

**Redding Consortium for Educational Equity
Funding and Governance Work Group
September 24, 2020 5:00–6:30 p.m.
Meeting Minutes**

Welcome and Roll Call

Co-Chair of the Funding and Governance Work Group, Eugene Young, called the meeting to order at 5:05 p.m., welcomed all in attendance and reviewed the expected norms of the virtual meeting. Haley Qaissaunee, Institute for Public Administration (IPA), took the roll call.

Final Review of Work Plan

Eugene Young reviewed the proposed focus areas of the work plan, including the short-term funding focuses of referendum reform and the New Castle County tax district, background research on opportunity funds and CARES Act funds, and the long term funding focuses of the financial needs for high poverty schools and other systemic issues in the Delaware funding system.

Co-Chair Representative Nnamdi Chukwuocha discussed the importance of referendum reform in the present system. Referendums can be a source of inequity as it can be more difficult to pass referenda in some districts than others. Additionally, referenda can create undue burdens on districts to dedicate resources to winning a referendum and make major budget cuts following a failed referendum.

Rep. Chukwuocha discussed the timeline and process for referendum reform:

1. Provide initial recommendations at the October 22 Consortium Meeting
2. Incorporate feedback
3. Move forward with a piece of legislation on referendum reform by January 2021.

Referendum Reform

Chris Kelly, IPA, gave a high-level overview of the referendum system in Delaware school districts. He showed data (1980 – 2017) showing that about 55% of statewide operating referenda are approved. Secretary Rick Geisenberg, Work Group Member, asked if there is a similar chart that distinguishes between “unique” referenda and referenda that have been tried multiple times, rather than presenting them together. Chris reports that such a chart can be put together for the next meeting. Chris then presented data for New Castle County, showing a similar operational referenda success rate of less than 60%.

Chris discussed recent efforts for referendum reform, highlighting House Bill 129 (stricken on 1/14/20) (HB 129) as the focus of future conversations.

HB 129 would have allowed districts to:

- Increase their current tax rate yearly by a maximum rate of 2%, or a maximum rate equal to the Consumer Price Index (CPI-W), whichever is higher, without a referendum, and
- Increase the tax rate further via referendum.

These increases did not apply to taxes collected for major capital. The bill accounted for changes resulting from reassessment of property values in the school districts, and protected against state funding being decreased due to an increase in local funding.

VJ Leonard, a member of the public, asked if the work group will discuss changes to Capital referenda, and Rep. Chukwuocha said it hasn't been discussed yet, but will be in future work group meetings.

Breakout Group Discussion

The meeting attendees were split into four breakout groups, and the work group members discussed the following questions:

1. What is your opinion on referendum reform?
2. Do you think it would be effective for this Work Group to revisit HB 129? How can we help that effort be successful?
3. How do we communicate this topic to a diverse group of stakeholders?
4. What information is needed to make a decision about referendum reform?

Breakout Group Reports

Chuck Longfellow, Work Group Member, reported for Group 1. He stated that his group's opinions on referendum reform were dependent on their roles and organizational obligations. Some also believed there needs to be a meaningful role for citizens in the referendum process. The group liked the idea of revisiting HB 129 as a starting point. It was also discussed how referenda are one of the few ways citizens have a direct say on their own taxes, and as such, school referenda are often used to release general frustration about taxation. The group questioned whether there could be a component of the bill that focuses on inflation-based growth versus added programming.

Eugene Young reported for Group 2. His group agreed upon the need for referendum reform because of the time, energy, and research referenda require to be passed, and how it is much harder to pass referenda in areas with older or static populations. They think HB 129 has promise, but note how school boards may continue to push back fearing it could be used to justify state funding cuts, and fear pushback from community members losing their voice. They recommend using virtual means for public engagement (e.g. Zoom), and gathering opinions of school boards, practices in other states, and normalized historical data (30+ years) of referenda success in individual school districts to make an informed decision.

Emily Falcon, Work Group Member, reported for Group 3. Her group supported referendum reform for many of the same reasons as Group 2, in addition to the burden put on the entire community to have referenda. They believe HB 129 is a good starting place, but cites the needs to appeal towards people without a direct stake in education because of the tax impact, and recognize how individuals say no at the expense of students. They expressed concern that removing referenda as a community voice would politicize school board elections in the long term, and said that a varied approach with grassroots work and support from local businesses would be key.

Jill Floore, Work Group Member, reported for Group 4. Her group agreed that the difficulty and effort of holding referenda is an issue. They wondered if a referendum is truly a vote on local finance and budget, or a proxy vote for other extraneous issues. They were curious if HB 129 will need to be adjusted based on the remedies that come from the current property value reassessment lawsuit. They emphasized the need for transparency in the process because of the many angles of education funding.

Perspectives on Referendum Reform

Jeff Taschner, Executive Director of the Delaware State Education Association, spoke in favor of referendum reform. He spoke to the fact that school districts must “play catch up” as expenses rise, pulling from their own sources and making budget cuts on the hope a successful referendum closes the deficit. He emphasized that the referendum is a major obstacle to meeting the needs of students, especially in poorer districts, and how local sources of funding are inherently inequitable because of the difficulty of raising revenue.

John Marinucci, Executive Director of the Delaware School Boards Association (DSBA), spoke to the need for improvements generally, but against referendum reform. The DSBA voted in disapproval of HB 129 largely because removing the referendum could over-politicize school board elections and exacerbate the inequities of local funding sources. The DSBA believes funding accountability should be reserved to the people through the referendum, rather than unilaterally given to the school districts. The DSBA believes state formula funding is a more equitable funding source than locally derived funding, and believes an annual reoccurring property tax increase would prove to be regressive in poorer districts, increasing inequity.

Jill Floore, Chief Financial Officer of the Red Clay Consolidated School District, spoke in favor of referendum reform because the current system does not reflect how the budgeting process actually works. She explained the need for districts to have a regular and predictable source of revenue, because expenses always go up over time. She presented a chart showing the budget surplus and deficit cycle in between referenda for school districts, visually demonstrating why school districts communicate the potential need for cuts if a referendum fails. She spoke to how referenda create a divisive environment leading up to a vote, and in schools on voting day.

Tammy Croce, Executive Direction of the Delaware Association of School Administrations, spoke in favor of referendum reform from a practitioner perspective, echoing many of the points of previous presenters. The human resource time and effort for referenda lasts several months. When referenda fail, districts and go through budgetary and emotional struggles. As a people intensive operation, districts often must make difficult personnel choices that ultimately negatively affect students, including programming cuts and teacher layoffs.

Questions

Jeff Taschner said in response to a question in the Zoom chat that there may be a need for a process outside of the annual budgeting process to look at the funding system every 5-10 years and determine if it is meeting present needs, similar to Maryland.

Senator Anthony Delcollo, Work Group Member, asked in the chat if there is a consensus around the idea that reassessment must occur prior to referendum reform. John Marinucci responded that reassessment and some kind of equitable funding reform are needed concurrently. Jeff Taschner said that reassessment is absolutely needed. Jill Floore agrees, and says that there is a need to address growth over time.

Public Comments

Jim Berry, parent, thanked everyone for a great discussion, and asked if personnel cost inflation is greater than 2%, and if so, does the floor need to be higher? Jill Floore expressed that there is uncertainty in budgeting. The original limit was CPI-W, and the purpose of having a limit is to make sure there won't be out of control budget growth. Jeff Taschner added that much of personnel funding comes from the state, not local funding sources.

The Meeting adjourned at 6:50 p.m.

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Attendance

Work Group Members

Eugene Young, Co-Chair	Tika Hartsock
Rep. Nnamdi Chukwuocha, Co-Chair	Lincoln Hohler
Aaron Bass	Joseph Jones
James DeChene	Chuck Longfellow
Sen. Anthony Delcollo	Maria Matos
Emily Falcon	Dan Shelton
Jill Floore	Sec. Richard Geisenberger
Dorrell Green	Mary Nash Wilson
Jason Hale	

Redding Consortium Members

Dawn Alexander
Raye Jones Avery
Secretary Susan Bunting
Sen. Elizabeth “Tizzy” Lockman

Members of the Public

Akilah Alleyne	John Marinucci
Alexis Wrease	John Skrobot
Alisha Leonard	Karen Lantz
Amy Solomon	Keeley McGill Powell
Annastasia Purinton	Kelly Sherretz
Brendan Laux	Kyle Sheppard
Bryan Townsend	Laurisa Schutt
Caleb Curtiss	Lisa Edler
Cathy Thompson	Luann D'Agostino
Chris Kelly	Mary Schorse
Cimone Philpotts	Paul Herdman
Cora Scott	Rep. Paul Baumbach
Fran O'Malley	R. Morse
Haley Qaissaunee	Sen. Laura Sturgeon
Helga Huntley	Spiros Mantzavinos
James Berry	Tammy Croce
Jamie Johnstone	Teri Lawler
Jeff Taschner	VJ Leonard
Joseph Herschel	