



TAX RATE PROPOSAL

FISCAL YEAR 2026

JULY 1, 2025 TO JUNE 30, 2026

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Reviewed By:

Finance Oversight Committee

Date:

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OVERVIEW & SUMMARY

The tax warrant is approved annually by the Board of Education and must be submitted to New Castle County by the second Thursday in July.

The FY 2026 Tax proposal is set up differently than prior tax rate packages due to the implementation of the general reassessment completed by New Castle County. This process updated the assessed values of all property across the county, which hadn't been done since the 1980s. Because of this process, the tax base of Colonial has increased by 373% over last year. To accommodate this large increase, the tax rate must be reset, in accordance with Delaware law. The law authorizes Boards of Education to set this new rate somewhere between revenue neutral and a 10% increase in revenue over the prior year. On July 8, 2025, the Colonial Board of Education approved the tax rate for FY 2026 that will generate an additional 7% in revenue over last year in addition to the funds anticipated from the referendum. Several factors were presented to and discussed by the Board in making this decision; the two main factors being the risk of revenue loss due to outstanding appeals and the potential loss of federal funding.

The tax rate for fiscal year 2026 includes the increased revenue authorized in the successful operating referendum conducted on February 29, 2024. With the updated tax base, this increase equals 2.17 cents of the operating rate. The 7% revenue enhancement approved by the board accounts for 3.61 cents of the 46.62 total cents for the operating rate.

Because of the reset, the overall tax rate is going down significantly from last year. In order to offer a comparison in the other tax rate categories from last year to this year, we are analyzing the expected expenses rather than the rate change.

Enhanced MCI funding was appropriated by the State again for FY 26. Colonial is matching that to maximize funds available to maintain our buildings. Other match categories were maximized by using carry over funds whenever available. By utilizing carry over funds, revenue needed for expected expenses is down almost \$1 million. Debt service expenses have increased almost \$1 million over last year as we have issued new debt for construction projects approved in the February 2024 referendum. However, a large carry over balance allowed us to absorb this increase with needed more revenue than last year.

Colonial's enrollment of special education students continues to be robust and costs for this programming are relatively stable year over year. However, some of the programs continue to suffer from staffing vacancies which leaves a carry over balance again this year. That balance is being utilized to lower the revenue needed from last year.

Because carry over funds are being utilized this year, rate increases may be required next year to ensure consistent service levels.

Pages 4 through 6 represent the calculations for three of the four components of the tax rate.

For FY 2026, the New Castle County tax pool has been frozen per language included in section 32 of HB 230. This language ensures that Colonial contributes the last amount of revenue into the tax pool as FY 2025 and receives the same amount of revenue as FY 2025.

DEBT SERVICE TAX RATE
(MAJOR CAPITAL IMPROVEMENTS)

Debt Service Balance as of 6/30/25	2,223,761
Interest Earned on Fund Balance	10,000
TOTAL AVAILABLE:	2,233,761

PROJECTED EXPENSES

Local Share for Projects in Annual Bond Bills

Year	Projects	Bond Value	Payment
2007	Wrangle Hill (Wilbur) McCullough, New Castle	20,166,800	22,637
2008	Wilmington Manor, William Penn Gunning Bedford, George Read	9,402,700	501,658
2009	William Penn	3,522,500	486,914
2010	Carrie Downie, Castle Hills Pleasantville, Eisenberg	4,901,100	6,718
2025	Eisenberg, Gunning Bedford, William Penn	2,786,905	253,330
Total value of authorized bonds		40,780,005	

Total payments due 10-2-25 through 06-30-26	1,271,257
Payments due 7-1-26 through 10-01-26	2,153,112

TOTAL PROJECTED EXPENSES:	3,424,369
<u>Projected surplus/(deficit)</u>	\$ (1,190,608)

Rate calculation:

Colonial's tax base:	14,887,387,992
Funds generated on each penny:	1,488,738.80
Rate needed to generate needed revenue	0.008

PROJECTED DEBT SERVICE BALANCE 10/01/25	0
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Note: These funds are used to retire long term bond obligations for the local portion of major capital expenditures.

MINOR CAPITAL IMPROVEMENTS (MCI)/MATCH TAX

<u>Match Balance as of 6/30/25</u>	16,296.0
Includes unspent balances from prior years	
Interest Earned on Fund Balance	15,000
Total Available Funds	31,296
PROJECTED EXPENSES	
Match for Minor Capital Improvement allocation	522,506
Match for enhanced MCI allocation	603,648
Funds for Technology Equipment Maintenance, Repair, and Replacement (1.52cents x 315,941)	480,230
Match for Reading & Math Resource Teachers 1 for each elementary school (8) and 1 for each middle school (3)	268,363
Extra Time Funds	270,000
Match for K-4 Reading Specialist funding	102,644
Opportunity funding	889,149
Mental health & Reading supports	237,071
Substitute Block grant	48,238
Athletic Trainer Block grant	19,183
Total projected MCIP/Match Expenditures	3,441,033
<u>Projected surplus/(deficit)</u>	-3,409,737
Rate calculation:	
Colonial's tax base:	14,887,387,992
Funds generated on each penny:	1,488,738.80
Rate needed to generate needed revenue:	0.023
PROJECTED MATCH TAX BALANCE:	0

TUITION

<u>Tuition Balance as of 6/30/25</u>	3,304,220.0
Tuition Paid By Other Districts	854,500
Interest Earned on Fund Balance	50,000

<u>Total Available Funds</u>	<u>4,208,720</u>
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PROJECTED EXPENSES

Leach Operating Budget	2,000,000
Tuition Payable to Other Districts	2,956,000
Supporting Tuition eligible students	
Unique Alternatives & Private Placements	275,000
Exceptional Children Payroll	3,175,000
Special Program operating budgets	450,000
ESL Program	380,000
Early Childhood	3,100,000

<u>Total Tuition Expenditures</u>	<u>12,336,000</u>
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<u>Projected surplus/(deficit)</u>	\$ (8,127,280)
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Rate calculation:

Colonial's tax base:	14,887,387,992
Funds generated on each penny:	1,488,738.80
Rate needed to generate needed revenue	0.055

PROJECTED TUITION BALANCE:	0
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Note: These funds are used to support a variety of programs for students with disabilities for whom the district is required to provide individualized services. Funds need to be available at June 30th to cover expenses through September 30th when tax receipts are received.

**Colonial School District Tax Rate
Fiscal Year 2016 Through 2026**

Rate reset calculations:

FY 2025 Tax revenue:	\$73,532,110.50
Revenue estimate for referendum:	+ \$3,231,427.00
FY 2026 revenue neutral amount:	<u>\$76,763,537.50</u>
Board approved 7% revenue amount:	+ \$5,373,448.00
Total revenue approved for FY 2026:	<u>\$82,136,985.50</u>

Updated FY 2026 Tax base:	<u>\$14,887,387,991.80</u>
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Taxes are paid per \$100 of assessed value. Tax base divided by 100:	<u>\$148,873,879.92</u>
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Tax rate equals total revenue divided by tax base divided by 100:	<u>\$82,136,985.5/\$148,873,879.82</u>
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FY 2026 Total tax rate:

0.5517

Fiscal Year	Current Expense	Tuition	Debt Service	MCI/ Match	Total Rate
2026	0.4662	0.0546	0.00800	0.023	0.5517
2025	\$1.836	\$0.290	\$0.070	\$0.100	\$2.296
2024	\$1.586	\$0.310	\$0.070	\$0.100	\$2.066
2023	\$1.586	\$0.345	\$0.100	\$0.142	\$2.173
2022	\$1.586	\$0.372	\$0.120	\$0.095	\$2.173
2021	\$1.586	\$0.372	\$0.145	\$0.090	\$2.193
2020	\$1.586	\$0.362	\$0.155	\$0.090	\$2.193
2019	\$1.586	\$0.372	\$0.165	\$0.070	\$2.193
2018	\$1.476	\$0.332	\$0.150	\$0.045	\$2.003
2017	\$1.206	\$0.332	\$0.158	\$0.040	\$1.736
2016	\$1.206	\$0.295	\$0.180	\$0.055	\$1.736

**Assessment Data
New Castle County**

Due to the reassessment, New Castle County did not publish the typical memo that outlines the total tax assessment by district so the other district numbers could not be provided at this time

School District		2026	2025	Variance	%
Appoquinimink	Unknown		2,782,772,500	NA	NA
Brandywine	Unknown		3,496,061,599	NA	NA
Christina	Unknown		5,665,301,433	NA	NA
Colonial		14,887,387,992	3,159,413,645	11,727,974,347	373%
Red Clay	Unknown		5,470,561,830	NA	NA
Smyrna	Unknown		117,906,670	NA	NA
TOTAL			20,692,017,677	NA	NA