

**Wilmington Education Improvement Commission  
Funding Student Success Committee  
November 10th, 2015 Meeting**

The meeting was called to order by co-chairs Jill Floore and Mike Jackson at 2:05 p.m.

**Local tax impact of redistricting**

After spending time over the past few meetings discussing the big picture, the committee turned to the financial impact of redistricting itself and shifting students. The committee discussed the need to examine both the revenue side and the expenditures side.

The Wilmington Education Improvement Commission has been adamant that Red Clay must have the resources to cover local obligations to effectively address the needs of the additional students served as a result of redistricting. The committee reviewed an analysis conducted by Jill Floore and Eric Loftus that illustrated what the estimated revenues and expenditures could be for Red Clay School District after redistricting. The estimated shortfall (not an exact number, but a range) is around \$6 million. The reality of the situation is that simply redrawing the lines will not generate enough revenue to cover the level of local expenditures needed.

The committee discussed issues related to the tax pool as being at the root of the problem. At the local level, general operations are primarily funded through real estate taxes. The tax rates for Red Clay, Christina, Colonial, and Brandywine school districts are made of up two components. The first component is referred to as the “New Castle County Tax Pool”, or the “tax pool”, which is fixed and was established through Delaware Code when the New Castle County School District was divided into the four districts listed above. The four districts all contribute property tax funds to the pool, which are then redistributed based on earned units at a rate of 46.8 cents per \$100 of assessed value according to Delaware Code. The allocation of funds was based on a formula for tax revenue to be split equally among the students served by the new districts. Currently, funds collected through the tax pool are distributed by the Delaware Department of Education, utilizing a formula that is based on Total Division I Units less Special School Units. The formula is antiquated and the tax pool no longer allocates funds equitably in accordance with the original intent. The formula for allocation has not been adjusted to account for students attending Charter Schools or the choice process. This is significant but equally important the formula has not been adjusted to account for needs-based Special Education funding and inclusion models that have significantly decreased the use of Special Schools. The allocation factors for the tax pool is currently frozen. While inequities are known, it continues to be frozen because adjusting it correctly would create an immediate budget problem for districts or, to prevent that, it would require additional funding to create a hold harmless.

The committee discussed many options and recognized that each had tradeoffs associated:

- Red Clay pays: On the one hand, Red Clay could go to referendum to raise additional local funds; but, this would create an undue burden for Red Clay taxpayers and there is no guarantee that a referendum would pass. WEIC and the

Red Clay board have been very clear on not creating an undue burden for Red Clay taxpayers.

- Shift funding from Christina to Red Clay: One the one hand, one can assume that the reduction of students being served by Christina would result in a decrease in expenditures. On the other hand, it is unfair to ask Christina taxpayers to send money to another district for students no longer served by Christina.
- Statewide property tax: Under this possible solution, all property taxes would be sent to the state, which would then determine allocations based on the number of students. While this would solve the local funding gap associated with redistricting, it might not be politically feasible.
- County-wide property tax: Under this possible solution, all property taxes would be sent to the county, which would then determine allocations based on the number of students. While this would solve the local funding gap associated with redistricting, it might not be politically feasible.
- Disaggregate and restructure the existing tax pool: The existing tax pool could be restructured in order to set distinct rates for each of the districts, but this may not solve the structural issues associated with the pool.
- Distinct Equalization rate for Wilmington: The needed funds could be allocated through the Equalization formula, the advantage being that this funding structure already exists and could be amended to create a separate weight for Wilmington. On the other hand, the Equalization process is not incredibly effective or equitable, as previously described. Additionally, this may not be politically desirable statewide.
- State covers the gap between revenues and expenditures: The advantage of this potential solution is that it avoids many of the complications of determining new tax rates. The disadvantage is that this would be a one-time solution rather than a sustainable fix. Additionally, this is an issue of local funding, not state funding and the Commission is already recommending that the state increase its levels of support through the weighted unit pilot.

Recognizing that all solutions have trade-offs, the committee reaffirmed its commitment that there should be no unfair burden on the taxpayers in the Red Clay School District as a result of redistricting but did not reach consensus. The committee discussed that current resources could be reallocated and/or additional resources could need to be added. Ultimately, a long-term sustainable solution is the goal.

One member of the committee commented on the importance of making sure that the public understands that if redistricting is approved without commitment of resources, Red Clay would assume responsibility for additional students *without* the necessary local funds to support their education. One member of the committee commented that the Redistricting Committee has

discussed phrasing the report and joint resolution in a way that guarantees redistricting would not occur without funding.

Ultimately, members of the committee concluded that the debate boils down to a policy decision whether residents not in the city should support education in the city.

#### **Impacts on federal and state funding**

Additionally, the committee discussed that certain state and federal funding formulas, such as Equalization at the state-level and federal Title I funding, may be affected statewide by the shift of students but the precise impacts cannot be determined at this time.

Jill Floore commented that weighted student funding is not just throwing money at the problem because, in Red Clay's experience, it has a priority schools plan supported by research to show how resources would be targeted to serve these students in need.

#### **Public Comment**

Bill Doolittle commented that the committee is approaching its work backwards and should have started with measuring and defining student needs. All in all, these redistricting will not work unless the General Assembly steps up in a big way to make a commitment to students at risk. This is a big investment over time. Ultimately, the concepts are what is important now, not the minutia.

The committee will meet again in two weeks to discuss and further refine.

**Wilmington Education Improvement Commission  
Funding Student Success Committee  
November 10th, 2015 Meeting Attendance**

**Funding Student Success Committee Members**

Jill Floore, Co-chair  
Mike Jackson, Co-chair  
Kevin Carson  
Elizabeth Lewis  
Michael Piccio

Mike Matthews  
Elizabeth Lockman  
Emily Falcon  
Andy Hegedus  
Kristin Dwyer

**Institute for Public Administration Staff**

Elizabeth Burland  
Neil Kirschling

Kervin Zamora

**Members of the Public**

Eric Loftus  
Bill Doolittle

Donna Smallwood  
Lee Davis