projected shortfall is covered
- Implementation of full needs based funding delayed
- Delay in generating funding for strategic initiatives

To Calculate the impact of the proposed Tax increase follow the following Steps

Look up the assessed value of your property on the New Castle County Web Site

<http://www.nccde.org/parcelview/>

Follow direction on the web site and look for the assessed value

Enter the Assessed Value of your Property here

Property Taxes are calculated per \$100 of Assessed Value

| | | | | | |
|---------|---------------------|------|------|-----------------------------------|--|
| | | | \$ - | Increase on my Mortgage Escrow | |
| \$ 0.22 | Tax increase Year 1 | \$ - | \$ - | \$ - | |
| \$ 0.06 | Tax increase Year 2 | \$ - | \$ - | \$ - | |
| \$ 0.02 | Tax increase Year 3 | \$ - | \$ - | \$ - | |
| \$ 0.30 | | | | | |

| | |
|-----------|-----------------------------------|
| Example* | |
| \$ 62,975 | Increase on my Mortgage Escrow |
| \$ 138.55 | \$ 11.55 |
| \$ 37.79 | \$ 3.15 |
| \$ 12.60 | \$ 1.05 |

* The Example was developed by averaging the Appraised value for homes within Christina School District with recent sales values of ~ \$200,000. Average Assesd Property Value per NCC Dept of Assessment \$63,644

Impact in the first year is approximately \$140 and 191 per year in year 3

To Calculate the impact of the proposed Tax increase follow the following Steps

Look up the assessed value of your property on the New Castle County Web Site

<http://www.nccde.org/parcelview/>

Follow direction on the web site and look for the assessed value

Enter the Assessed Value of your Property here



Property Taxes are calculated per \$100 of Assessed Value

| | | | | | |
|---------|---------------------|------|------|------|-----------------------------------|
| | | | | | Increase on my Mortgage Escrow |
| | | | \$ - | | |
| \$ 0.17 | Tax increase Year 1 | \$ - | \$ - | \$ - | |
| \$ 0.11 | Tax increase Year 2 | \$ - | \$ - | \$ - | |
| \$ 0.02 | Tax increase Year 3 | \$ - | \$ - | \$ - | |
| \$ 0.30 | | | | | |

| | | | |
|-----------|---------|--|-----------------------------------|
| Example* | | | |
| | | | Increase on my Mortgage Escrow |
| \$ 62,975 | | | |
| \$ 107.06 | \$ 8.92 | | |
| \$ 69.27 | \$ 5.77 | | |
| \$ 12.60 | \$ 1.05 | | |

* The Example was developed by averaging the Appraised value for homes within Christina School District with recent sales values of ~ \$200,000. Average Assed Property Value per NCC Dept of Assessment \$63,644

Impact in the first year is approximately \$108 and 191 per year in year 3