

## Delaware Education Funding: A Summary of the Current System and Recommended Changes

### November 2015

Delaware's current education funding system poses challenges for educators and prevents the state from providing equitable, flexible, and sufficient funding to meet students' needs. The table below describes some of these challenges and how Delaware compares to other states.

Finance System Component	Delaware's System	How does Delaware compare to other states?	What has been recommended in Delaware?
<b>Funding based on student needs</b>	The system does not provide additional support for students with significant needs, including those who are low-income, gifted, and English learners. Some additional special allocations have been provided in the past, but these have been fragmented and unpredictable from year to year.	Delaware is one of only four states that doesn't provide additional resources for English learners <sup>i</sup> and one of approximately 15 states that doesn't provide additional resources for low-income students. <sup>ii</sup>	<ul style="list-style-type: none"> <li>➤ <b>Vision 2015 (2006)<sup>iii</sup></b>: Create a weighted student funding formula to provide different funding for students with different needs.</li> <li>➤ <b>LEAD Committee (2008)<sup>iv</sup></b>: Distribute funds to each district and school based on student needs, using a funding formula that is "weighted" to provide extra dollars to students who need extra support</li> <li>➤ <b>Wilmington Education Task Force (2008)<sup>v</sup></b>: Funding formulas must reflect the diverse needs of the students and the classroom.</li> <li>➤ <b>Rodel Teacher Council Blueprint for Personalized Learning in Delaware (2014)<sup>xiv</sup></b>: Move toward a more responsive and flexible funding system that addresses the unique needs of students through a foundation funding system, allocating funds to districts based on the needs of their students.</li> <li>➤ <b>Student Success 2025 (2015)<sup>vi</sup></b>: Increase funding system equity by factoring student needs into funding allocations and update the system so that funding follows each student.</li> <li>➤ <b>Wilmington Education Advisory Committee recommendations (2015)<sup>vii</sup></b>: The governor and state legislature should approve a weighted student funding formula or a modification to the current unit count formula that incorporates allocations for schools with high concentrations of students in poverty and English learners and that expands special education status to grades K-3.</li> </ul>
<b>Flexibility</b>	Districts and schools have limited flexibility in how they use funds.	Few states have funding systems as prescriptive or inflexible as Delaware's. <sup>i</sup>	<ul style="list-style-type: none"> <li>➤ <b>Vision 2015 (2006)<sup>iii</sup></b>: Distribute funds directly to districts and schools, giving districts flexibility in how these funds are spent, along with accountability for results.</li> </ul>



Finance System Component	Delaware's System	How does Delaware compare to other states?	What has been recommended in Delaware?
	<p>Sixty-seven percent of funds are allocated through position-equivalent units (not dollars). About 17 percent of state funds are flexible at the district level, and about eight percent are flexible at the school level.<sup>xiii</sup></p>		<ul style="list-style-type: none"> <li>➤ <b>LEAD Committee (2008)<sup>iv</sup></b>: Grant districts and schools increased flexibility to determine how they use their resources.</li> <li>➤ <b>Wilmington Education Task Force (2008)<sup>v</sup></b>: Provide greater flexibility in funding formulas in order to direct funding to the school building and classroom level in response to students needs and where learning takes place.</li> <li>➤ <b>Rodel Teacher Council Blueprint for Personalized Learning in Delaware (2014)<sup>xiv</sup></b>: Grant funding flexibility, especially in ways that grant additional autonomy to schools and districts with regard to staffing and purchasing to support personalized learning.</li> <li>➤ <b>Flexible Funding Working Group (2014)<sup>xiii</sup></b>: Developed a model to grant up to five local school districts the opportunity to participate in a pilot to give them greater flexibility/local control in how they utilize staff and financial resources provided by the State, thereby maximizing resources to support student learning.</li> <li>➤ <b>Student Success 2025 (2015)<sup>vi</sup></b>: Allocate a larger portion of district/school funding in flexible funds so that district and school leaders can expand the ways they educate children to meet specific student needs, rather than in one-size-fits-all categories.</li> </ul>
<p><b>Property tax assessment</b></p>	<p>Property values have not been reassessed in decades (41 years in Sussex County, 32 in New Castle, and 28 in Kent) and do not reflect current real estate values. This affects the amount raised through referenda and also allocated through equalization.</p>	<p>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.<sup>viii</sup></p>	<ul style="list-style-type: none"> <li>➤ <b>Fair and Equitable Property Assessment (2000)<sup>ix</sup></b>: The committee recommended imposing uniform standards for property tax reassessment, enacting licensing and certification standards for county assessors, standardize the base year for assessments, adjust assessments annually and remove revenue caps after reassessments.</li> <li>➤ <b>LEAD Committee (2008)<sup>iv</sup></b>: Uniformly assess property values on a more frequent and rolling basis.</li> <li>➤ <b>Legislative Task Force on Property Tax Reassessment (2008)<sup>x</sup></b>: Rolling statewide reassessment in partnership with counties effective 2013.</li> </ul>

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			<ul style="list-style-type: none"> <li>➤ <b>Wilmington Education Advisory Committee recommendations (2015)<sup>vii</sup></b>: The resource base supporting public education must be strengthened at both the state and local levels. After 30 years of inaction, property reassessment needs to be implemented without further delay and be undertaken on a regular schedule that reflects national best practices.</li> <li>➤ <b>Equalization Committee (2015)<sup>xii</sup></b>: For many years, Committee has endorsed the 2008 tax reassessment task force recommendations. Given a lack of reassessment practices, property assessments are not increasing in proportion to market value and school districts that lose Equalization funding do not have the ability to offset the loss via current expense taxes without sizable property tax increases.</li> <li>➤ <b>Student Success 2025 (2015)<sup>vi</sup></b>: Conduct property tax reassessment on a consistent, rolling basis to enable a more sustainable, sufficient revenue and accurate equalization process.</li> </ul>
<b>Equalization</b>	Equalization funding does not make up for the significant differences in school districts' ability to raise enough funds to educate all students.	The majority of states provide adequate operational funding levels to all districts to ensure that every district can meet the needs of its students regardless of local property values. <sup>iv</sup>	<ul style="list-style-type: none"> <li>➤ <b>LEAD Committee (2008)<sup>iv</sup></b>: Link the state share of education funds to local property values to equalize the local property tax yield for any given local tax rate.</li> <li>➤ <b>Legislative Task Force on Property Tax Reassessment (2008)<sup>x</sup></b>: Revise formula to counterbalance local discrepancies.</li> <li>➤ <b>Equalization Committee (2015)<sup>xii</sup></b>: Gradually unfreeze the formula after Fiscal Year 2016 to begin to address the current inequities.</li> </ul>
<b>Transparency</b>	The current unit funding system is complex, making communication and transparency difficult.	Funds follow the student so it is clear how resources are being allocated. Districts and schools are better able to estimate the funding they are expected to receive each year. <sup>i</sup>	<ul style="list-style-type: none"> <li>➤ <b>Vision 2015 (2006)<sup>iii</sup></b>: Ensure that budget information is transparent, understandable, and readily available to all interested parties, from principals to taxpayers.</li> <li>➤ <b>LEAD Committee (2008)<sup>iv</sup></b>: Provide a simple and easily understood accounting of how education dollars are allocated at the school and district levels and make that data available electronically in a straightforward summary in the context of like schools and districts.</li> </ul>

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			<ul style="list-style-type: none"> <li>➤ <b>Student Success 2025 (2015)<sup>vi</sup></b>: Create incentives at the local and state levels to increase efficiency, particularly for sharing of services such as technology or professional development across districts and public charter schools. Publicly share district and school budgets as well as key district/school financial performance metrics in formats that are accessible to the public.</li> </ul>

**Forthcoming Recommendations on Education Funding**

**Wilmington Education Improvement Commission (WEIC) and the WEIC Funding Student Success Committee<sup>xv</sup>**

Timeline: Initial report November 17<sup>th</sup>; Final report December 15<sup>th</sup>, 2015

Context: Established by WEIC, which was created through legislation

Charge:

- Strengthen the revenue base supporting public education at both the state and local levels, including for **property reassessment and tax adjustment**.
- Adopt a **weighted student funding formula** or a modification of the current unit formula that incorporates allocations for schools with high concentrations of students in poverty and English learners and expands basic special education support for grades K-3.
- **Fund the redistricting process** and provide additional assistance to schools in impacted areas.
- Conduct a **needs assessment** to evaluate whether the remaining districts in Wilmington require new middle and high schools in the city.
- Support the **increased investment** needed to sustain and accelerate advances in **early childhood learning** and in **workforce and college access** that meet the needs of low-income students.

**Education Finance Improvement Commission<sup>xvi</sup>**

Timeline: Report due by March 31<sup>st</sup>, 2016

Context: Created through legislation

Charge:

- Transitioning to a **student-focused** funding system and **weighting funding** based on demographic characteristics of students.
- Introducing more **flexibility** for the state, districts, and schools to raise and spend resources more effectively for their students.
- Improving the way **revenues** are collected and allocated for education throughout the State.

**Delaware Expenditure Review Committee**<sup>xvii</sup>

**Timeline:** Report due by January 29<sup>th</sup>, 2016

**Context:** Created by Executive Order

**Charge:**

- Review state government services to evaluate whether there are opportunities to provide government services in a manner that is more efficient, more effective, or can be performed at less cost to taxpayers.
- Give consideration to both the overall cost savings that might be obtained and the positive and negative effects of those savings on the provision of services.

**Other Reports Related to Funding**

**Government Performance Review (2009)**<sup>xviii</sup>

**Recommendation:**

- Consolidate education central services personnel: There are also opportunities across school districts and the Department of Education to reduce costs associated with central support service functions.

**Delaware Business Roundtable (2015)**<sup>xix</sup>

**Analysis:**

- From 2008 through 2014, while other states were cutting K-12 per-pupil funding by four percent, Delaware was increasing funding by 12 percent.
- Delaware's expenditures for K-12 Education are higher than the national average.
- We calculate that the combination of lower-than-average student/teacher ratios and higher-than-average teacher salaries means that Delaware's instructional costs per student in K-12 are about 15 percent higher than the national average.

**Recommendation:**

- There is room for the state to reduce its spending for K-12, or at least to slow the growth in that spending over time, particularly for all items other than teachers' salaries (such as administration and maintenance, counseling and transportation.) We calculate that Delaware would reduce its costs for other than teachers' salaries by six percent if it could bring these costs in line with the average of the other nearby states.

**Sources:**

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

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

<sup>iii</sup> Vision 2015. (2006). <http://visioncoalitionde.org/wp-content/uploads/2015/09/Vision-2015-Plan-pdf.pdf>

<sup>iv</sup> LEAD Committee (2008). Report on Education Funding in Delaware. <http://www.doe.k12.de.us/cms/lib09/DE01922744/Centricity/Domain/141/FundingStudyFINAL111908.pdf>

<sup>v</sup> Wilmington Education Task Force Final Report. (2008). <http://www.scribd.com/doc/246167487/2008-Wilmington-Public-Schools-Task-Force#scribd>

<sup>vi</sup> Vision Coalition. (2015). Student Success 2025. <http://visioncoalitionde.org/wp-content/uploads/2015/09/Student-Success-2025-full-report-pdf.pdf>

<sup>vii</sup> Wilmington Education Advisory Council. (2015). Strengthening Wilmington Education: An Action Agenda. <https://sites.udel.edu/cas-weic/files/2015/08/weac-final-book-2015-web-uxn0ge.pdf>

<sup>viii</sup> Tax Foundation. (2010). State Provisions for Property Reassessment. Analysis based on property tax reassessment schedules as stated in state code in 2010.

<http://taxfoundation.org/article/state-provisions-property-reassessment>

- <sup>ix</sup>DSEA. (2000). Fair and Equitable Property Assessments,
- <sup>x</sup> Legislative Task Force on Property Tax Reassessment (2008).  
<http://dedoe.schoolwires.net/cms/lib09/DE01922744/Centricity/Domain/141/FinalreportforHJR22onPropertyReassessment.pdf>
- <sup>xi</sup> Equalization Committee (2014). Fiscal Year 2015 Recommendations.
- <sup>xii</sup> Equalization Committee (2015). Fiscal Year 2016 Recommendations.
- <sup>xiii</sup> Funding Flexibility Work Group Report (2014).
- <sup>xiv</sup> Rodel Teacher Council (2014). Blueprint for Personalized Learning in Delaware. <http://www.rodelfoundationde.org/blueprint/pdf/blueprint-2014.pdf>
- <sup>xv</sup> Wilmington Education Improvement Commission. (2015). Funding Student Success Committee. <http://www.solutionsfordelawareschools.com/about/committees/funding/>
- <sup>xvi</sup> Senate Joint Resolution 4, "Establishing the Education Funding Improvement Commission to review and make recommendations to modernize and improve Delaware's system for funding public education" (2015).
- <sup>xvii</sup> Office of Governor Markell. (2015). "Governor Markell Announces Review of State Expenditures". <http://news.delaware.gov/2015/09/25/governor-markell-announces-review-of-state-expenditures/>
- <sup>xviii</sup> State of Delaware Government Performance Review. (2009). <http://governor.delaware.gov/docs/GPRReportReleased20090717.pdf>
- <sup>xix</sup> Delaware Business Roundtable. (2015). "Delaware's Structural Budget Problem: Causes, Potential Solutions, and Policy Tradeoffs".  
[http://www.delawarestatehouse.com/pdfs/Delaware\\_Final\\_August\\_28.pdf](http://www.delawarestatehouse.com/pdfs/Delaware_Final_August_28.pdf)