

Woodbridge School District

Referendum Presentation

December 20, 2018

Local Tax Rates

- Current Expense
- Tuition
- Debt Service
- Match Tax

Current Expense and Debt Service require a Referendum to raise. Tuition and Match can be raised with a vote of the Board of Education.

Current Expense

This tax rate provides revenue to cover operating costs, such as teaching materials, textbooks, insurance and local salary expenditures. This rate can only be increased through referendum.

This tax is the basis for the current Referendum request

Tuition

This tax rate provides revenue to pay tuition costs of Woodbridge School District students who must attend special schools within and outside of the State. Examples include Sussex Consortium, the Delaware Early Childhood Center, Intensive Learning Centers, Sussex Orthopedic, the Sterck School, and residential schools. The Board of Education sets this rate annually based upon anticipated needs of the student body. This rate is quite unpredictable and subject to significant variance.

Tuition Expenses have more than doubled since FY14 (\$1,588,656 in FY18)

Debt Service

This tax rate provides revenue to pay principal and interest associated with bonds sold for major capital improvements, such as new construction, additions, and renovations. The State and local school districts share in the costs of such projects.

The District has two bonds retiring in FY24 (Phillis Wheatley)

Match Tax

This tax allows school districts to obtain local funding to work in concert with State funds for a common purpose. In some cases, the State mandates a local match before providing State funds. In other cases, the local match is optional. Currently, there are six programs the State requires/allows a local match tax:

Match Tax - Continued

- Minor Capital Improvements
- Technology
- Extra Time Programs
- Elementary Reading Resource Teachers
- Middle School Math Resource Teachers
- K-3 Basic Special Education Teachers

Expenditures from the Match Tax accounts would fall to the Operating Budget if not levied

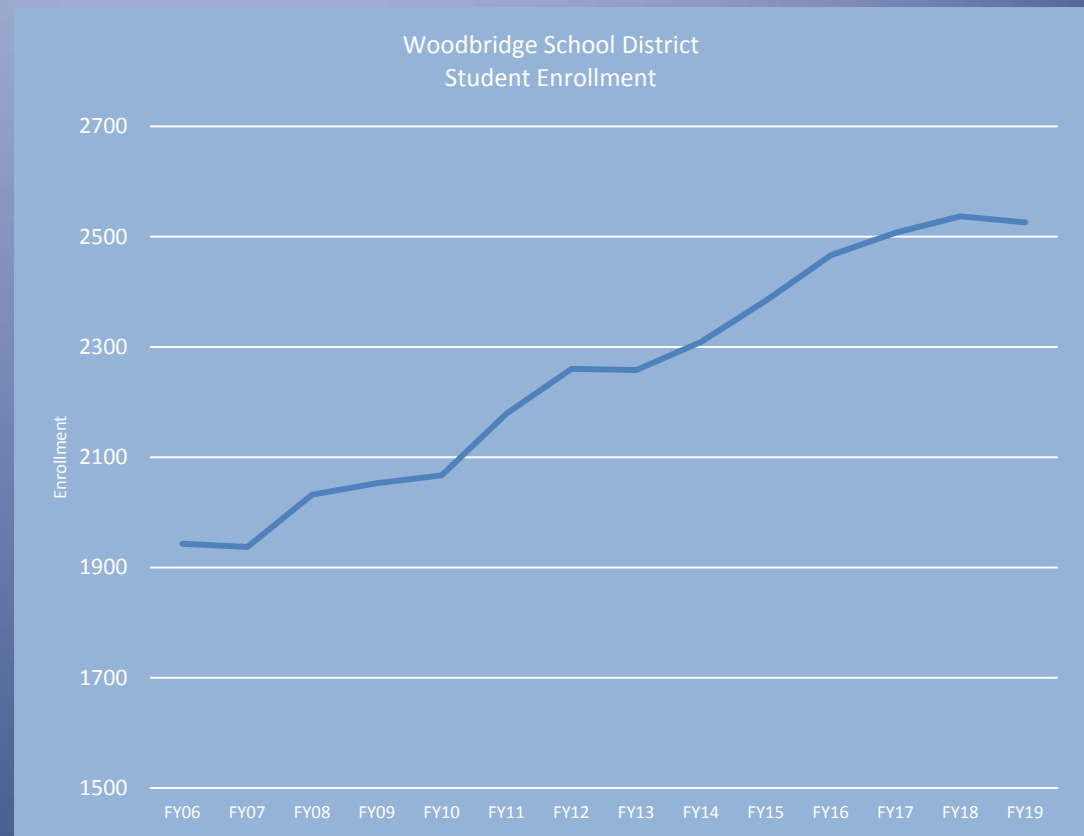
Last Operating Referendum

- The last Current Expense Referendum for the Woodbridge School District was on April 25, 2006 (Air Conditioning Units at WMS & WECEC)
- A lot has changed in the District in those twelve years

The Woodbridge School District has been a good steward of tax revenues over this period of time

Enrollment

- The district has seen its student population grow from 1,937 to 2,526.
- That's an increase of 589 children!
- A growth rate of over 30%!

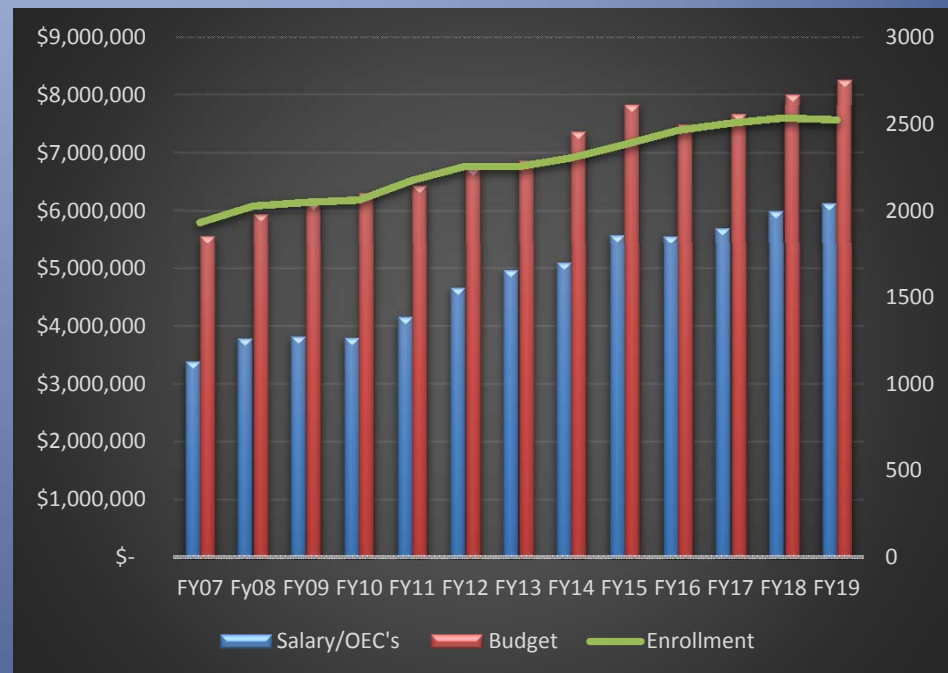


The District has seen a large increase in our student population since the last referendum

Budget vs Salary vs Enrollment

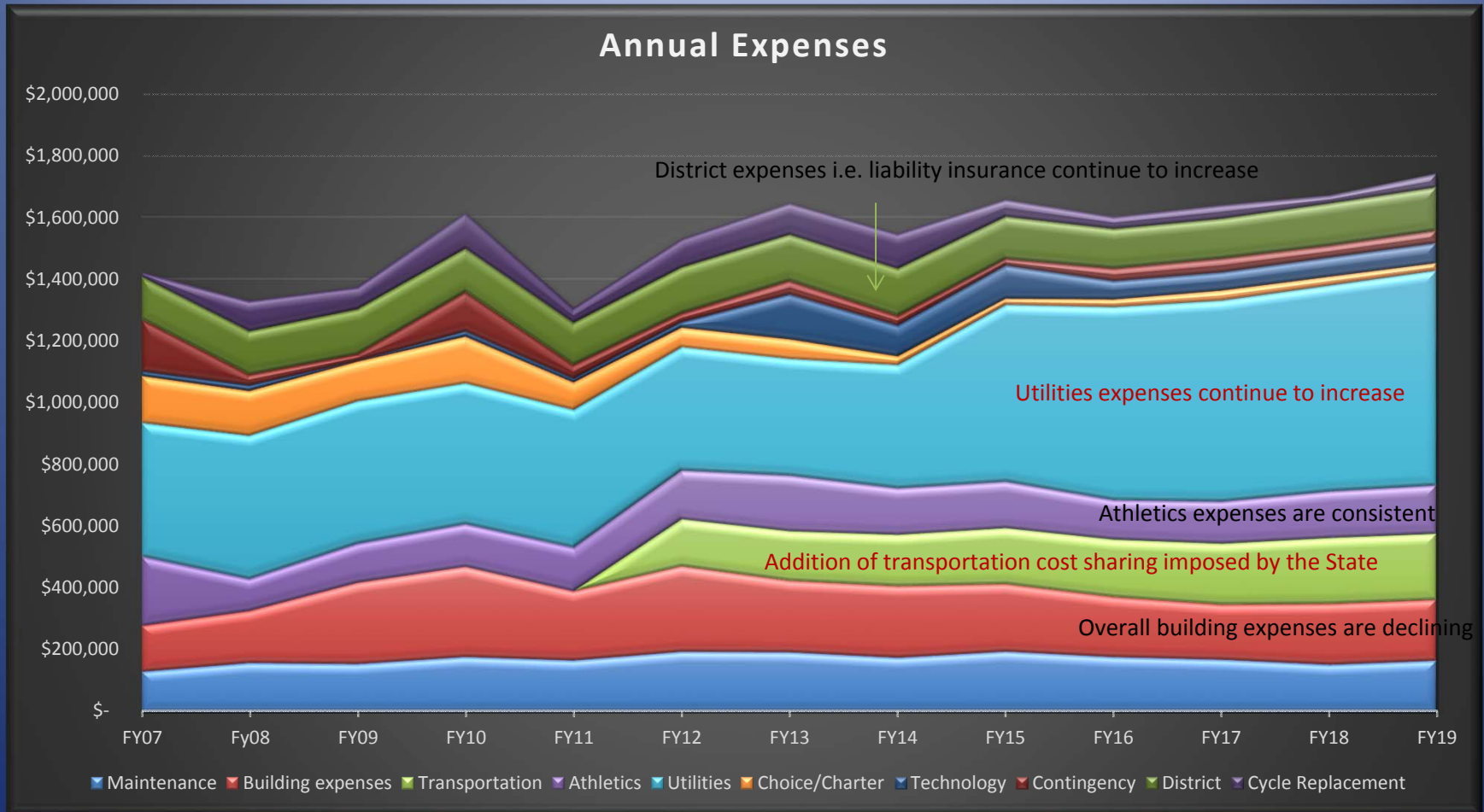
Salaries dominate the funding requirements

- As student enrollment increases, need for additional staff increases
- Necessary to attract and retain quality educators
- Salaries need to be competitive with surrounding districts



Competitive salaries are necessary to attract and retain quality educators

Annual Expenses



Woodbridge continues to reduce cost within it's control.
However, expenses beyond the District's control are increasing.

Need for Referendum

Since FY13 the district has seen the following growth in expenses:

- 17.89% in Teacher Units
- 20.73% in Salary Expenses
- 16.5% in Overall Local Operating Budget

Since FY13 the district has seen the following growth in our two main sources of revenue:

- 18.02% in State Equalization funding
- 7.93% in Current Expense funding

Additionally, the District has had to return over \$450,000 in state funding each of the last two years as part of the \$26 million school district giveback.

As Enrollment and Operating Budget have grown, Current Expense hasn't grown at the same rate

Expense Reductions

Areas whose Budgets have been **Reduced** since FY13

- Building Budgets – 14.89%
- Technology – 57.11%
- Maintenance – 21.12%
- Athletics – 16.23%
- Instructional Replacement – 75.08%
- Contingency Funding – 11.53%

The District has continued to make cuts to budget lines before seeking additional funding

Budget Drivers

- 20.73% Increase in Salary Expenses since FY13
- 76.21% Increase in Utility Expenses since FY13 (almost \$300,000 increase)
- \$213,500 Local Transportation Expenses in FY18
- \$101,757 In Security Expenses in FY18

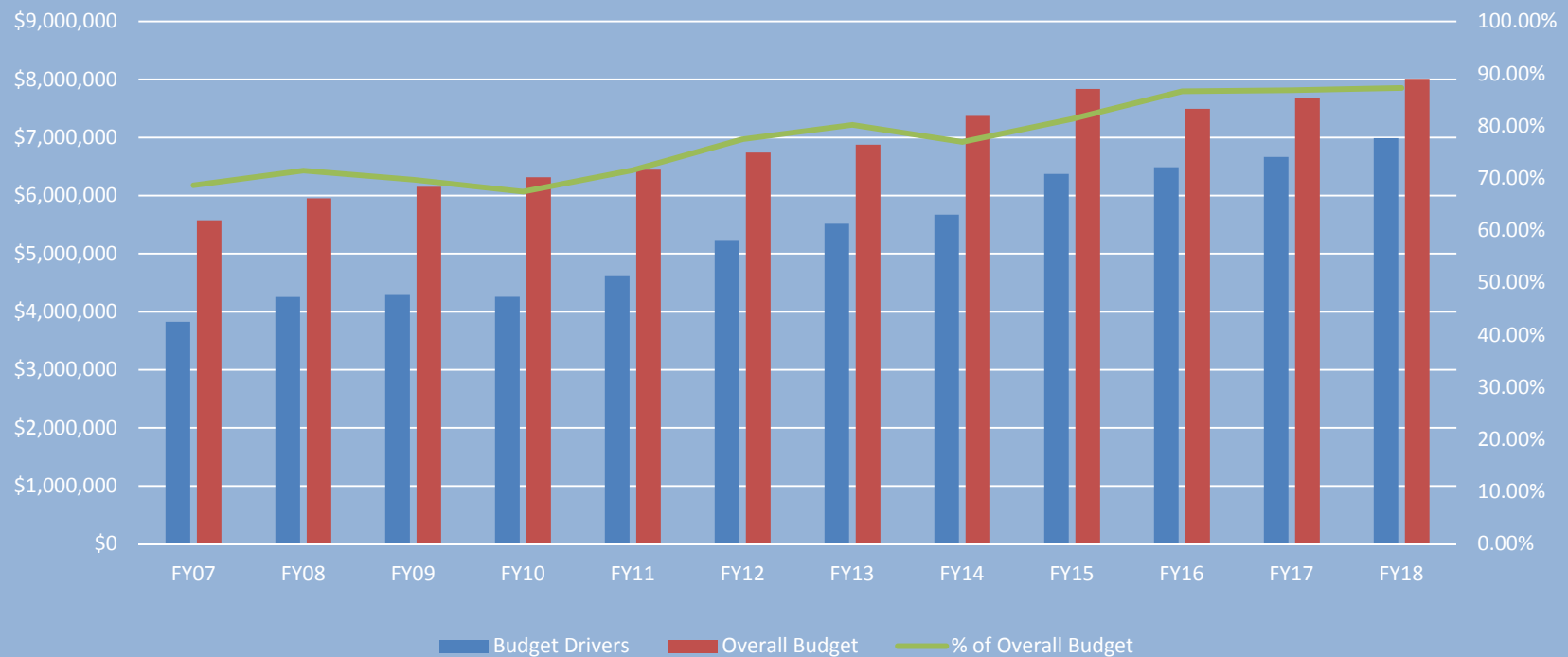
The District is currently operating a “Deficit Spending” Budget. This means that the District is utilizing reserve funding to meet the current year expenses.

- For the FY19 Budget, the district is deficit spending in the amount of \$400,000

The District can no longer utilize reserve funding in order to keep up with the increased costs

Budget Drivers vs Overall Budget

Budget Drivers - Salary/Utility/Transportation/Security vs Overall Budget



Main budget driver areas have become over 87% of the budget

FY19 Proposed Budget Challenges

Existing funding sources are not adequate to achieve a sustainable balanced budget

- Increased security vigilance and security improvement expenses
- Continuing to be competitive with hiring and retaining excellent teachers
- Increasing special needs demands
- Increasing utilities and transportation costs
- Deficit spending over the last several years is reducing reserves with an expected reserve depletion in approximately two years
- Budgets within Woodbridge District control have been scrubbed to the minimum recommended level (Many categories' expenses significantly reduced over the decade)

		State Funded	Local	Sub Total
Unit Allocations	Division II	\$ 1,073,855	\$ -	\$ 1,073,855
	Division III	\$ 3,238,960	\$ -	\$ 3,238,960
Current Expenses/Misc	Balance Forward		\$ 548,000	\$ 548,000
	Tax Receipts		\$ 2,484,285	\$ 2,484,285
	Interest Receipts		\$ 22,000	\$ 22,000
	School Choice Rcpts		\$ 60,972	\$ 60,972
	Education Sustainment	\$ 489,916		\$ 489,916
	Academic Excellence	\$ -		\$ -
	Cash Option Admin Uni	\$ -		\$ -
	Technology Block Grant	\$ 65,567		\$ 65,567
	Local Ind Receipts		\$ 160,000	\$ 160,000
	Gate Receipts		\$ 30,000	\$ 30,000
ROTC		\$ 79,476	\$ 79,476	
Donations/Receipts	Donations/rcpts bal fwd		\$ 7,626	\$ 7,626
	Rcpts		\$ 250	\$ 250
	Uniforms Bal fwd		\$ 12,711	\$ 12,711
	Rcpts		\$ 1,000	\$ 1,000
	Misc Rcpts Bal fwd		\$ 48,015	\$ 48,015
	Misc Rcpts users fees		\$ 3,000	\$ 3,000
Cost Recovery-Fed Pgms	Cost Rcovery Fed Bal Fwd		\$ 188,950	\$ 188,950
	Cost Rcovery Fed Rev IDC		\$ 157,000	\$ 157,000
	Less Reserve Op Bdgt		\$ (405,302)	\$ (405,302)
	Total	\$ 4,868,298	\$ 3,397,983	\$ 8,266,281

Expenses have been scrubbed to a minimum, additional funds are required for a sustainable balanced budget

Current Expense Referendum

- \$950,000 to stop the practice of deficit spending and help offset the costs of the added local expenses of Utilities, Transportation and Student Safety (Budget Drivers).
- Additionally, the district needs to continue to raise funds in order to offer competitive salaries to our staff and continue to attract a highly effective teaching staff.
- \$400,000 to end deficit spending
- \$200,000 in new transportation costs
- \$250,000 in new utilities costs (from 3 to 4 buildings)
- \$100,000 in new security costs

This will allow the district to stop the practice of dipping into reserves to balance the budget and should provide enough funding to support our budget for years to come

Effect on Average Household

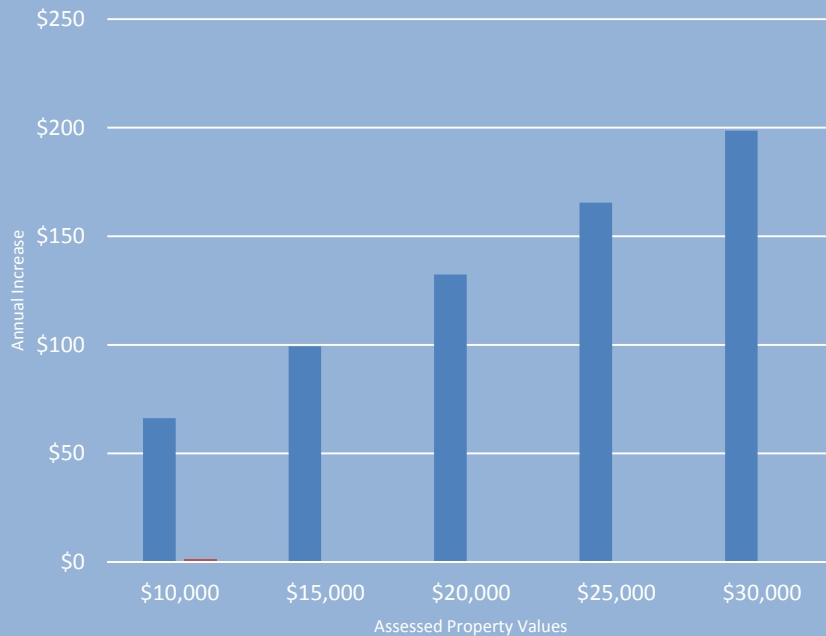
- Increase of \$.655 in Sussex and \$.271 in Kent
- Proposed Tax Rate only takes into account the proposed Current Expense Increase

FY20 Tax Rate Proposal Effect							
	Average			FY20	FY20		
	Residential	FY19	FY19	Proposed	Proposed	Annual	Monthly
	Assessment	Tax Rate	Payment	Tax Rate	Payment	Increase	Increase
Sussex	\$10,664	3.902	\$416.11	4.564	\$486.70	\$70.60	\$5.88
Kent	\$31,200	1.440	\$449.28	1.683	\$525.10	\$75.82	\$6.32

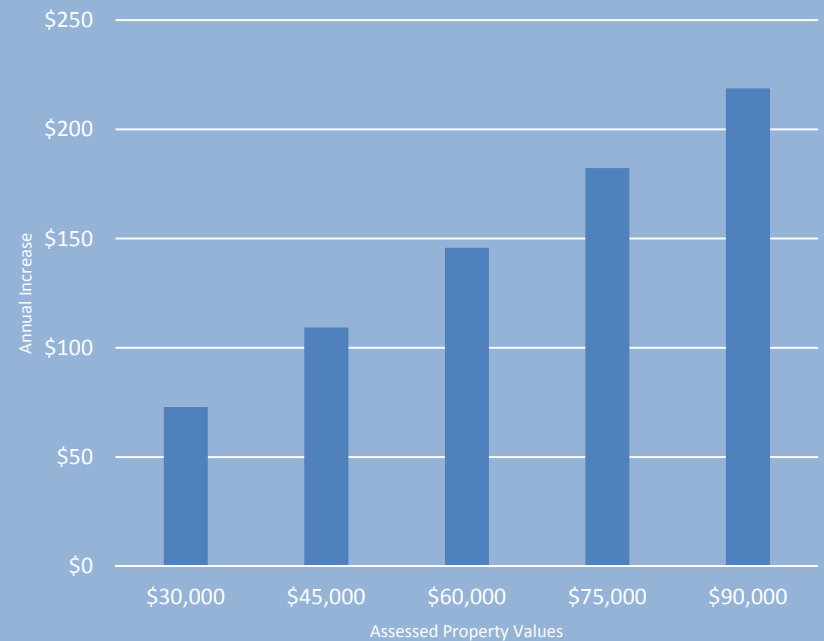
Despite differences in property assessments per county, taxpayers will see the same percentage increase no matter where they live in the District

Annual Increase by County

Annual Increase vs. Assessed Property Value
Sussex County



Annual Increase vs Assessed Property Value
Kent County



Assessed Values are different in each county since property reassessment hasn't occurred since 1974 in Sussex and 1987 in Kent.

Fairness in Assessments

How Do Delaware Property Tax Assessments Work

- Unlike most other states, local governments in Delaware do not reassess property values on a regular basis. Instead, all counties and cities base their property taxes on the values calculated the last time all property was reassessed.
- This is called the reassessment year. For example, the Kent County reassessment year is 1987. In New Castle County the reassessment year is 1983. In Sussex County the reassessment year is 1974. Municipalities also have their own assessments, although some simply use the county assessment.
- Assessed values are based on the value of the property as of that reassessment year. If a homeowner makes additions to a property or builds a new structure on the lot, the value is reassessed. Even in those cases, however, the assessor does not try to determine current value, rather what the value would have been in the reassessment year.
- As you can imagine, home prices in the reassessment years for each county were significantly lower than they are now. That means assessed values are a fraction of current market values.

Future

- The district will not be able to maintain its existing program offerings and build upon current successes without an increase in local funds to offset the additional expenses to the operational budget.
- In addition, the \$26 million giveback to the State has forced the district to revert staff positions back to the state as part of our \$450,000 giveback. Without additional revenue this situation will most likely worsen.
- The district remains concerned with the increase in Tuition costs over the past several years.

Recommended Date

Tuesday, March 12, 2019

Questions?