REFERENDUM 101

Essentials for understanding
the process

December 2023

You have probably heard that Colonial is pursuing a referendum in February 2024.

We will share more information on the specific details of this campaign in the coming weeks but…

It has been seven years since our last one and many folks were hired after that, so we thought it would be helpful to provide some basic information on what a referendum is, how the system works and how you, as an employee, could be impacted.

Simply put, a referendum is a special election held by a Delaware school district to seek approval to increase school property taxes.

How are property taxes connected to Colonial?

School districts in Delaware are funded by 3 major sources

- **<u>Federal funds</u>**, mostly in the form of grants; provides roughly 5% of our revenue

- **<u>State funds</u>** that are provided through the General Assembly and state budget process; provides roughly 62% of revenue

- **<u>Local funds</u>**, which are generated through property taxes; provides roughly 33% of revenue

Referenda deal with the revenue coming from Local funds.

System Requirements

Delaware law requires school districts to get residents' approval to increase the amount we charge in property taxes in two different circumstances:

- Additional dollars for general <u>operating</u> expenses

- Issuing bonds to fund major renovation projects or new construction (<u>capital</u>)

Colonial is seeking approval for BOTH of these types of increase in February.

Operating vs. Capital Requests

The operating request will provide increased funding for daily operations.

- Our local operating funds support everything from salaries and benefits to and investments in technology and curriculum and building budgets.

- The request is a fixed amount (which will be finalized at the December Board meeting) that is permanently added to our annual tax rate.

The capital request will provide authorization to borrow $48.8 million in bonds to complete a series of renovations to buildings and grounds districtwide.

- Colonial must match the $73.2 million in state funds that were recently approved by DOE.
- This rate will vary over the life of the bonds as we repay them.

What happens when it passes?

WHEN they are successful, the approved amounts will be added to the tax warrant that is approved annually by the School Board. The tax warrant is presented at the July Board meeting.

The approved rate is then submitted to New Castle County for inclusion in the annual property tax bills.

Both of these requests will be effective on July 1st 2024, which is the beginning of Fiscal Year 2025.

The FY 2025 district budget will include the increased revenues.

What if it doesn't pass?

- The requests will be separate questions so it's possible that one could pass and the other doesn't.

- The law allows us to have 2 referenda in 12 months so we will ask the Board to approve a second date.

- Because of timeframes required by the Department of Elections, the second date, if needed, will be in late May or early June.

- If the capital request isn't approved on the second vote, the funds set aside for our projects will be re-allocated to other districts or agencies.

- If the operating request isn't approved in either vote, we will need to consider budget cutting measures such as programming and staffing reductions.

What do we need from you?

- **These requests are critical to Colonial's future!**

- The investments we've made over the past 7 years have begun to change the odds for our students. WE want to keep up the positive momentum and continue making gains!

- YOU are the critical piece to keep Colonial Nation moving forward. The talent and dedication you bring every day is how we keep moving forward! These requests will allow us to continue investing in YOU.

- We need 2 things:

    1- Keep doing the amazing work you do every day.

    2-When you see an opportunity to be a champion for these requests, use it! All of you have great connections with our families and community members. Use your voice to let them know to approve these requests in February!