



# Delaware Public Education Funding

September 2024



# DE Education System

- Over 140,000 students:
  - 16 geographic school districts
  - 3 county-based vocational technical school districts
  - 24 Charter schools
- Districts and charters are responsible for the direct education of students and administration of local operations.
- The Department of Education provides regulatory oversight, technical assistance/ support and statewide advocacy on policy.



# Sources of Funding

Three primary funding sources:

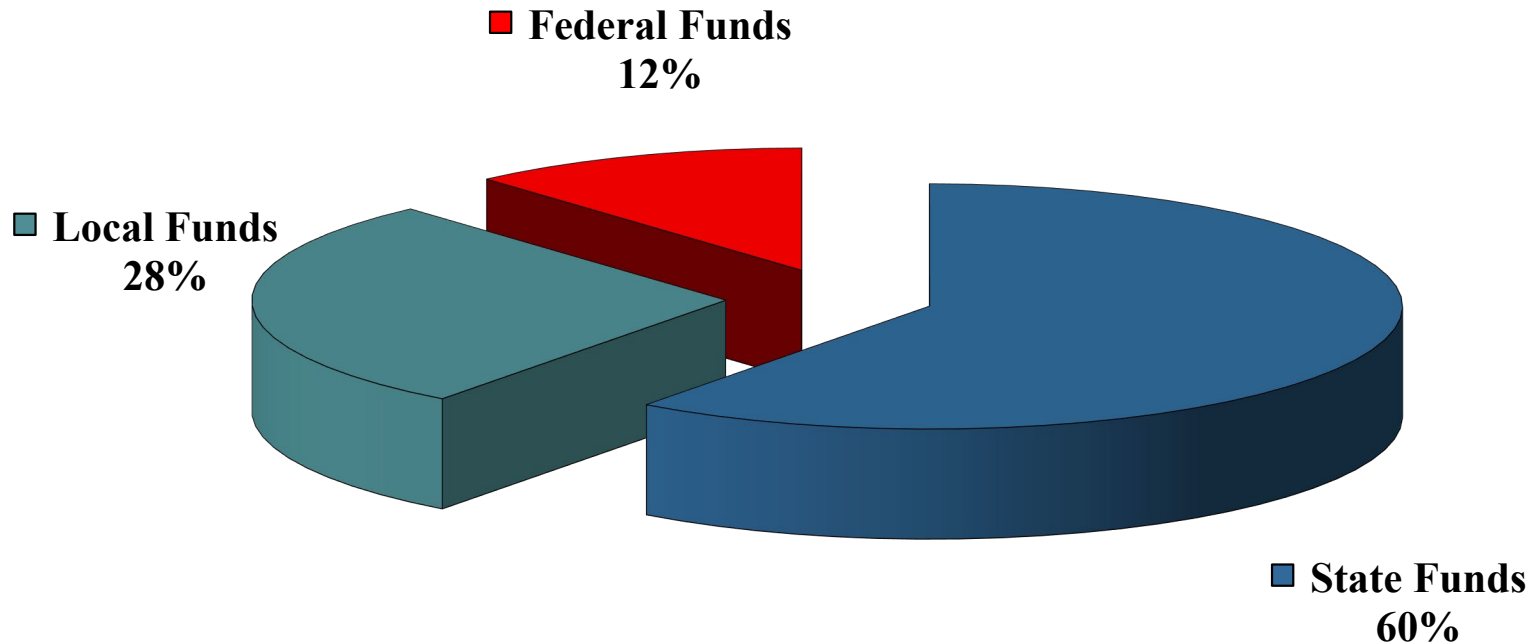
- State Funds, appropriated by the General Assembly annually in the Appropriations Bill.
- Local Funds, primarily local taxes
  - Other local funds may include receipts such as: athletic gate receipts, facility rental fees, school lunch collections, fundraising, donations, private grants, etc.
- Federal Funds, awarded by federal government
  - Generally driven by allowable time and purpose.

Note: Charter schools do not have the authority to levy local property taxes; local tax funds are provided through districts based on the local charter funding formula outlined within DE Code.



# Public Education Total Sources of Funding (2023)

**TOTAL REVENUE = \$3.2B**





# State Funding by Appropriation Fiscal Year 2025

■ Department of Education

■ Education Block Grants

■ Special Needs Programs

■ Adult Education & Work Force Training

■ Division Funding

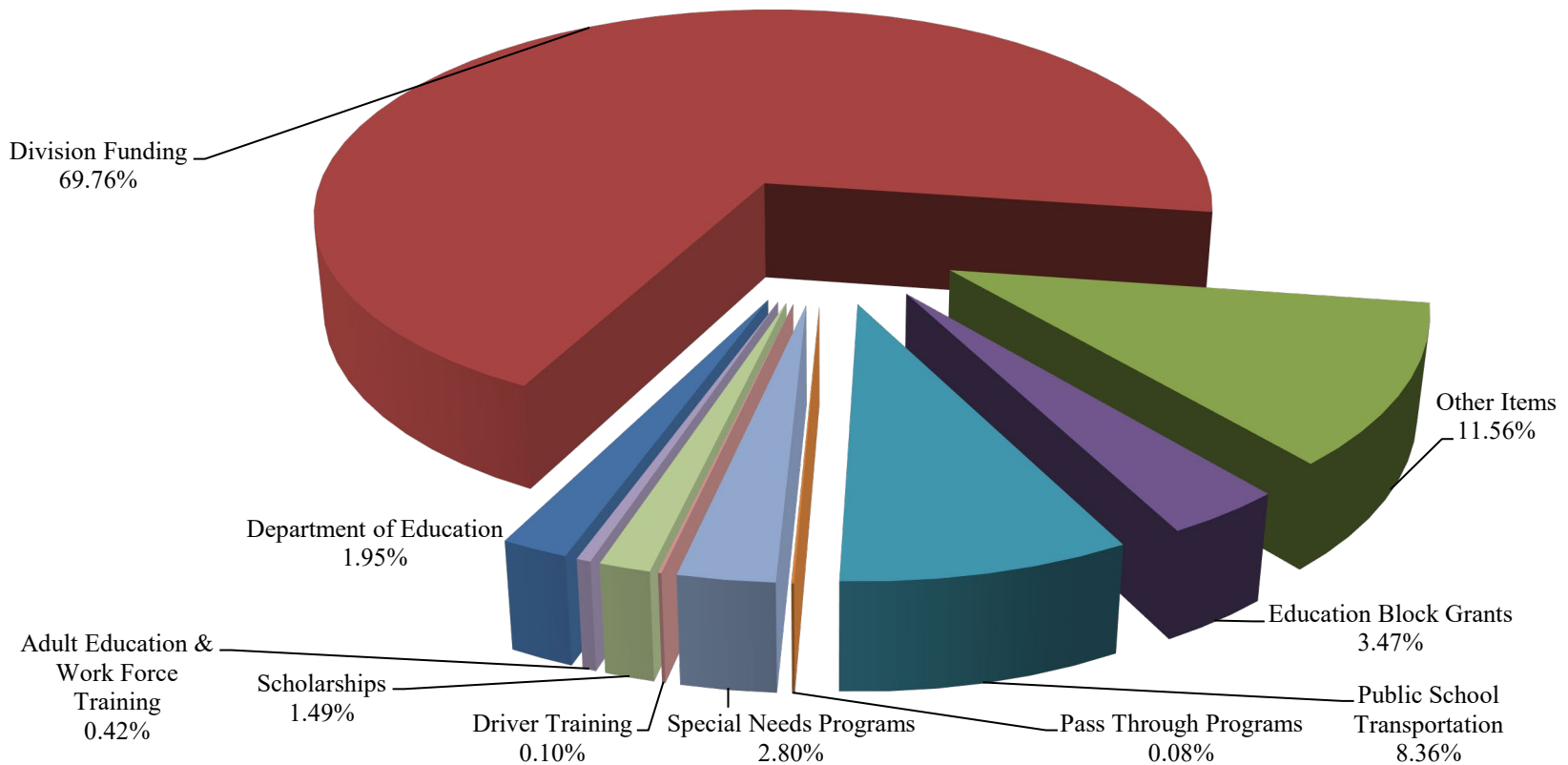
■ Public School Transportation

■ Driver Training

■ Other Items

■ Pass Through Programs

■ Scholarships





# Division I Units

Formula-driven system of state funding based on an annual unit count.

Allocates Division I units based on the following student enrollment:

- Preschool (special education): 1 unit for 8.4 students
- Kindergarten-3: 1 unit for 16.2 students
- Grades 4-12 Regular Education: 1 unit for 20.0 students
- K-12 Basic Special Education: 1 unit for 8.4 students
- Pre K-12 Intensive Special Education: 1 unit for 6.0 students
- Pre K-12 Complex Special Education: 1 unit for 2.6 students

Units are generated district-wide, but 98% must be allocated to schools that “earn” them (unless waived in a public process by the local school board).



# Unit Count(s)

- September 30<sup>th</sup> unit count:
  - Annual student count
  - Certified by the Department of Education
  - Determines number of units for Division I, II, and III state funding appropriated to each school district in the current fiscal year
- Mid-Year unit count:
  - Conducted annually
  - Provides additional funds to districts and charter schools that have experienced growth after the September 30<sup>th</sup> unit count
- April 15<sup>th</sup> unit count:
  - Conducted annually
  - Estimates the actual unit count for each school district that will be produced in September of the same calendar year



# Division I Funding

- ❖ A Division I unit provides the state share of salary and benefits for one teacher (or two paraeducators), which is intended to be approximately 70 percent of total salary.
  - State share of salary is based on education & experience, in accordance with state salary schedule.
  - For districts, funds can only be used to pay for the State share of salary and benefits for units earned or positions funded.
- ❖ LEAs can staff above units earned with non-State funding sources.
- ❖ Units generate other positions based on various formulas.





# All Units By Category

Position	Allotment
Div I Teacher - Pre-K *	1 per 8.4 pupils - charter schools are not eligible for Pre-K
Div I Teacher - K-3 Regular Education *	1 per 16.2 pupils
Div I Teacher - 4-12 Regular Education *	1 per 20 pupils
Div I Teacher - K-12 Basic Special Education *	1 per 8.4 pupils
Div I Teacher - Pre K-12 Intensive Special Education *	1 per 6 pupils - charter schools are not eligible for Pre-K
Div I Teacher - Pre K-12 Complex Special Education *	1 per 2.6 pupils - charter schools are not eligible for Pre-K
Superintendent	1 per school district - charter schools are not eligible
Asst. Superintendent	1 per 300 Div I units (max of 2) - charter schools are not eligible
Director	1 for the first 200 Div I units plus 1 for each additional 100 Div I units (max of 6)
Administrative Assistant	1 per LEA
11 Month Supervisor *	1 for each 150 Div I units
Related Services Specialist - Basic *	1 for each 57 Basic units
Related Services Specialist - Intensive *	1 for each 5.5 Intensive units
Related Services Specialist - Complex *	1 for each 3 Complex units
Counselor / Social Worker *	1 for each 250 K-8 students
School Psychologist *	1 for each 700 K-8 students
Visiting Teacher *	1 for each 250 Div I units
Nurse *	1 for each 40 Div I units; fractional units are funded at 30%
Academic Excellence Units *	1 for each 250 pupils
Secretary	1 for every 10 units for the first 100 units; 1 for every 12 units thereafter
Driver Education Teacher	1 for every 125 tenth grade students
Custodians	TBD - Based on site evaluation
Building and Grounds Supervisor	1 per LEA (requires a minimum of 95 custodial units; 12 custodial units = 1 custodial position)
Food Services Supervisor	1 if less than 500 units w/4 or more bldgs w/school lunch programs; 1 if having 500 units or more - charter schools are not eligible
Cafeteria Manager	0.73 per charter school; additional 0.73 units for satellite cafeterias that prepare food on-site - charter schools only; districts earn Cafeteria funding according to a separate process
Cafeteria Worker *	0.62 per 100 pupils - charter schools only; districts earn Cafeteria funding according to a separate process
Transportation Supervisor *	1 for every 7,500 or more enrolled students
Reading Cadre Position	1 per school district - charter schools are not eligible
Principal	1 for first 15 or more Div I units in a school building or combination of school buildings
Assistant Principal #1	1 for first 30 or more Div I units; 0.65 for 25 to less than 30 Div I units in a school building
Assistant Principal #2	1 for first 55 or more Div I units; 0.65 for 50 to less than 55 Div I units in a school building
Assistant Principal #3 +	1 for each 20 Div I units beyond the first 55 Div I units in a school building

\* Qualifies for fractional part of unit



# Division II Units

- ❖ One Division I unit generates one Division II unit.
- ❖ Provides resources into the classroom.
- ❖ Two components:

All Other Costs    \$2,925 per unit

Energy                            \$2,387 per unit

\*Vocational programs generate additional Division II units depending on the nature of the program



# Division II Funding

## Limited flexibility:

- ❖ Division II Energy may be used for electricity, heating oil, natural gas or propane.
- ❖ Vocational All Other Costs may be spent for approved vocational programs in classes with certified vocational staff. Cannot be used for salaries or energy.

## Total flexibility:

- ❖ Division II Non-Vocational All Other Costs
- ❖ Funds may be spent on board approved items in the district budget - personnel costs, supplies and materials, contractual services, equipment, etc.



# Division III Funding

- ❖ Goal is to alleviate local funding disparities between property rich and property poor districts and is also known as Equalization funding.
- ❖ Inversely related to districts' "ability" to pay (tax base):
  - "Richer" (higher tax base) districts earn less funding.
  - "Poorer" (lower tax base) districts earn more funding.
- ❖ Division III funding can be used for any local purpose.
- ❖ For charter schools, the funding is based on the student's district of residence.



# FY25 Equalization Rates

## Current Equalization Rates

Appoquinimink	\$	15,602
Brandywine	\$	6,465
Caesar Rodney	\$	19,861
Cape Henlopen	\$	1,225
Capital	\$	14,796
Christina	\$	6,465
Colonial	\$	6,465
Delmar	\$	20,617
Indian River	\$	1,483
Lake Forest	\$	20,756
Laurel	\$	16,546
Milford	\$	17,461
Red Clay	\$	6,465
Seaford	\$	16,969
Smyrna	\$	19,860
Woodbridge	\$	16,744



# Additional Funding

- ❖ Other Items \$ 249.4M
  - General Contingency
  - School Improvement
  - Educational Sustainment
  - Student Discipline
  - World Language
  - College Access
  - Related Services for Students with Disabilities
  - Unique Alternatives
  - Opportunity Fund
  - Math and Literacy Coaches
  - Mental Health Services
  - Redding/ WLC Funding
  - Teacher Recruitment/ Retention
  - Other Items



# Additional Funding

- ❖ **Block Grants** **\$74.9M**
  - Professional Accountability & Instructional Advancement Fund
    - Alternative Routes to Certification
    - Professional and Curriculum Development
    - Professional Mentoring
    - Literacy Cadre (districts only)
    - Educator Preparation and Development
    - Delaware Standards
  - Academic Excellence
  - Technology
  - Student Success
  - Substitute Teacher
  - Athletic Trainer



# Additional Funding

## ❖ Transportation

\$180.4M

- Districts: Formula based on eligible students, number of routes, time and distance of routes. State provides 90% and districts are responsible for the remaining 10%.
- Charters: 70% of the applicable county vocational district expenditure for the prior year to derive a per student amount.
- Student eligibility:
  - K-6 grade students: Residence greater than 1 mile from school.
  - 7-12 grade students: Residence greater than 2 miles from school.





# Additional Funding

❖	Pass Through Programs	\$ 1.7 M
❖	Special Needs Programs	\$ 60.5 M
	➤ Early Childhood Assistance Program	
	➤ Early Childhood Initiatives	
	➤ Interagency Resource Mgmt. Committee	
	➤ Parents as Teachers	
	➤ Prison Education	
	➤ Reading Interventions	
❖	Driver Training	\$ 2.2 M
❖	Scholarships	\$ 32.0 M
❖	Adult Ed and Work Force	\$ 9.0 M



# Charter School Funding

## State Funds

- A portion of state funds are consolidated into one appropriation with flexible spending parameters.
- Charter schools receive a preload of their estimated state funds in July.
  - Calculations are based on May 1 Unit Count.
  - 85% preload for majority of charter schools.
  - 50% preload for new schools and schools on formal review or probation.
    - New charter schools receive another 25% of their preload funding in October and the final reconciled amount in February.
- Remainder is reconciled after the September 30<sup>th</sup> Unit Count is certified.
  - Charter schools receive a second transfer of state funds in December.
  - The final reconciliation is completed in January and the final transfer of state funds occurs in February.



# Capital Budget

Provides funding for facilities, beyond operation funds provided through the formula.

- Major Capital Projects (Districts only)
- Minor Capital Improvements
- Safety & Security



# Major Capital Projects Districts Only

- District identifies project needs.
- Board votes to approve projects.
- District submits request for a Certificate of Necessity (CN) to DOE. Issuance of a CN is required prior to referendum.
- No referendum is needed for vocational technical school districts.
- After referendum passage, project seeks funding through the State Bond Bill.
- Depending on the wealth of the district, the State will fund between 60% to 80% of the cost of the project.



# District Local Funds

- Current Expense - general operations:
  - For the three vocational technical school districts, the maximum current expense rate can only be increased through legislative approval;
  - For the 16 geographical districts, the maximum current expense rate must pass referenda.
- Tuition - special needs students for Pre-K, Intense and Complex students (not the entire special education population):
  - Within district, in other districts, and private placements.



# District Local Funds

- Match - State programs that authorize a local match:
  - Minor Capital - 60% State, 40% Local;
  - Other Match - Reading Specialists, Math Specialists, Technology, Extra Time, Student Success Block Grant and Opportunity Fund.
- Debt Service - pays principal and interest on local bonds authorized by referenda:
  - Debt Service rates do not need to be approved in referenda;
  - A “good faith” Debt Service estimate rate is given in a referendum campaign;
  - The School Board approves a Debt Service rate.



# Local Funds

- Impact of Choice / Charter
  - Local funds follow the student to their school of choice or charter school
  - Amount per student is differentiated by the student's needs-based category
  - Beginning in FY25 charter schools receive additional local tuition funding for intensive and complex students
  - Geographic districts may have net inflow or outflow of funds based on choice



# Questions?





# PECC - Overview

Employee Group	Recommendation	FY25	FY26	FY27	FY28	Total per Employee Group:
<b>1305: Teachers and Administrators</b>	2% + \$1,875	\$51,838,806	\$52,552,715	\$53,599,083	\$54,668,393	\$212,658,997
<b>1308: Secretaries</b>	2% + \$500 & 5 to 3 collapse	\$1,407,799	-	-	-	\$1,407,799
<b>1311: Custodians</b>	2% & 6 to 4 collapse & stipends	\$2,472,787	-	-	-	\$2,472,787
<b>1322: Food Service</b>	2.5%	\$1,771,234	-	-	-	\$1,771,234
<b>1324: Paraprofessionals</b>	1% & stipends	\$3,096,586	-	-	-	\$3,096,586
<b>Bus Drivers</b>	\$25 per hour	\$4,362,613	-	-	-	\$4,362,613
<b>IT Employees</b>	1:150 Div I Units, fractionals	\$6,446,395	-	-	-	\$6,446,395
<b>Total per Year:</b>		\$71,396,220	\$52,552,715	\$53,599,083	\$54,668,383	<b>\$232,216,411</b>



# PECC – FY 2025 Implementations

Employee Group	Recommendation	FY25	FY26	FY27	FY28	Total per Employee Group:
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# Equalization Review

The Department has contracted with the Public Consulting Group to:

- analyze the ability of the existing formula to achieve its original intent,
- identify deficiencies that exist in the current formula and
- provide recommendations that incorporates the reassessment data and ensures an equitable distribution of funds among our LEAs.



# Equalization Review

## Timeline:

- September 2024 - meeting with the Equalization Committee to host a focus group discussion and gather suggestions from the committee.
- November 2024 - present preliminary analysis and recommendations to the Equalization committee.
- February 2025 - provide draft recommendations to the Equalization committee.
- September 2025 - present final recommendations to Equalization committee, which will be inclusive of all county reassessment data.
- October 2025 - submit a final report, including recommendations.
- July 2026 (State Fiscal Year 2027) - implementation of a revised or new equalization formula.



Up next ...

# District/Charter CFO Perspectives



# District CFO

- No general inflation increase for Operations
  - Districts must plan for 10+ years with no Current Expense increase
- Tuition Tax can be challenging with no way to project or regulate which students enter your district and require services or outside placement



# District CFO

- Flexibility is key
  - Challenge in the past few years has been receiving additional funds that have little to no flexibility and require complex applications and reports
  - Districts serve diverse populations and are very different in need
- The current “unit count” model when used properly provides districts with additional positions and funding
  - When funds and positions are added outside of the formula, districts are not getting those positions, etc.
    - Administrators, Secretaries, Division II and III funds



# District CFO

- Sustainability and Consistency
  - The dreaded giveback...
- Capital Budget Request process and availability of funds





# Questions?