



Financial Impact Analysis

Summary

The Red Clay Consolidated School District's Reimagining Secondary Education Plan represents a strategic investment in the long-term sustainability, efficiency, and educational effectiveness of the district's secondary school system. The financial rationale for the plan is grounded in two interconnected objectives: maximizing the educational value of existing district resources and redirecting investments toward expanded student opportunities.

Over the past 25 years, Red Clay has expanded from five to seven high schools and from six to eight middle schools without corresponding enrollment growth. As a result, the district maintains more than 1,500 unfilled secondary school seats while continuing to support the staffing, facilities, administrative structures, and operational costs associated with its current configuration. This creates financial inefficiencies that can limit the district's ability to invest in academic programming, Career and Technical Education (CTE), advanced coursework, and extracurricular opportunities.

The Reimagining Secondary Education Plan seeks to address these challenges through more balanced enrollment, consolidation of comprehensive high school operations, improved facility utilization, and the establishment of the Thomas McKean Innovation Center as a districtwide resource. The plan is not intended as a cost-reduction initiative. Rather, it seeks to improve the return on the district's existing educational investments while strategically expanding college and career opportunities for students.

Although the redesign may generate operational efficiencies over time, it will also require initial investments in facilities, equipment, transportation, staffing, and specialized programming. The district must therefore evaluate both short-term implementation costs and long-term financial sustainability.

Overall Financial Finding: The proposed redesign presents a credible opportunity to improve operational efficiency, reduce duplication, and better align district expenditures with student enrollment and educational priorities. However, the extent of potential savings, required investments, and long-term financial benefits must be established through detailed financial modeling before definitive fiscal conclusions can be reached.

Existing Financial Conditions

Red Clay's current secondary school configuration creates financial challenges associated with maintaining multiple facilities and operational structures despite uneven enrollment.

While individual school expenditures vary, operating additional schools generally requires recurring commitments for core staffing, building operations, utilities, maintenance, custodial services, technology, and instructional support including CTE and other labs that need regular upkeep and replacement. These costs do not necessarily decline proportionately when enrollment decreases.

As a result, lower-enrollment schools may have higher operating costs per student, causing inequities in other areas. Figure 18 below shows a 13% increase in the cost/student at two comprehensive high schools with different student counts.

School	FY26 Expenditures	FY26 Student Count	\$/Student
A.I. Dupont High School	\$12,746,888	543	\$23,475
McKean High School	\$18,950,882	917	\$20,666

Figure 18. FSF Expenditures, all sources July 1, 2025-June 30, 2026. Student count based on widely accepted yearly snapshot as of September 30th.

Additionally, smaller student populations can make it difficult to operate specialized courses efficiently. Low-enrollment in courses, CTE programs, and other program participation rates require staffing and equipment investments that serve relatively small numbers of students. The financial implications extend beyond individual school budgets. Maintaining fragmented programming across multiple facilities can reduce the district's flexibility to deploy resources where they will have the greatest educational impact. The district's existing configuration therefore presents both an operational efficiency challenge and an opportunity-cost concern.

Maintaining the current system requires the district to continue supporting fixed costs and fragmented programming structures that may limit its ability to invest in expanded student opportunities.

Anticipated Financial Benefits

The proposed configuration would establish two more fully enrolled comprehensive attendance-zone high schools while repurposing Thomas McKean High School as a districtwide Innovation Center. This approach is intended to improve facility utilization and reduce duplication of certain comprehensive high school functions.

Potential financial benefits include reduced duplication in administrative and operational structures, more efficient deployment of instructional and support personnel, and improved use of existing facilities. Importantly, the Innovation Center would remain an active educational facility. Therefore, the district should not assume that all operating costs associated with Thomas McKean High School would be eliminated. Any savings would depend on the differences between the current comprehensive high school operating model and the Innovation Center model.

More balanced enrollment at comprehensive high schools can improve instructional efficiency by supporting sustainable course sections and reducing the need to operate multiple low-enrollment classes. Larger student populations may also allow schools to offer a broader selection of advanced coursework, electives, and specialized programs without proportionate increases in staffing. It is important to note that this change would not create excessively large classes. Instead these changes in class size will lead to more appropriate class sizes; classes where there are sufficient students for robust class discussions as well as efficient scheduling. This could improve the educational value generated by existing instructional allocations.

However, staffing efficiencies should be distinguished from direct budgetary savings. Reallocating staff to expand programming may improve educational outcomes without reducing overall expenditures. As an example, during the 26-27 school year, AIHS was allocated more than 53 staff members yet earned only 45 Division I teaching units. As a high school earns more units, it does not necessarily mean a decrease in teaching positions. Instead some of those staff members may be utilized in other schools that may benefit from additional staffing to meet the goals of our strategic plan.

The Thomas McKean Innovation Center provides an opportunity to centralize specialized CTE facilities, equipment, and instructional expertise. Many career pathways require substantial investments in laboratories, technology, specialized equipment, and industry-aligned instructional resources. Developing these programs at a shared districtwide location may reduce the need to duplicate expensive resources across multiple comprehensive high schools. The Innovation Center model also allows the district to concentrate investments in high-quality facilities and equipment serving students from multiple schools.

Centralized specialized programming has the potential to improve the cost-effectiveness of CTE investments while expanding access to programs that would be difficult or expensive to replicate at every high school. Figure 19 below represents an example of this potential based on a CTE business lab. This efficiency would apply to multiple labs related to CTE such as auto shops, healthcare labs, etc.

3 Schools with “Business Labs”	Innovation Center with 2 “Business Labs”
3 Labs * 25 Computers * \$850 / 5 year use	2 [#] Labs * 25 Computers * \$850 / 5 year use
\$12,750/year	\$8,500/year

Figure 19. In this example, it is assumed that the three labs would be replaced by 2 since there will be more students/sections using the lab.

A significant financial benefit of the proposed model is the opportunity to redirect resources toward higher-impact educational priorities. Potential efficiencies could support expanded AP and dual enrollment opportunities, industry-recognized credentials, work-based learning coordination, instructional technology, and additional student supports.

This approach recognizes that financial sustainability is not measured solely by expenditure reductions. It is also measured by the district's ability to use available resources to provide more meaningful educational opportunities. In the example above where A.I. Dupont High School was allocated eight “un-earned” units, some of those units may be deployed to other schools to meet unique needs, but others may be assigned to our comprehensive high schools to provide more course offerings.

Anticipated Costs and Financial Considerations

The district has identified both one-time implementation expenditures and recurring operational costs. These expenditures are expected to be supported through a combination of federal, state, and local funding sources, subject to funding eligibility and availability.

The primary one-time expenditures include:

- Professional development: Training associated with the realignment of instructional staff, programs, and school operations
- Planning and demographic analysis: Contractual services with the University of Delaware's Biden School of Public Policy Center for Applied Demography and Survey Research (CADSR)
- Facility improvements: Modifications, equipment purchases, and facility fit-out necessary to establish new pathways and upgrade existing CTE instructional spaces
- Transition expenses: Potential costs associated with relocating programs, equipment, and instructional materials

An important financial advantage is that the McKean facility already contains CTE instructional spaces. The proposed model builds upon existing district infrastructure rather than requiring construction of an entirely new technical education facility. In addition, the 2024 Referendum earmarked over \$43,000,000 in renovations to our 3 comprehensive high schools. These funds will help with changes to the buildings and as well as renovations to the building infrastructure.

The district's financial planning identifies primary categories of ongoing costs, anticipated to begin in FY2028 under the original implementation schedule.

Category	Anticipated financial impact
Transportation	Additional shuttle costs between comprehensive high schools and the Innovation Center, partially offset by more efficient morning and afternoon routes with the use of two AM and PM high school destinations instead of three.
Facilities	Routine utilities and maintenance expected to remain relatively consistent; potential long-term efficiencies from centralizing specialized CTE laboratories
Staffing	Reallocation based on enrollment and course selections; costs largely influenced by state staffing and vocational education funding formulas. Sustainable enrollment allows the district to greatly reduce the additional staffing resources necessary to ensure viability of under-enrolled schools.
CTE Programming	Recurring costs for equipment replacement, supplies, industry credentials, and specialized instructional resources
Program coordination	Potential expenditures for work-based learning, industry partnerships, and student program coordination

The district's preliminary analysis does not anticipate a negative impact on the local operating budget from staffing changes. The plan anticipates staff transfers rather than reductions in employment, with changes addressed through established processes and collective bargaining agreements. These assumptions will be validated as enrollment projections, staffing allocations, and course selections are finalized.

We are confident that there will be some efficiencies resulting in a saving of some local operating costs each year. Two areas where these have been modeled are that of Building Operations Budgets and Teacher EPER (Extra Pay for Extra Responsibility).

School budgets are driven by a formula including a component tied to enrollment since many school costs are tied to enrollment. By moving from three comprehensive high schools to two, there will be a savings to school budget lines. Figure 20 below demonstrates this savings.

Current Comprehensive School Building Budget	\$1,310,645
New Comprehensive Secondary School Budget	\$994,770
Net Increase/(Savings)	(\$315,875)

Figure 20. Building costs at the innovation center would be charged back to "home school" budgets or to CTE/Perkins Funds. Assumes McKean units are split 50/50 with AIHS and JDS. Current budget based on board approved budget BEFORE any allowed carryover.

Another area of yearly operating costs where there will be savings is that of EPER. Through the restructuring, duplicative EPER positions will be eliminated. Some of those funds will be available to add extra-curricular activities to our reimagined secondary schools and others will either be a decrease to yearly operating costs, or an opportunity to address strategic needs at elementary and middle schools. While the ultimate use of these funds has not been determined, we do know that there will be a decrease in the current EPER costs for three comprehensive high schools. Figure 21 below shows this yearly savings estimate and includes a \$100,000 place holder to enhance extracurricular activities that still results in a \$205,448 yearly savings.

Current Comprehensive School EPER	\$887,689
New Comprehensive Secondary EPER	\$682,240
Net Increase/(Savings)	(\$205,448)

Figure 21: While the Innovation Center will not have the same number of EPER positions, it is estimated that we will negotiate with our collective bargaining unit to repurpose some of the existing EPER contracts. These calculations have a \$100,000 placeholder.

Financial Sustainability and Funding

The long-term financial sustainability of the proposed model will depend on aligning recurring program costs with predictable funding sources. Delaware's education funding structure provides instructional staffing and vocational education resources based on student enrollment and applicable funding formulas. Consequently, changes in school configurations do not necessarily produce proportional reductions in instructional funding or staffing expenditures.

As the plan moves forward, the district will distinguish between expenditures supported through state allocations, local operating resources, and eligible federal grants, including Perkins funding. While the district will look for grants to supplement the program, the model is expected to be funded through recurring funding sources that will not create "funding cliffs" where continued success is contingent upon new funding sources.

The Innovation Center will require ongoing analysis as the programming and equipment needs must be aligned with the vocational and career outlook for our students. Red Clay is well positioned to leverage our College and Career Readiness staff and district's CTE Advisory Committee to monitor these needs and shift resources accordingly.

Financial Accountability and Board Oversight

Before final implementation, the district will provide the Board with a consolidated financial projection that distinguishes one-time costs, recurring expenditures, anticipated efficiencies, and funding sources.

The following financial measures will guide the district's analysis:

Financial measure	Purpose
One-time implementation budget	Establish total transition and capital-related expenditures
Annual operating cost comparison	Compare current and proposed secondary configurations
Transportation cost analysis	Determine net costs after shuttle additions and route efficiencies
Staffing allocation analysis	Evaluate staffing requirements and funding implications
CTE cost per participant	Assess the efficiency of specialized program delivery
Five-year financial projection	Evaluate sustainability and potential future obligations

Financial reporting will include a baseline reflecting the cost of maintaining the existing configuration, allowing the Board to distinguish expenditures directly attributable to restructuring from costs that would occur regardless of the plan.

Overall Financial Determination

The Reimagining Secondary Education Plan offers an opportunity to improve the financial efficiency and long-term sustainability of Red Clay's secondary education system. By creating more balanced comprehensive high school enrollments and establishing a centralized Innovation Center, the district can potentially reduce program duplication, improve instructional resource utilization, and expand access to specialized opportunities without replicating costly facilities across multiple schools.

The plan will require initial investments and may result in additional recurring expenditures in certain areas, particularly transportation and specialized CTE programming. These costs may be partially offset by efficiencies in transportation routing, staffing deployment, and shared facilities.

At this stage, the available financial analysis supports the operational feasibility of the proposed model but does not establish a verified net savings amount or a definitive five-year fiscal impact. The

proposed redesign represents a financially reasonable approach to improving the use of existing district resources while expanding educational opportunities. Its financial justification should be measured not solely by cost savings, but by the ability to deliver broader, higher-quality programming through a sustainable operating model.

Conclusion

The Reimagining Secondary Education Plan is fundamentally an educational improvement initiative supported by a strategy for more effective resource utilization. The district's current secondary school configuration requires the continued operation of multiple facilities and programs despite uneven enrollment and underutilized capacity. The proposed redesign creates an opportunity to better align those resources with student needs.

Through more sustainable comprehensive high schools and the Thomas McKean Innovation Center, Red Clay can make strategic investments in college and career readiness while improving the efficiency of its existing educational infrastructure. The ultimate financial measure of success will be whether the district can provide more opportunities, stronger programs, and better student outcomes through a responsible and sustainable use of public resources.

The Red Clay Consolidated School District recognizes that the financial implications of Reimagining Secondary Schools extend beyond initial implementation. The district is committed to ongoing financial monitoring and evaluation to ensure that the changes remain fiscally responsible, sustainable, and aligned with the district's strategic priorities. This review will include continued analysis of staffing, enrollment trends, operational expenditures, transportation, facilities, and program investments. As implementation progresses, the district will assess actual expenditures against financial projections, identify opportunities for operational efficiencies, and make necessary adjustments to maximize resources while maintaining high-quality educational opportunities for all students. This commitment to continuous financial oversight will support transparency, accountability, and responsible stewardship of taxpayer resources.