



# **FY 2017 TAX RATE PROPOSAL**

**PRESENTED: June 20, 2016**

**MILFORD BOARD OF EDUCATION**



## EXPLANATION OF SCHOOL TAXES

A property tax is charged to all owners of property within the Milford School District. All school tax rates are set in accordance with Title 14, Chapter 19 of Delaware Code. This tax is based upon the assessed value of the property and is expressed in dollars and cents per \$100 of assessed value. The total property tax rate is a compilation of the following four distinctly separate tax rates.

1. **Current Operating Expenses:** 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 setting the maximum tax rate.
2. **Tuition:** This tax rate provides revenue to pay tuition costs of Milford School District students with special needs who must attend special schools within and outside of the State of Delaware. Examples include the Sussex Consortium, Howard T. Ennis, John S. Charlton, Intensive Learning Centers, and residential schools. The Milford Board of Education sets this rate annually based upon anticipated needs of the student body. This rate is quite unpredictable and subject to significant variances from year to year.
3. **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 State share is based upon the State Equalization Formula and ranges from a high of 80% to a low of 60%. Milford receives 75% of projected costs from the State and must obtain the remaining 25% through local property tax. The Delaware Department of Education (DOE) initially approves projects through a Certificate of Necessity (CN). Voters must approve the projects through a referendum. In approving the projects, voters are also authorizing the incurrence and payment of debt (usually through 20 year bonds) necessary to finance the projects, The Milford Board of Education annually sets the debt service tax rate in order to meet bond payments.
4. **Match Tax (Minor Capital Improvement, Technology, Extra-Time Programs, Reading and Math Resource Teachers):** This tax allows school districts to obtain local funding to match 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. Some of the programs supported by the match tax include minor capital improvements, technology maintenance, and extra time which will vary year to year based upon legislative action. Currently, the Milford School District only assesses the Match Tax rate for Minor Capital Improvements.



### **Impact of Annual Assessment-to-Sales Ratio Study**

The Fiscal Year 2017 tax rates for the Milford School District are largely influenced by the annual "Assessment-To-Sales Ratio Study for Division III Equalization Funding" which is prepared for the State of Delaware by the Office of Management and Budget. The districts that encompass property in two counties (Milford, Woodbridge, Polytech and Smyrna) use this report as a means of "equalizing" tax rates across counties. In the past, the annual ratios have varied greatly from one year to the next and this has resulted in significant swings in tax rates. The State Operating Budget Bill states that the assessment to sales ratios used to equalize the tax rates for those districts that cross county lines shall remain at the same ratios that were in effect for Fiscal Year 2010. Given the fact that Sussex County properties have not been reassessed since 1974 and Kent County properties have not been reassessed since 1986, freezing these ratios seems prudent until statewide reassessment can occur.



## TAX RATE PROPOSAL

### Sussex County

CATEGORY	FY 2016	FY 2017	CHANGE
CURRENT EXPENSES	\$ 2.0481	\$ 3.2188	\$ 1.1707
TUITION	\$ 0.8220	\$ 1.4519	\$ 0.6299
DEBT SERVICE	\$ 0.6183	\$ 0.6361	\$ 0.0178
MATCH TAX - MCI	\$ 0.0798	\$ 0.0845	\$ 0.0047
MATCH TAX - EXTRA-TIME	\$ -	\$ -	\$ -
MATCH TAX - TECHNOLOGY	\$ -	\$ -	\$ -
MATCH TAX - MINNER TEACHERS - READING	\$ -	\$ -	\$ -
MATCH TAX - MINNER TEACHERS - MATH	\$ -	\$ -	\$ -
<b>TOTAL TAX RATE CHANGE</b>	<b>\$ 3.5682</b>	<b>\$ 5.3913</b>	<b>\$ 1.8231</b>

### Kent County

CATEGORY	FY 2016	FY 2017	CHANGE
CURRENT EXPENSES	\$ 0.6144	\$ 1.1390	\$ 0.5246
TUITION	\$ 0.3505	\$ 0.5137	\$ 0.1632
DEBT SERVICE	\$ 0.2637	\$ 0.2251	\$ (0.0386)
MATCH TAX - MCI	\$ 0.0340	\$ 0.0299	\$ (0.0041)
MATCH TAX - EXTRA-TIME	\$ -	\$ -	\$ -
MATCH TAX - TECHNOLOGY	\$ -	\$ -	\$ -
MATCH TAX - MINNER TEACHERS - READING	\$ -	\$ -	\$ -
MATCH TAX - MINNER TEACHERS - MATH	\$ -	\$ -	\$ -
<b>TOTAL TAX RATE CHANGE</b>	<b>\$ 1.2626</b>	<b>\$ 1.9077</b>	<b>\$ 0.6451</b>



<b>PROJECTED TAX BASE:</b>	<b>SUSSEX</b>	<b>KENT</b>	
Assessed Value of Property within District less Exemptions (Per County Tax Office):	\$ 148,534,439	\$ 261,298,100	
Assessed Value Divided by 100	100 \$ 1,485,344	\$ 2,612,981	
Current Expense Tax Rate (Per 10/6/15 Referendum):	\$ 3.2188	\$ 1.1390	
<b>TOTAL PROJECTED CURRENT EXPENSE REVENUE</b>	\$ 4,781,027	\$ 2,976,185	\$ 7,757,212

**RULES OF THUMB FOR PLANNING PURPOSES:**

(1) Each penny of property tax in the Milford School District generates approximately:	\$ 14,853	\$ 26,130	\$ 40,983
(2) Typically, the collection rate on property taxes is about 95%. If this rate occurs again in FY 2017, total current expense collections will be approximately:	\$ 4,541,975	\$ 2,827,376	\$ 7,369,351
(3) In FY 2016 the total property tax base (less Exemptions) was:	145,775,346	257,469,900	
Our tax base has increased by a total of:	\$ 2,759,093 1.89%	\$ 3,828,200 1.49%	
(4) The increase in our tax base will provide the district a projected increase in Current Operations revenue totaling:	\$ 88,810	\$ 43,603	

(6) There has not been a property reassessment in Sussex County since 1974. Assessed values are based on the construction cost in 1974 and have no correlation to the Fair Market Value of a property. As a result, property is assessed at approximately 8% to 10% of market value. Kent and New Castle Counties were last reassessed in 1986/1987.

**DEBT SERVICE TAX RATE**  
**PAYMENTS DUE IN FY 2017**

(1) Principal Payments Due	\$ 1,061,205
(2) Interest Payments Due	\$ 495,235
<b>Total Payments Due in FY 2017</b>	<b>\$ 1,556,440</b>

<b>REQUIRED CARRYOVER FOR FY 2018</b>	Payments Due by 10/31 (Before Tax Revenue	\$ 733,222
<b>LESS FUNDS AVAILABLE</b>	Carryover from FY 2016	\$ (756,322)
<b>TOTAL DEBT SERVICE FUNDS NEEDED</b>		<b>\$ 1,533,341</b>

**MATCH TAX RATE CALCULATION**

**Minor Capital Improvement (MCI) Program**

<b>Maximum Amount of State MCI Funding Available</b>	\$ 301,389
<b>Local "Match" required to obtain maximum State funds (Per FY 2017 Governor's Recommended Capital Budget)</b>	\$ 200,926
<b>Carryover for next FY Match (Necessary to acquire State Funds) (Only Necessary for FY 17 to build the carryover balance)</b>	\$ 2,842
<b>Total amount Necessary for Minor Capital Improvements</b>	<b>\$ 505,157</b>



## **SCHOOLS AND SERVICES FOR STUDENTS WITH SPECIAL NEEDS**

**Intensive Learning Center – Milford School District** - Intensive Learning Centers are established to meet the needs of students with severe learning and/or emotional/behavior problems. Academic, vocational, counseling and transition programs are offered with ILC's. Student to adult ratios are substantially lower.

**Residential Placements** – For students with extreme special needs (perhaps residential care), the State mandates and partially funds private placement into out-of-district schools such as Benedictine, Advoserve, and Melmark. These schools provide a highly restrictive and controlled environment as well as educational and support services. The cost of these programs can exceed \$200,000 annually per student. In FY02 the State paid 85% of the costs for such residential placements. Starting in FY03 and continuing through the current fiscal year, the State reduced its funding to 70%. This doubled the amount local school districts were required to pay (the remaining 30% of cost). The impact to the district is substantial.

**Sussex Consortium (SC) – Cape Henlopen School District** – The Sussex Consortium provides educational and support services to autistic children and children who have been classified as learning disabled, severely mentally handicapped, severely emotionally disturbed, and physically impaired. The school is operated through eight different facilities and also provides programs for hearing impaired children as well as a career opportunities center. The Consortium primarily serves children who reside in Sussex County.

**Howard T. Ennis School – Indian River School District** – This school provides educational programs and support services (including speech, occupational, and physical therapy) to physically impaired and mentally handicapped students ranging in age up to 21- years old.

**G.W. Carver Academy – Indian River School District** – Provides programming for students grades K-12 with emotional disturbance and mental health support needs.

**Academic Challenge – Delmar School District** -- The Academic Challenge Program provides an atmosphere that nurtures the scholastic and creative abilities of highly motivated and academically talented students in the disciplines of mathematics and English. Students are offered the standard high school curriculum in mathematics and English at an accelerated pace, allowing for college course work during the junior and senior years. Students range in age from eighth grader to high school seniors.



## SCHOOLS AND SERVICES FOR CHILDREN WITH SPECIAL NEEDS

(Continued)

**Sussex County Opportunity Program (SCOPE) – Woodbridge School District** – Also known as the “Alternative School”, SCOPE deals with student discipline problems and emotionally disturbed students in grades 6 through 12. Students are mainstreamed with some individualized instruction in math and english. The instructional staff consists of certified special education teachers, teacher assistants, guidance counselors and transition instructors for follow-up after students return to their home school.

**Delaware’s School for the Deaf – Christina School District** – The Delaware School for the Deaf provides an educational program for children in the state who are deaf (or hard of hearing) and unable to successfully access the learning environment in a regular school program despite reasonable supportive assistance. Included in the school staff are teachers, paraprofessionals, speech therapists, resource teachers, school psychologists, an instructional media specialist, an educational audiologist, a school nurse and Residence Hall staff. Students in Delaware receive support from DSD in their homeschool environment, or by participating in a day or residential program onsite in Newark, Delaware.

**John S. Charlton School – Caesar Rodney School District** – This school serves students with moderate and severe intellectual disabilities, and autism. Charlton is the Kent County Center for the Delaware Autism Program (DAP).

**Kent County Elementary ILC – Caesar Rodney School District** – Serves students grades K-5 with emotional disturbance and mental health support needs. Staff is specially trained in ABA.

**Kent Secondary ILC – Capital School District** – Provides programming for students grades 9-12 with emotional disturbance and mental health support needs.

**Kent County Community School- Capital School District** – This school provides educational programs and intensive related services including, but not limited to, nursing care, speech, occupational and physical therapy to children with orthopedic, health and severe intellectual disabilities.



## TUITION TAX RATE CALCULATION

### PROJECTION OF TUITION AND RELATED COSTS FOR FY 2017

NAME OF PROGRAM AND DISTRICT	FY 2016		EST. COST PER STUDENT	ESTIMATED COSTS
	BILLING ENROLLMENT	PROJECTED # OF STUDENTS		
<b>DISTRICT-BASED PROGRAMS</b>				
PRE K, INTENSE & COMPLEX (DISTRICT ILC)	131	150	\$ 2,633	\$ 395,000
CHOICE/CHARTER TUITION STUDENTS	11	15	\$ 3,852	\$ 57,780
<b>RESIDENTIAL PLACEMENTS (STATE 70%, DISTRICT 30%)</b>				
ADVOSEV	2	1	\$ 118,200	\$ 118,200
BENEDICTINE	1	1	\$ 26,604	\$ 26,604
MELMARK	1	1	\$ 111,116	\$ 111,116
<b>PLACEMENTS OUT OF DISTRICT</b>				
ACADEMIC CHALLENGE (DELMAR)	53	55	\$ 1,000	\$ 55,000
ACADEMIC CHALLENGE TRANSPORTATION	53	55	\$ 155	\$ 8,525
KENT COUNTY COMMUNITY SCHOOL (CAPITAL)	3	4	\$ 10,557	\$ 42,230
KENT ILC (CAPITAL)	8	8	\$ 8,840	\$ 70,722
PARKWAY (CAESAR RODNEY)	23	25	\$ 2,868	\$ 71,698
SUSSEX CONSORTIUM (CAPE HENLOPEN)	29	30	\$ 42,530	\$ 1,275,900
SCOPE - SUSSEX COUNTY OPPORTUNITY PROGRAM (WOODBIDGE)	83	85	\$ 1,669	\$ 141,863
SCOPE TRANSPORTATION	83	85	\$ 158.82	\$ 13,500
JOHN S. CHARLTON (CAESAR RODNEY)	11	13	\$ 9,566	\$ 124,353
KENT COUNTY ELEMENTARY ILC (CAESAR RODNEY)	2	3	\$ 13,182	\$ 39,547
CARVER (INDIAN RIVER)	5	5	\$ 20,148	\$ 100,742
HOWARD T. ENNIS (INDIAN RIVER)	15	15	\$ 29,150	\$ 437,250
DELAWARE SCHOOL FOR THE DEAF (CHRISTINA)	1	1	\$ 39,654	\$ 39,654
<b>TOTALS</b>	<b>515</b>	<b>552</b>	<b>\$ 441,883</b>	<b>\$ 3,129,682</b>
<b>TOTAL PROJECTED EXPENDITURES</b>				<b>\$ 3,129,682</b>
<b>FUNDS NEEDED FOR CARRYOVER FY18</b>				<b>\$ 370,318</b>
<b>TOTAL PROJECTED FUNDS NEEDED</b>				<b>\$ 3,500,000</b>





## TAX RATE HISTORY

### SUSSEX COUNTY MILFORD SCHOOL DISTRICT TAX RATE HISTORY 1997 TO 2016

YEAR	CURRENT EXPENSE	TUITION	DEBT SERVICE	MATCH TAX	TOTAL
1997	\$ 1.170	\$ 0.615	\$ 0.163	\$ 0.093	\$ 2.041
1998	\$ 1.494	\$ 0.417	\$ 0.150	\$ 0.095	\$ 2.156
1999	\$ 1.494	\$ 0.517	\$ 0.105	\$ 0.120	\$ 2.236
2000	\$ 1.494	\$ 0.806	\$ 0.486	\$ 0.123	\$ 2.909
2001	\$ 1.494	\$ 0.554	\$ 0.498	\$ 0.151	\$ 2.697
2002	\$ 1.494	\$ 0.558	\$ 0.465	\$ 0.152	\$ 2.669
2003	\$ 1.494	\$ 0.872	\$ 0.237	\$ 0.146	\$ 2.749
2004	\$ 1.494	\$ 0.731	\$ 0.199	\$ 0.197	\$ 2.621
2005	\$ 1.494	\$ 0.846	\$ 0.227	\$ 0.226	\$ 2.793
2006	\$ 2.048	\$ 0.804	\$ 0.233	\$ 0.205	\$ 3.290
2007	\$ 2.048	\$ 0.919	\$ 0.234	\$ 0.197	\$ 3.398
2008	\$ 2.048	\$ 0.948	\$ 0.359	\$ 0.192	\$ 3.547
2009	\$ 2.048	\$ 0.904	\$ 0.452	\$ 0.176	\$ 3.580
2010	\$ 2.048	\$ 0.794	\$ 0.606	\$ 0.062	\$ 3.510
2011	\$ 2.048	\$ 0.804	\$ 0.783	\$ 0.063	\$ 3.699
2012	\$ 2.048	\$ 0.709	\$ 0.809	\$ 0.065	\$ 3.630
2013	\$ 2.048	\$ 0.615	\$ 0.698	\$ 0.105	\$ 3.466
2014	\$ 2.048	\$ 0.849	\$ 0.606	\$ 0.084	\$ 3.587
2015	\$ 2.048	\$ 0.794	\$ 0.549	\$ 0.088	\$ 3.478
2016	\$ 2.048	\$ 0.822	\$ 0.618	\$ 0.080	\$ 3.568



## TAX RATE HISTORY

### KENT COUNTY MILFORD SCHOOL DISTRICT TAX RATE HISTORY 1997 TO 2016

YEAR	CURRENT EXPENSE	TUITION	DEBT SERVICE	MATCH TAX	TOTAL
1997	\$ 0.365	\$ 0.235	\$ 0.062	\$ 0.036	\$ 0.698
1998	\$ 0.532	\$ 0.148	\$ 0.053	\$ 0.034	\$ 0.767
1999	\$ 0.532	\$ 0.309	\$ 0.063	\$ 0.072	\$ 0.976
2000	\$ 0.532	\$ 0.373	\$ 0.224	\$ 0.057	\$ 1.186
2001	\$ 0.532	\$ 0.199	\$ 0.179	\$ 0.054	\$ 0.964
2002	\$ 0.532	\$ 0.180	\$ 0.150	\$ 0.049	\$ 0.911
2003	\$ 0.532	\$ 0.302	\$ 0.082	\$ 0.050	\$ 0.966
2004	\$ 0.532	\$ 0.344	\$ 0.094	\$ 0.093	\$ 1.063
2005	\$ 0.532	\$ 0.287	\$ 0.077	\$ 0.077	\$ 0.973
2006	\$ 0.614	\$ 0.294	\$ 0.085	\$ 0.075	\$ 1.069
2007	\$ 0.614	\$ 0.331	\$ 0.084	\$ 0.071	\$ 1.100
2008	\$ 0.614	\$ 0.316	\$ 0.120	\$ 0.064	\$ 1.115
2009	\$ 0.614	\$ 0.326	\$ 0.163	\$ 0.064	\$ 1.166
2010	\$ 0.614	\$ 0.341	\$ 0.260	\$ 0.027	\$ 1.242
2011	\$ 0.614	\$ 0.338	\$ 0.330	\$ 0.027	\$ 1.309
2012	\$ 0.614	\$ 0.300	\$ 0.343	\$ 0.028	\$ 1.285
2013	\$ 0.614	\$ 0.261	\$ 0.296	\$ 0.045	\$ 1.217
2014	\$ 0.614	\$ 0.361	\$ 0.258	\$ 0.036	\$ 1.269
2015	\$ 0.614	\$ 0.342	\$ 0.237	\$ 0.038	\$ 1.231
2016	\$ 0.614	\$ 0.351	\$ 0.264	\$ 0.034	\$ 1.263



## TAX COMPARISON BY COUNTY

### SUSSEX COUNTY

**2015 - 2016 ANNUAL PROPERTY TAX RATES  
(HIGHEST TO LOWEST PER 100 OF ASSESSED VALUE)**

	<u>SCHOOL TAX</u>
DELMAR	\$ 4.3669
LAUREL	\$ 4.2050
WOODBIDGE	\$ 3.6090
MILFORD	\$ 3.5682
SEAFORD	\$ 3.3600
CAPE HENLOPEN	\$ 3.0430
INDIAN RIVER	\$ 2.6890
<b>AVERAGE</b>	<b>\$ 3.5487</b>

**ANNUAL CAPITATION TAX RATES  
(PER ADULT)**

	<u>SCHOOL TAX</u>
LAUREL	\$ 24.30
DELMAR	\$ 13.00
INDIAN RIVER	\$ 12.00
WOODBIDGE	\$ 8.82
MILFORD	\$ -
SEAFORD	\$ -
CAPE HENLOPEN	\$ -
<b>AVERAGE</b>	<b>\$ 8.30</b>

### KENT COUNTY

**2015 - 2016 ANNUAL PROPERTY TAX RATES  
(HIGHEST TO LOWEST PER 100 OF ASSESSED VALUE)**

	<u>SCHOOL TAX</u>
CAPITAL	\$ 1.8115
SMYRNA	\$ 1.7835
LAKE FOREST	\$ 1.4498
WOODBIDGE	\$ 1.3310
MILFORD	\$ 1.2626
CAESAR RODNEY	\$ 1.2350
<b>AVERAGE</b>	<b>\$ 1.4789</b>

**ANNUAL CAPITATION TAX RATES  
(PER ADULT)**

	<u>SCHOOL TAX</u>
CAPITAL	\$ -
SMYRNA	\$ -
LAKE FOREST	\$ 15.00
WOODBIDGE	\$ 8.82
MILFORD	\$ -
CAESAR RODNEY	\$ 12.00
<b>AVERAGE</b>	<b>\$ 5.97</b>