

# School Finance Committee Meeting

November 30, 2022

Superintendent, Steven Lucas



# Board President

Lake Forest Board of Education

Mr. Earle Dempsey



# Quick Activity

- 1) Introduce yourselves at your table:
  - a) Your name.
  - b) Your connection to Lake Forest.
  - c) Your reason for being here, or how you wish to contribute.
  
- 2) As a table, identify a spokesman and discuss why it is important to our community to have strong public schools.



# What is our “Why”?

Our District has been functioning effectively on the same local operating revenue base for the past 8 school years. Unfortunately, costs for personnel and resources have escalated and will continue to escalate. The effective result will be that we will need to raise additional operating revenue, operate beyond our means, or dramatically cut services to our students.



# Purpose of this Committee

Determine a fiscal strategy to support and maintain increasing costs. Specific concerns include:

- General costs of doing business
- School safety and security
- Transportation
- Technology
- Staff recruitment and retention



# Chief Financial Officer

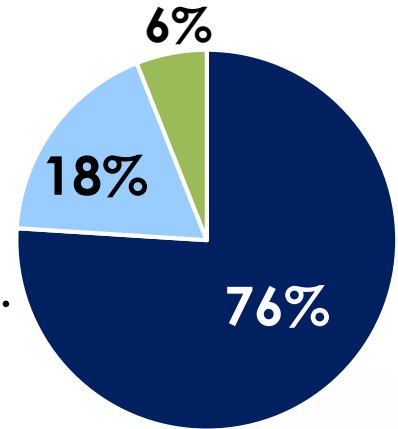
Mr. Kurt Kelemen

302-280-3020 ext. 105



# School District Finances

- **State** – Driven by September 30<sup>th</sup> Unit Count.
  - 76 percent of the District’s resources
- **Local** - Property Tax Receipts for operations, debt service, tuition and match areas.
  - 18 percent of the District’s resources
- **Federal** - Passed through from DOE to supplement state and local funding.
  - 6 percent of the District’s resources



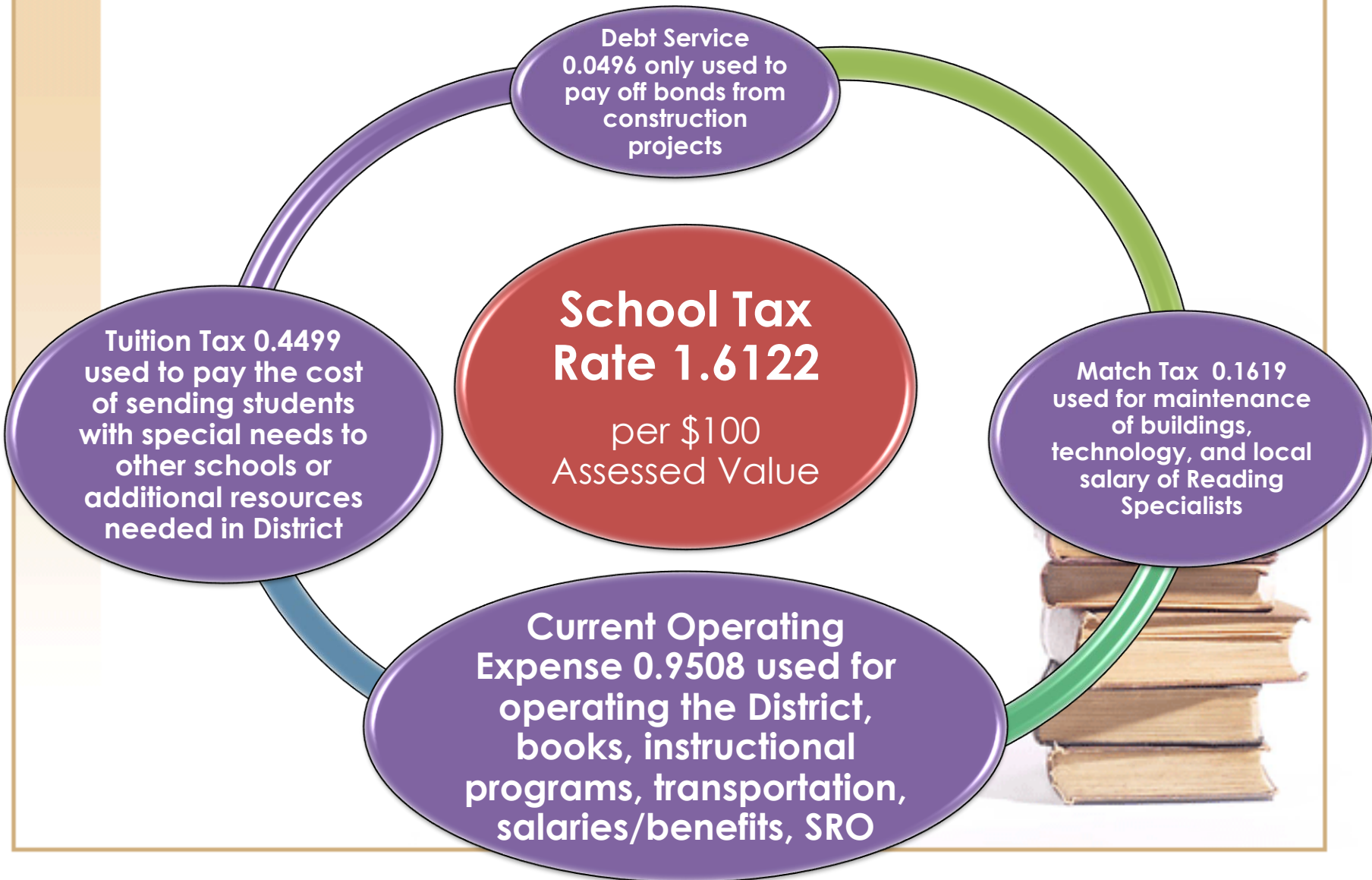
# Financial Vocabulary

- **District Budget** - The Budget of Discretionary Funds (both State and Local) Available to Use for Local Expense Obligations.
- **District Reserve** - Amount of Locally Sourced Funds at Year End that are Available for Emergency Use or to Balance the Budget.
- **Transportation Match** - School Districts are required to Match 10% of the total Cost of Transportation (State covers 90%).
- **School Tax** - The Tax Rate Approved by the District's Board of Education and/or through Referendum to Cover Local Expense Obligations.





# Lake Forest School Tax Rate – FY2023



## Financial Reference Numbers

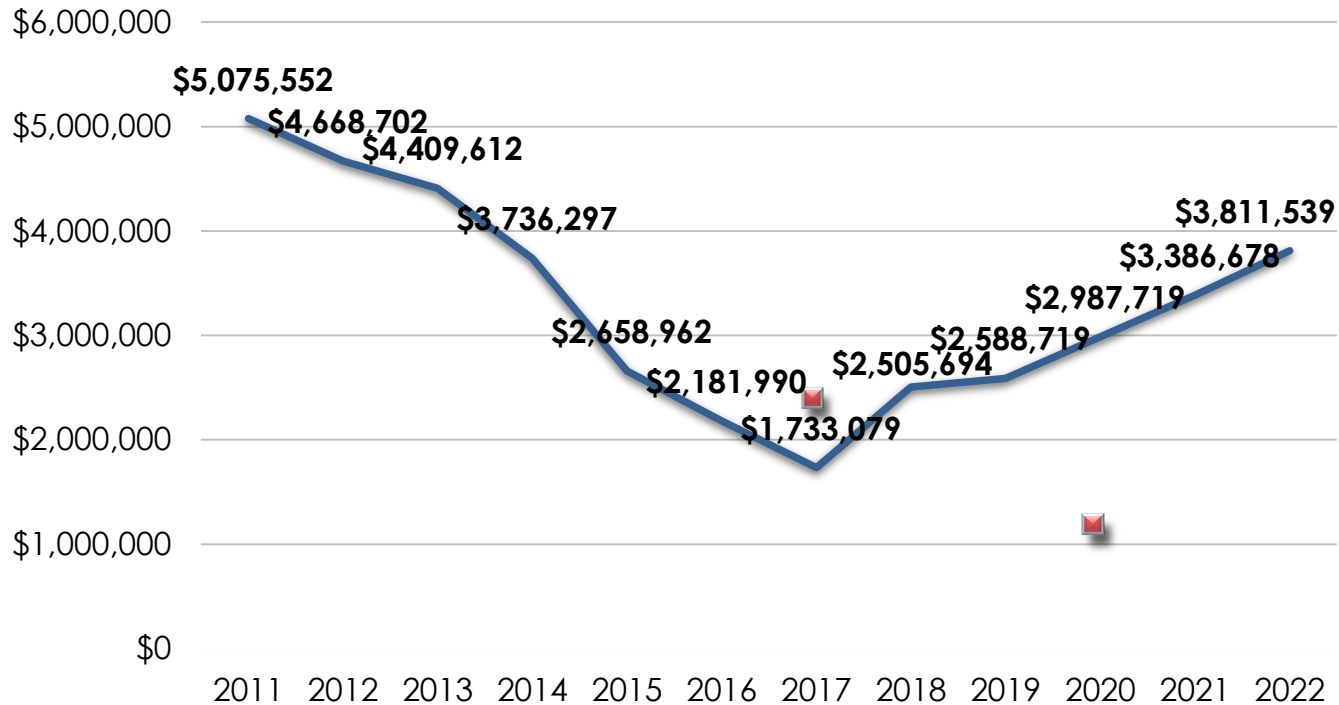
- \$0.01 Current Exp Tax = \$55,566 in Annual District Receipts
- \$0.01 Current Exp Tax = \$3.38 Avg Annual Assessment
- \$1.6122 School Tax = \$546.19 in Taxes for Avg Assessment



# History and Fiscal Health of the District

## Mr. Kurt Kelemen

### District Local Reserve



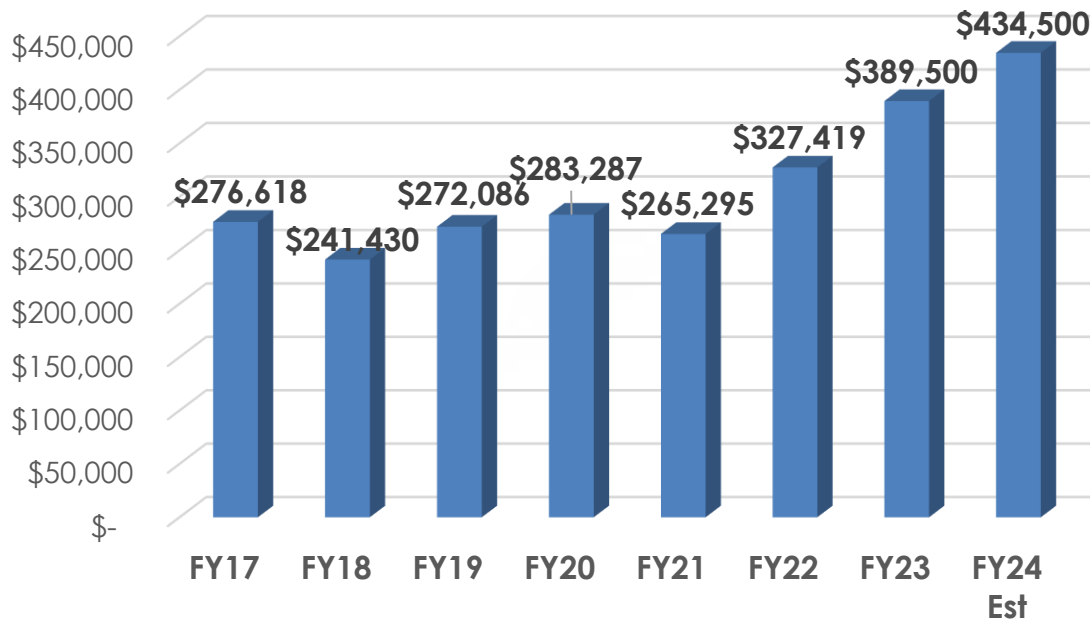
# Budget Analysis

Fiscal Year	Preliminary Budget Estimated Surplus/(Deficit)	Actual Surplus/Deficit
2019	(360,021)	83,024
2020	(549,374)	399,001
2021	(315,117)	398,958
2022	(388,671)	424,863
2023	(764,754)	<ul style="list-style-type: none"><li>✓ Local 27<sup>th</sup> Pay</li><li>✓ Transportation</li><li>✓ Substitutes</li></ul>



# Increasing Expenses

## Local Transportation Match

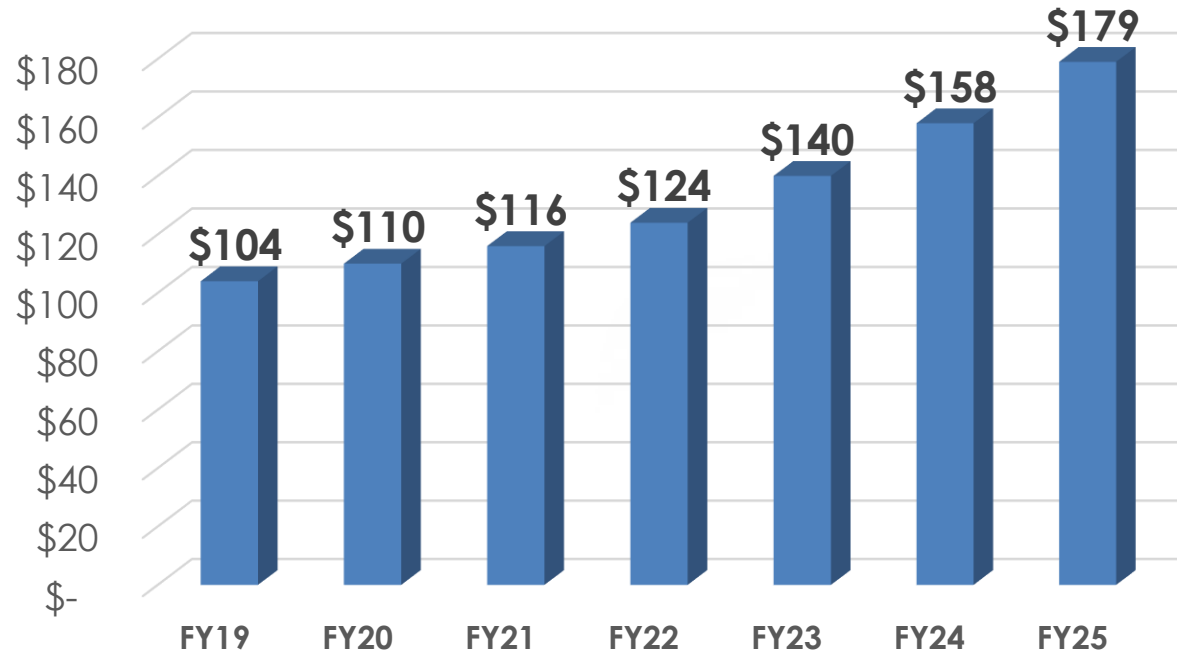


❖ **Projecting 50% Increase over 3-year period**



# Increasing Expenses

Class A Substitute Teacher Rates



- ❖ **72% Increase over 6-year period**
  - ❖ **28% over next two years**



# Technology Costs

<b>Fiscal Year</b>	<b>Pre-Pandemic Laptop Replacements (Grades 4-12)</b>	<b>Current Laptops (Grades K-12)</b>
Students	2500	3700
Unit Cost	\$240	\$325
Total	\$600,000	\$1,202,500
Per Year	\$120,000	\$240,500



# State News Article – Nov 20, 2022

## TEACHER STARTING SALARIES IN DELAWARE, RANKED

1. Indian River	\$48,006	10. Colonial	\$44,685
2. Polytech	\$45,505	11. Lake Forest	\$44,578
3. NCCVT	\$45,436	12. Appo	\$44,565
4. Brandywine	\$45,427	13. Woodbridge	\$44,517
5. Laurel	\$45,248	14. Milford	\$44,450
6. Cape	\$45,034	15. Smyrna	\$44,351
7. Capital	\$44,937	16. CR	\$43,953
8. Christina	\$44,932	17. Red Clay	\$43,711
9. Seaford	\$44,716	18. Delmar	\$42,995

SOURCE: SCHOOL DISTRICTS

For first-year teachers entering the profession with a bachelor's degree, Indian River pays the highest starting salary of the state's 19 districts.





# Correct FY2023 Starting Salaries Ranked

## TEACHER STARTING SALARIES IN DELAWARE, RANKED

1. Indian River	\$48,006	10. Colonial	\$44,685
2. Polytech	\$45,505	11. Appo	\$44,565
3. NCCVT	\$45,436	12. Woodbridge	\$44,517
4. Brandywine	\$45,427	13. Milford	\$44,450
5. Laurel	\$45,248	14. Smyrna	\$44,351
6. Cape	\$45,034	15. CR	\$43,953
7. Capital	\$44,937	16. Red Clay	\$43,711
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# Kent County Districts Local Salaries Comparison

(Step)	BACHELOR (1)	MASTERS (10)	MASTERS +45 (15)	DOCTORATE (20)	Annual Health/Dental Support
<b>Polytech</b>	14,736	19,832	26,339	29,889	2,000
<b>Capital</b>	14,168	18,143	24,681	28,015	2,998
<b>Woodbridge</b>	13,748	19,484	25,135	28,358	0
<b>Milford</b>	13,681	18,174	23,660	29,607	500
<b>Smyrna</b>	13,582	19,162	24,027	26,729	0
<b>Caesar Rodney</b>	13,184	18,189	22,533	23,633	2,640
<b>Lake Forest</b>	12,628 (7)	18,512 (4)	21,796 (7)	23,909 (6)	240 (5)

**Excluding Insurance Supplements, Lake is:**

- ❖ **8.3% Below a Milford New Teacher**
- ❖ **7.6% Below a Smyrna New Teacher**
- ❖ **4.4% Below a CR New Teacher**



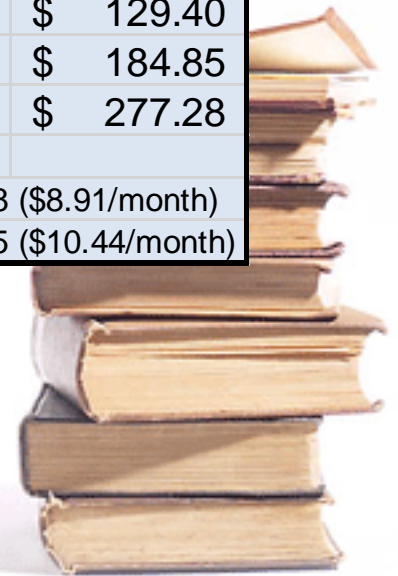
# Expense to Tax Rate Conversion

Item	Increased Costs	Tax Rate
Transportation	150,000	0.0270
Substitute Teachers (Kelly Services)	150,000	0.0270
Technology Replacement	120,000	0.0216
Retaining and Recruiting Quality Staff	1,200,000	0.2160
School Safety - Constables	434,000	0.0781
<b>Total Local Funds Needed:</b>	<b>\$ 2,054,000</b>	
<b>Local Tax Rate Needed:</b>		<b>0.3697</b>
<b>ASSUMPTIONS:</b>		
Property Tax Base:	555,660,000	
One Penny Increase in Tax Rate Generates:	\$55,566	



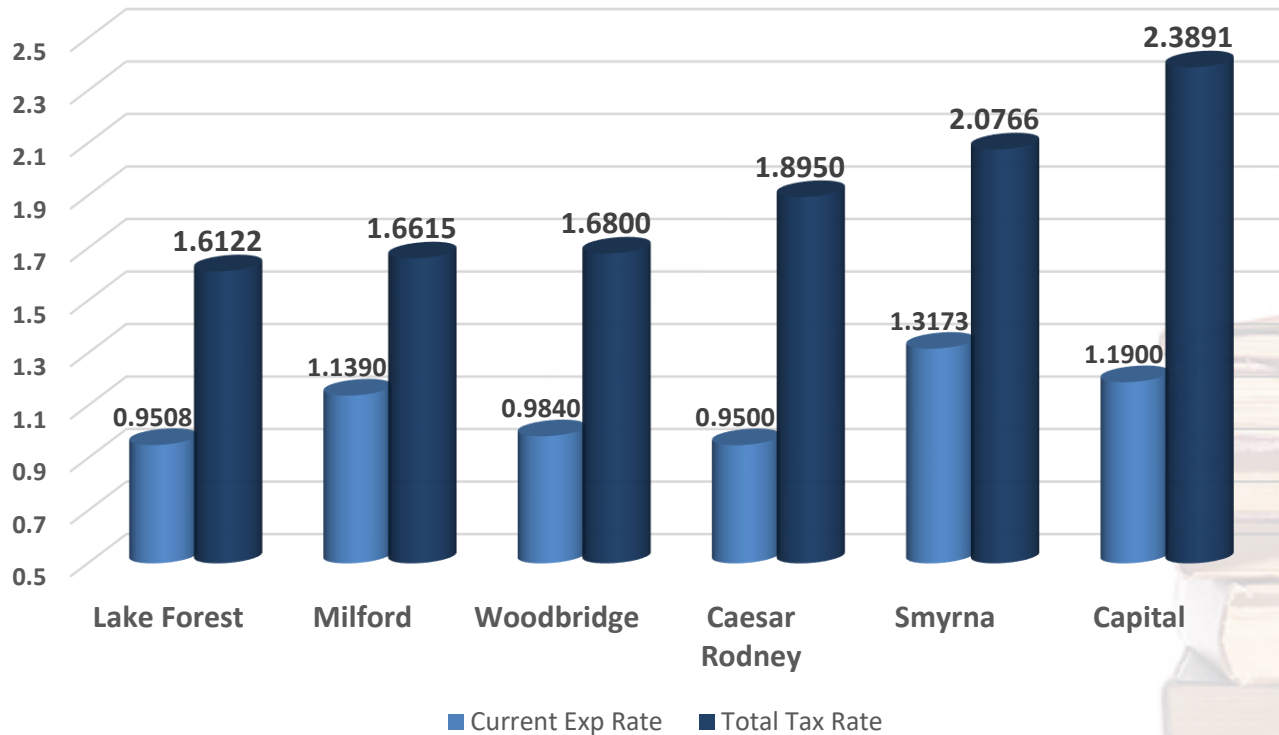
# What Could a Tax Increase Look Like?

Total Tax Increase Over 4 Years .3697					
Assessed Value (Not Market Value)	2024 9.25¢	2025 9.24¢	2026 9.24¢	2027 9.24¢	4-Year Total Increase
25,000	\$ 23.13	\$ 23.10	\$ 23.10	\$ 23.10	\$ 92.43
<b>28,910</b>	\$ 26.74	\$ 26.71	\$ 26.71	\$ 26.71	\$ 106.88
35,000	\$ 32.38	\$ 32.34	\$ 32.34	\$ 32.34	\$ 129.40
50,000	\$ 46.25	\$ 46.20	\$ 46.20	\$ 46.20	\$ 184.85
75,000	\$ 69.38	\$ 69.30	\$ 69.30	\$ 69.30	\$ 277.28
Average Residential Assessment is \$28,910			Total Tax Increase \$106.88 (\$8.91/month)		
Average Assessment is \$33,878			Total Tax Increase \$125.25 (\$10.44/month)		



# District Tax Rates

## Kent County School Districts



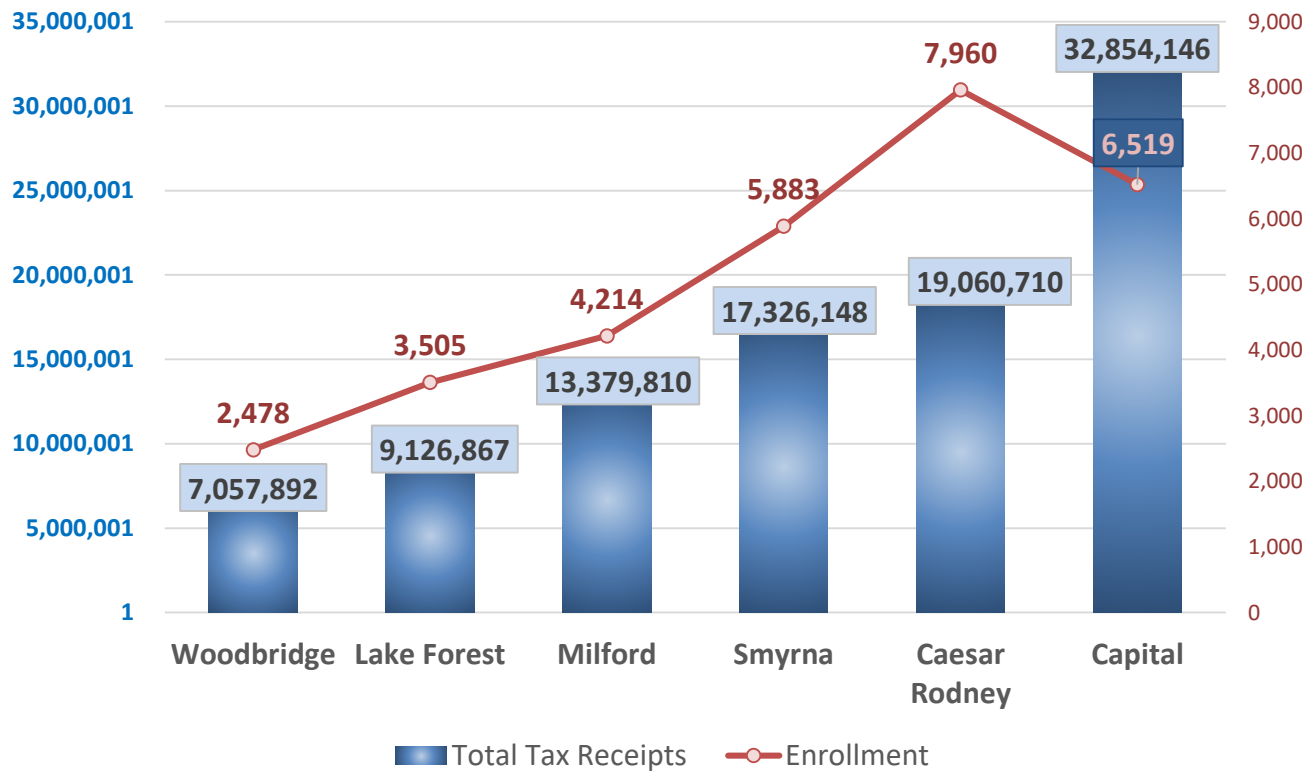
# District Tax Collections

District	Debt Service	Current Expense	Tuition	Match	Total Amount
<b>New Castle County</b>					
Appoquinimink	9,602,780	35,784,808	18,614,378	3,573,249	67,575,215
NCC Tax District	0	82,597,630	0	0	82,597,630
Brandywine(a)	7,408,606	47,242,784	14,713,836	1,981,371	71,346,597
Christina(a)	4,086,135	94,708,770	43,324,225	6,940,832	149,059,962
Colonial(a)	3,136,237	35,063,127	10,820,017	4,453,456	53,472,837
Red Clay(a)	6,563,425	60,602,295	28,824,377	4,102,141	100,092,238
Total New Castle County	30,797,183	355,999,414	116,296,833	21,051,049	524,144,479
<b>Kent County</b>					
Caesar Rodney	2,492,404	9,639,423	5,232,054	1,696,829	19,060,710
Capital	7,288,392	16,364,503	7,838,459	1,362,792	32,854,146
Lake Forest	319,696	5,392,488	2,511,059	903,624	9,126,867
Milford	1,097,588	9,171,794	2,830,100	280,328	13,379,810
Smyrna	1,669,510	10,991,256	2,980,150	1,685,232	17,326,148
Total Kent County	12,867,590	51,559,464	21,391,822	5,928,805	91,747,681
<b>Sussex County</b>					
Cape Henlopen	10,082,782	29,153,977	17,129,056	1,594,860	57,960,675
Delmar	101,388	1,188,400	955,266	294,858	2,539,912
Indian River	7,570,199	43,860,902	9,338,338	618,237	61,387,676
Laurel	1,780,794	2,171,327	1,459,188	411,709	5,823,018
Seaford	790,967	6,098,055	1,709,458	509,210	9,107,690
Woodbridge	1,117,157	3,758,390	1,823,054	359,291	7,057,892
Total Sussex County	21,443,287	86,231,051	32,414,360	3,788,165	143,876,863



# Total Local Tax Receipts

## Kent County School Districts



## Referendum History for Lake Forest

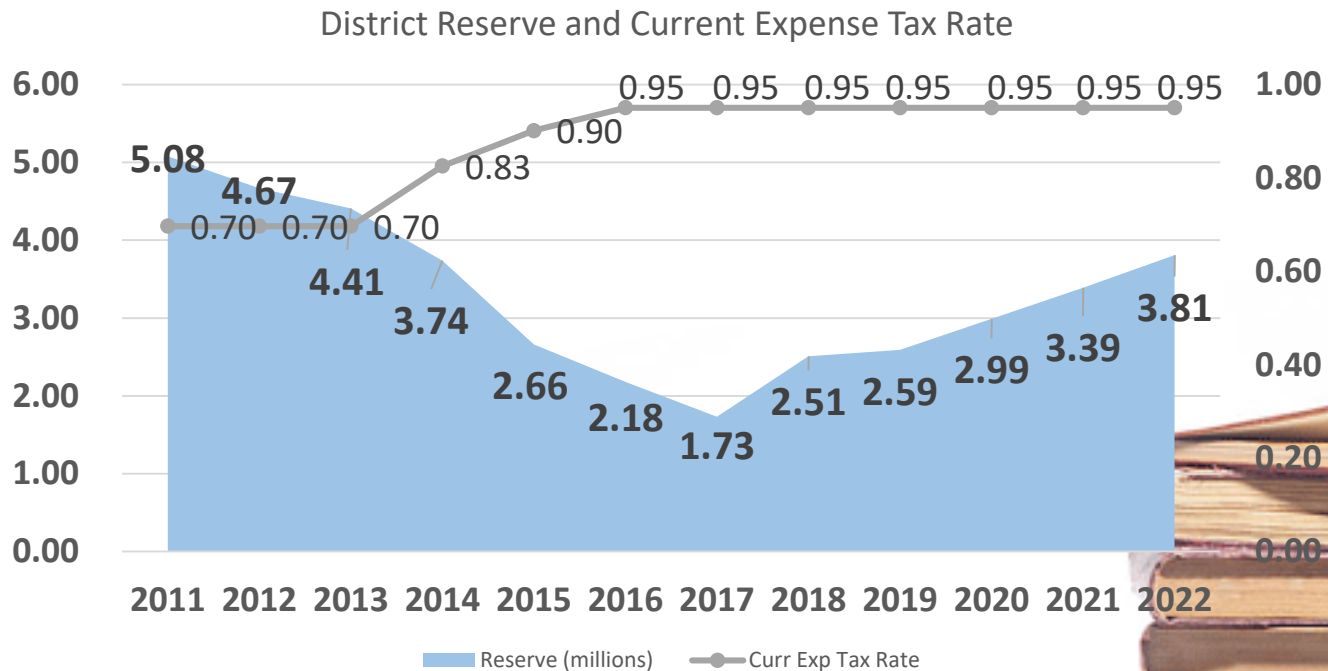
- 2001 – Operating Referendum - 18¢ increase
- 2005 – Capital (no increase)
- 2006 – Capital (6¢ increase)
- 2012 – \*Operating Referendum - 25¢ increase
- 2014 – Capital (2.4¢ increase)

\*Advertised to Last 5 Years





# Why Now?



- Unavoidable Cost Increases
- Competitive Salary Pressures
- School Safety
- Sustain Reserve Balance

# Questions/Discussion



# What we need from all Committee Members

- Complete a survey based on tonight's information.
- Advocate for increased local funding.
- If asked, participate in a sub-committee
- If needed, Vote! (And get at least ten others you know to vote).



# Input from this Committee

- 1) Continue as currently funded as long as possible.
  - a) Rely on the District Reserve to fund shortcomings.
  - b) A referendum campaign will be inevitable.
- 2) Operate in deficit for SY 2023 and 2024.
  - a) Lead a referendum campaign with a vote in Nov 23 to begin collections in SY 25.
- 3) Operate in deficit for SY 2023.
  - a) Lead a referendum campaign with a vote in May 23 to begin collections in SY 24.



# Meetings

- Meetings of the whole committee- Every other month (more if needed, but we could use Zoom).
- Subcommittee meetings- monthly or as needed.



# Summary and Next Steps

- 1) Collect survey data.
- 2) Report/recommendation to the Board of Education for action.
- 3) Next meeting Jan 19, 2023.

