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Additional Detail: Education Funding

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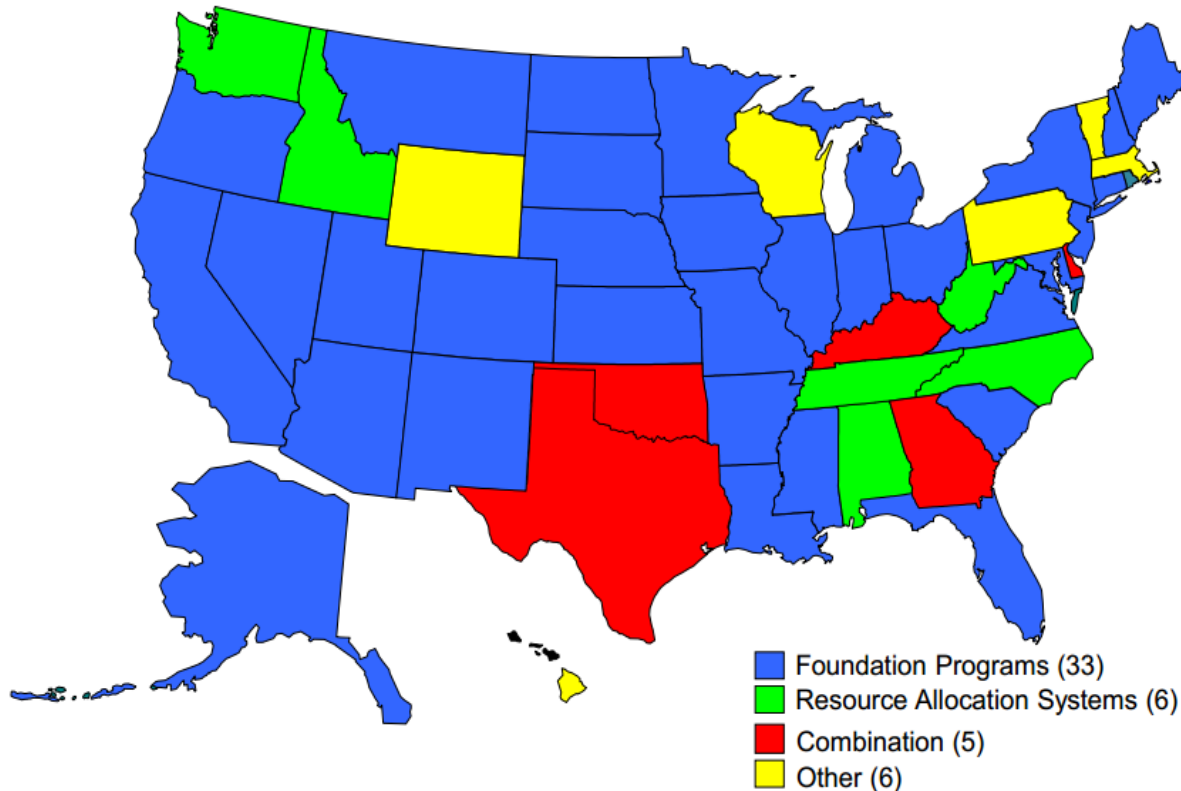


Supporting World Class Schools for Delaware

- Delaware's school funding system allocates funding to districts and schools in the form of units, which are commitments by the state to pay for specified expenses, such as administrator, teacher, or staffing positions, and operating costs.
- Delaware is one of few states that doesn't provide a mechanism for funding high-needs students:
 - One of four states that doesn't have a weight for English learners
 - One of approximately 15 states that doesn't have a weight for low-income students
- Approximately one percent of Delaware's state and local funding is disbursed based on student needs, which limits the extra supports which can be put in place for high-needs students.
- The current system can be more efficient and does not give districts or schools control needed to drive innovation.

The majority of states use a foundation funding formula.

School Funding Formulas (2014) Education Commission of the States



- **Foundation Programs** allocate a foundation, or base, amount of money for each student. Additional funding is allocated for at-risk students, such as for students who are low-income, special education, or English learners, through weights, or a set amount of additional funding based on need.
- **Resource Allocation Systems** allocate funding to districts and schools in the form of units, which are commitments by the state to pay for specified expenses such as administrator, teacher, or staffing positions, and operating costs.
- **Combination Systems** are systems that allocate funds using elements of foundation programs, and resource allocation systems.

Note: Delaware is considered a combination because it allocates funding based off of teacher units, but also weights for special education needs.

Source: Education Commission of the States. (2014). Pennsylvania Basic Education Funding Commission.

<http://basiceducationfundingcommission.pasenategop.com/files/2014/10/griffith.pdf>;

Education Commission of the States. (2012). "Understanding State School Funding". <http://www.ecs.org/clearinghouse/01/02/86/10286.pdf>

Based on other states, this is an example of how weighted student funding allocation could be calculated.

Example*

Step 1: State sets \$5,000 as the general education “foundation amount” per student

Step 2: After conducting a student count, district A has 1,000 students



Step 3: Student count is weighted based on student-need classifications

Classification	Students	Weight**	Total
General education	1,000	1.0	1,000
FRL-eligible	200	0.3	60
English learners	100	0.2	20
Special education	20	1.0	20
Weighted student count for funding purposes:			1,100



Step 4: State calculates total foundation amount

Foundation X Weighted-Student Count

\$5,000 X 1,100 students = \$5.5 million

Step 5: If applicable add-ons or categorical funds such as facility costs

*This represents a simplified example of how a weighted student funding system could work. It does not represent a recommendation of what Delaware's base formula or weights should look like.

**A fixed amount of money on the basis of students or student types may also be used instead of weights.

Source: Education Commission of the States. (2012). "Understanding State School Funding." <http://www.ecs.org/clearinghouse/01/02/86/10286.pdf>

Delaware's funding system is considered a combination system because it uses a resource allocation system, but also allocates additional funding for special education students.

1 Count students



2 Translate student counts into units



3 Provide district with allocations based on units

- On September 30th of each school year, school districts count students (note: any attendance in the last 10 days is included in the count)
- Students are counted according to their placement within regular, special, and vocational education, and assigned grade level

- The state has set the number of students that equals one "unit." Units are commitments by the state to pay for specific positions (teachers, principals, counselors, custodians, secretaries etc.)

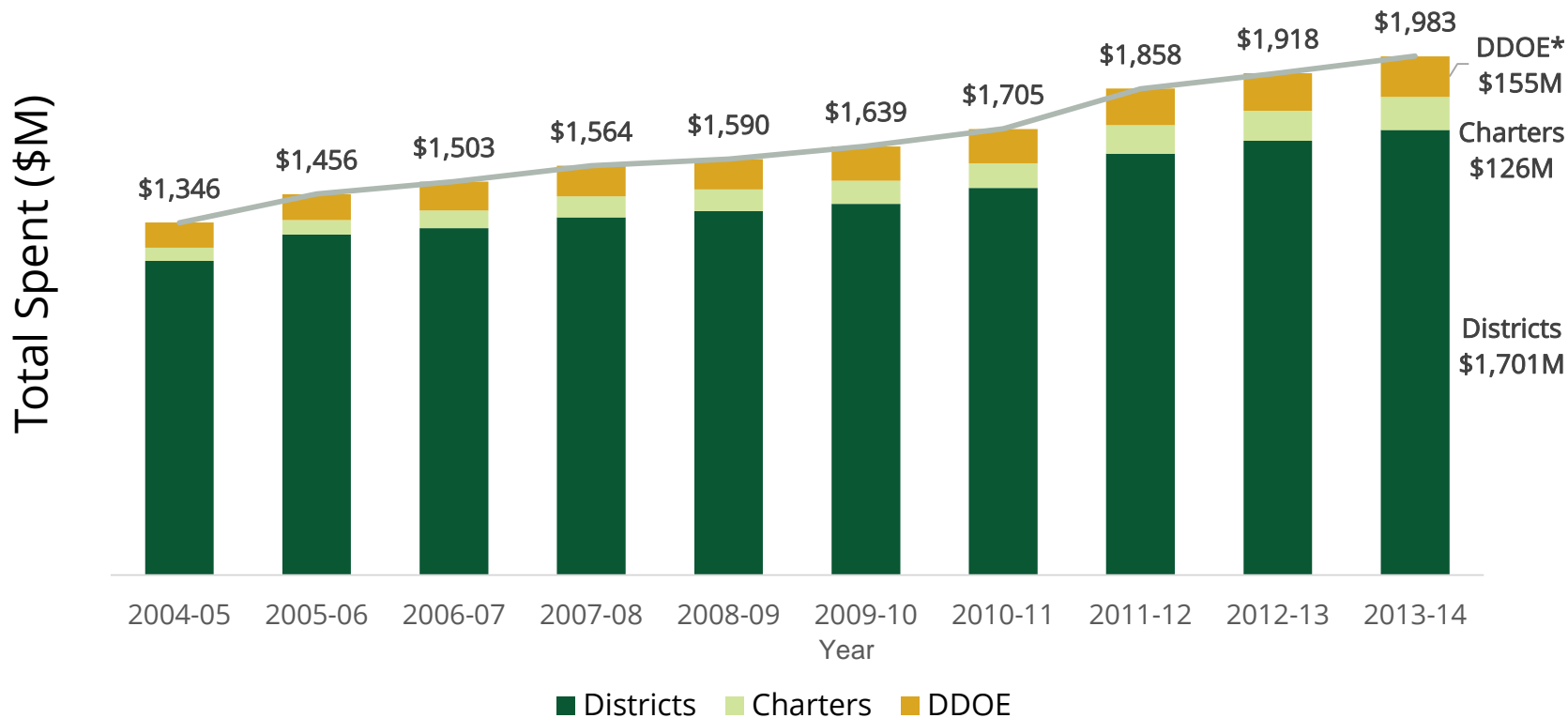
Student Level	Students per Unit
Pre-School	12.8
K-3	16.2
4-12 Regular Education	20
4-12 Basic Special Education	8.4
PK-12 Intensive Special Education	6
PK-12 Complex Special Education	2.6

Units are commitments by the state to pay specified expenses, including teacher and administrator salaries on behalf of schools. Unit funding includes:

- Division I (staffing):** Units translate directly into the number of people a district is able to hire, based on employee-type specific ratios
- Division II (energy and other):** Division II units are allocated to districts on a one-to-one basis with Division I units to cover basic operating costs
- Division III (equalization):** The state appropriates a set amount per unit in Division III funding, but only funds a percentage of the allocation based on property wealth, with the state's share of equalization funding higher for property-poor districts. **The equalization formula (per unit equalization values) has not been updated since 2009.**

The total amount that the state spends on education has risen over the past 10 years, driven largely by student enrollment growth. DDOE expenditures remain about the same as a share of the total education expenditures (around seven to eight percent). At the same time, the state has made cuts in categorical funds that go to districts and charters.

Education Expenditures



Note: Education expenditures include funds from local, state, and federal sources. Adult non-public, facilities construction, and debt service are excluded from totals.

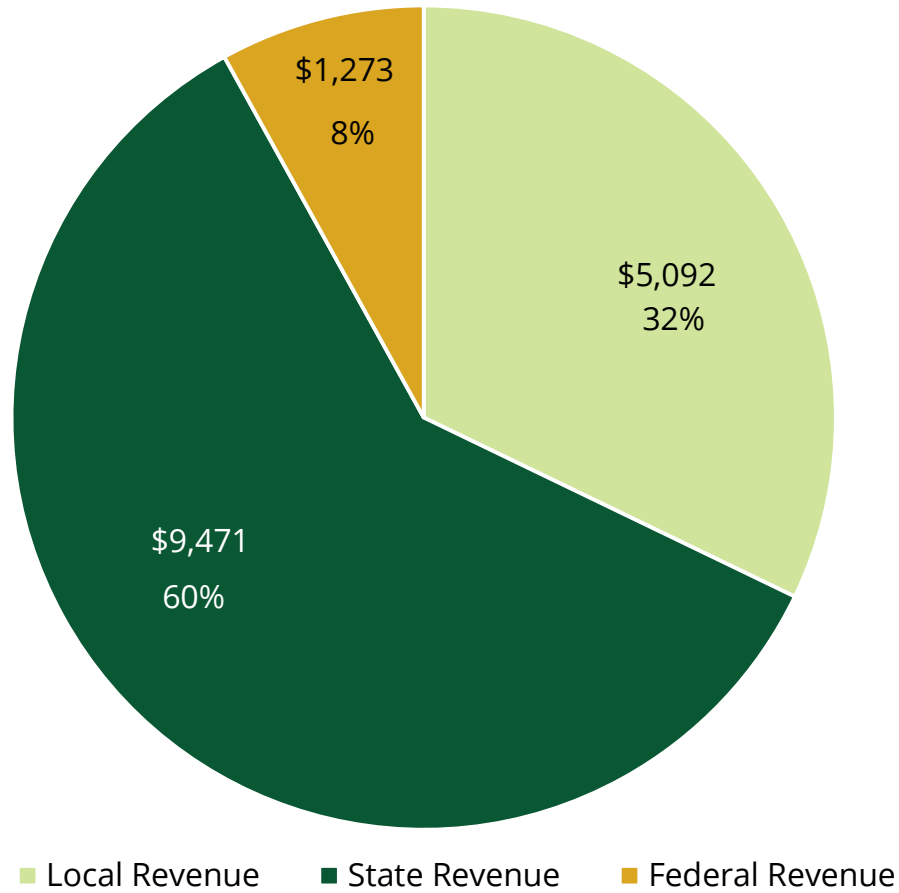
Charter and district totals are adjusted for within state tuition.

* A portion of this funding is allocated to LEAs.

Source: Delaware Department of Education (2015). DE Educational Statistics Reports from 2004-2005 to 2013-2014. <http://www.doe.k12.de.us/Page/1521>.

As of FY13, Delaware was 12th in the nation in total per-pupil funding. Sixty percent of Delaware's funding for education is awarded by the state.





Delaware Per-Pupil Funding by Source



Note: Approximately a third of the annual state budget, \$1.18 billion in 2013, supports public education.
Source: Census of Governments. (2015). Public Education Finance Report, Fiscal Year 2013. <http://www2.census.gov/govs/school/13f33pub.pdf>

About eight percent of state funding provided to districts is truly flexible. Funding allocated via the unit system (Division I/II/III) consists of ~82 percent of overall state funding. Funding outside of the unit system also has varying levels of flexibility. Greater flexibility would allow decisions over resource allocation to be made closer to the student and allow district and school leaders to better account for the needs of the school and individual students.

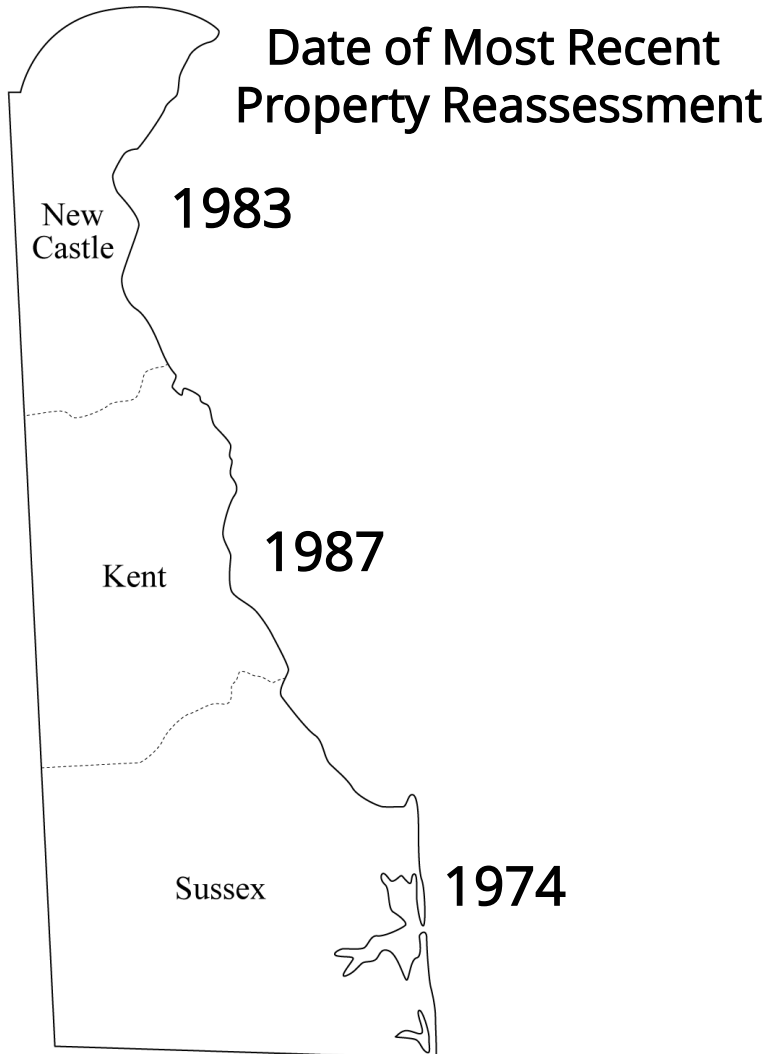
Unit Count

Category	Major Appropriations	Level of Flexibility
Division I (70% of state funding)	Salaries and benefits for administrators, teachers, secretaries, paraprofessionals, custodians, and food service employees	
Division II (4% of state funding)	<ul style="list-style-type: none"> Energy (heating and energy utilization costs) All Other Costs (textbooks, teaching supplies and materials, travel, and capital outlay) 	
Division III (8% of state funding)	Equalization funding targeted at reducing the discrepancy in local funding stemming from differential property assessment values	
Transportation (7% of state funding)	Pupil transportation costs	
Other (11% of state funding)	A variety of sources including but not limited to: substitute teachers, computer grants, staff development, private placement of special education students, minor capital improvements and building maintenance, and school discipline programs	Varies depending on type of funding



Note: Does not include federal, state, and local revenue for the Delaware Department of Education
 Source: Fiscal Year 2016 Final Operating Budget. (2015). <http://budget.delaware.gov/fy2016/documents/hb-225.pdf>

Property taxes are the primary source of local revenue for school districts. But property values have not been reassessed in decades and do not reflect current real estate values, which negatively impacts the equity and effectiveness of the school funding system.



- When property assessments are out of date, significant inequities arise and continue to grow.
- The state equalization funding, meant to compensate for inequities among school districts, is inaccurate and ineffective due to the lag in reassessment.
- The majority of states conduct regular assessments of property values on a more frequent basis. These are automatically conducted every year or every few years.
- Property reassessment is essential for establishing sustainable revenue sources.

Source: Delaware Economic Development Office. (2015). 2015-16 Property Tax Report. http://inde.delaware.gov/dedo_pdf/NewsEvents_pdf/publications/2015-2016_DE_Tax_Reports.pdf

Tax Foundation (2010). State Provisions for Property Reassessment. <http://taxfoundation.org/article/state-provisions-property-reassessment> Note: Analysis based on property tax reassessment schedules as stated in state code in 2010.

States vary in the portion of their state and local funds that “follow” students.

States Vary In the Portion of Their Monies Deployed Via Student-Based Allocations



Note: To be considered student-based, the allocation had to deploy a fixed amount of money on the basis of students or student types. Because Delaware allocates funding based on units, “money” deployed on the basis of students is considered to be very low. Using 2013-14 fiscal year budgets, the study considered all state and local public funds for K-12 education, excluding any long-term obligations such as debt for facilities and federal funds which represent some nine to 12% of total K-12 revenues.

Source: Edunomics Lab at Georgetown University. (2014). Funding for Student’s Sake: How to Stop Financing Tomorrow’s Schools Based on Yesterday’s Priorities.

http://edunomicslab.org/wp-content/uploads/2014/05/chap2_SEAF3_Miller_Roza_Simburg.pdf

Most states are moving to weighted systems to tailor funding streams to individual student needs and characteristics. Delaware is one of four states that does not have a funding mechanism for English learner student needs, and one of approximately 15 that doesn't have a mechanism for poverty.

Individual Student Needs and Characteristics	Delaware	States with a funding mechanism* to allocate for student needs
Special Education	Yes; Unit Allocations with 3 broad weighted categories	All states
Low-income/at-risk	No**	35 states
English learner	No funds specifically designated	46 states

*Funding mechanisms may include per pupil weights, block grants, cost reimbursement, unit allocations, census allocations, etc.

**DE allows additional allocation of funds for students "at-risk" of not meeting standards in core subjects, not always utilized.

Source: Education Commission of the States (2015). State funding mechanisms for English language learners. <http://www.ecs.org/clearinghouse/01/16/94/11694.pdf>

Education Commission of the States. (2012). "Understanding State School Funding." <http://www.ecs.org/clearinghouse/01/02/86/10286.pdf>;

Education Commission of the States. (2015). State Funding Formula Database. <http://b5.caspio.com/dp.asp?AppKey=b7f93000695b3d0d5abb4b68bd14&id=a0y70000000CboYAAS>

Opportunities to Transform the System

Category	Potential Action Steps	Progress Underway	Supporters
Funding based on student needs	Change Delaware's funding system to take student needs and characteristics into account.	<ul style="list-style-type: none"> Units allocated for special education based on student need Funding based on student needs being considered by: <ul style="list-style-type: none"> Funding committee of the Wilmington Education Improvement Commission Education Finance Improvement Commission 	<ul style="list-style-type: none"> LEAD Committee (2008) Wilmington Education Advisory Committee (2015) Wilmington Education Task Force (2008) Vision Coalition of Delaware (2015) Vision 2015 (2006)
Property tax assessment	Reassess real estate property values on a consistent, rolling regular basis.	Issue of reassessment being considered by: <ul style="list-style-type: none"> Funding committee of the Wilmington Education Improvement Commission Education Finance Improvement Commission 	<ul style="list-style-type: none"> LEAD Committee (2008) Legislative Task Force on Property Tax Reassessment (2009) Wilmington Education Advisory Committee (2015) Vision Coalition of Delaware (2015)
Flexibility	Grant schools and districts increased flexibility to determine how to best use the funds they receive from the state.	<ul style="list-style-type: none"> Flexible Funding Pilot included in Governor's FY2016 recommended budget. (Did not make the final budget). Issue of flexibility being considered by: <ul style="list-style-type: none"> Education Finance Improvement Commission 	<ul style="list-style-type: none"> Flexible Funding Working Group (2014) LEAD Committee (2008) Wilmington Education Task Force (2008) Vision Coalition of Delaware (2015) Vision 2015 (2006)
	Provide the training and information necessary for school and district leaders to make informed decisions about how to use flexible funds.		Vision 2015 (2006)
Transparency	Simplify the funding system in order to allow schools and districts to estimate the funding they will receive for the following school year and to increase transparency for parents and taxpayers about how public dollars are being spent.		<ul style="list-style-type: none"> LEAD Committee (2008) Vision Coalition of Delaware (2015) Vision 2015 (2006)
Efficiency	Create incentives at the local and state levels to increase efficiency, particularly for sharing of services.	Expenditure Review Committee is reviewing state government services to find efficiency opportunities	<ul style="list-style-type: none"> LEAD Committee (2008) Vision Coalition of Delaware (2015)