

Assessment of Delaware Public School Funding

Recommendations

Independent Assessment of Delaware Public School Funding

- Study was a requirement from a 2020 legal settlement between plaintiffs and the state.
- July 2022, AIR was hired to conduct a comprehensive assessment of Delaware’s current public education funding system and provide recommendations for improvement.
- Our charge, as outlined in the request for proposals:
 - Conduct comparative analysis to other states
 - Fully research and understand existing funding structure
 - Evaluate revenue and spending in a variety of ways to highlight existing disparities
 - Present recommendations for future improvements that may result in improved funding equity with a focus on improving outcomes for all students –including recommended funding levels.

Emphasis of The Study

- **Adequacy**

- Are current funding/spending levels sufficient to meet the state’s educational goals?
- How should funding be distributed across districts and schools to provide equal educational opportunity?

- **Equity and Wealth Neutrality**

- How is existing school funding/spending distributed with respect to student needs (e.g., low-income status, English learner status, disability status)?
- To what extent are school funding levels dependent on local revenue capacity?

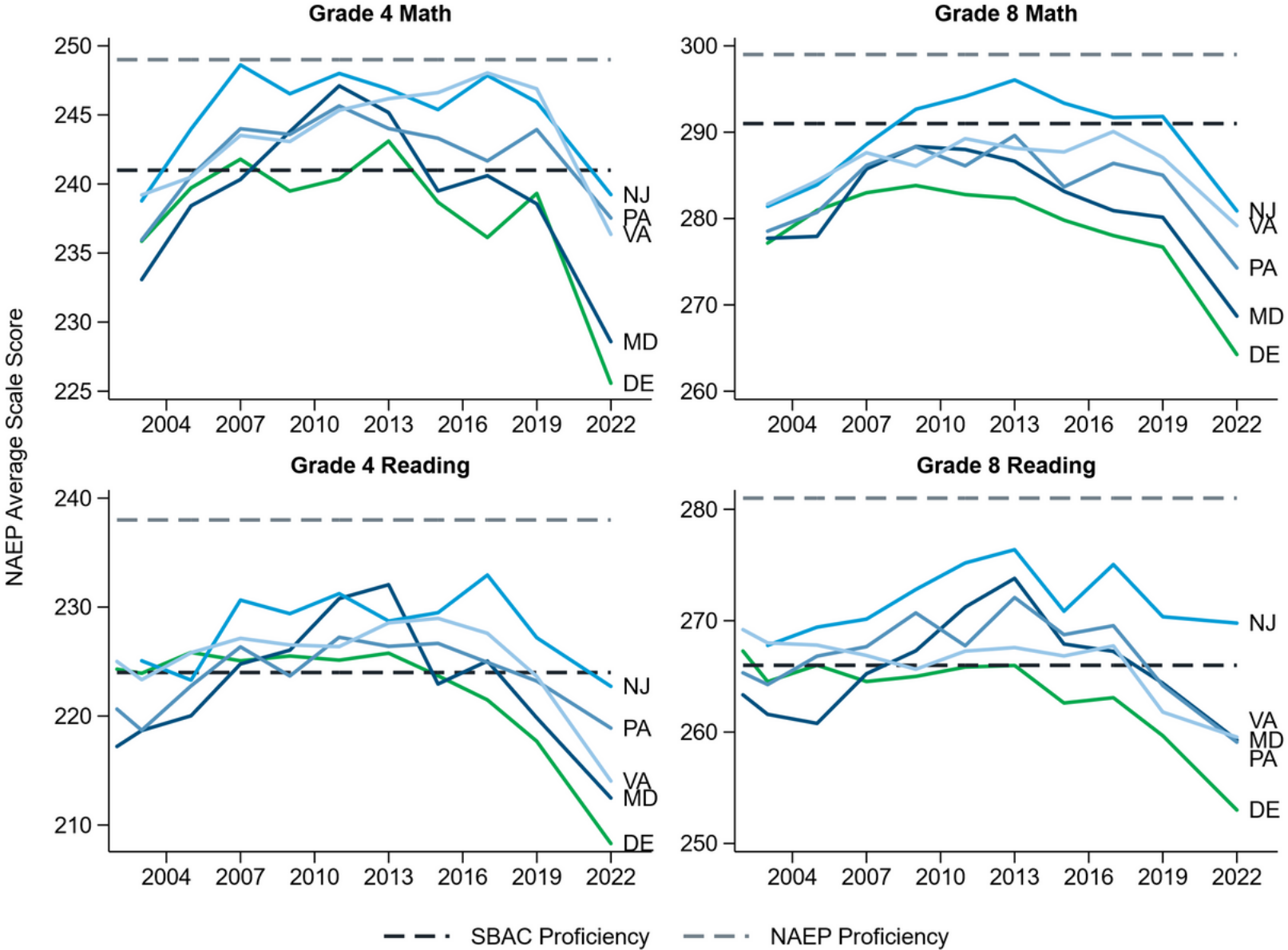
- **Transparency, Flexibility, and Stability**

- Are funding mechanisms easy to understand and are funding amounts easily calculable?
- Is funding provided in a way that allows districts and schools flexibility in how to use it?
- Are funding amounts stable over time and predictable, allowing for long-term planning?

Recommendations

1. Increase investment in Delaware's public education

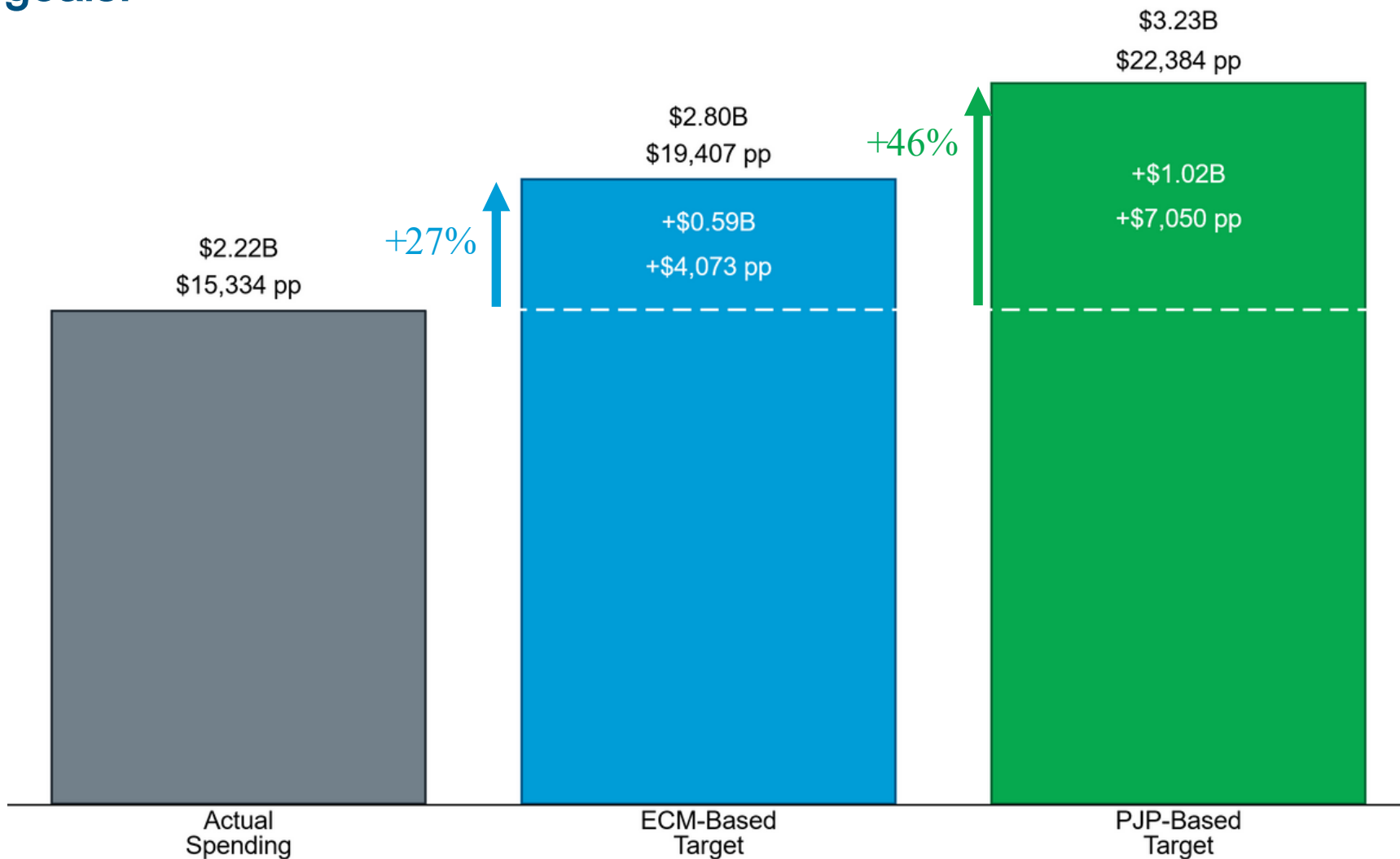
Delaware's performance on NAEP lags neighboring states and is in decline



Note Exhibit 9 in main report.

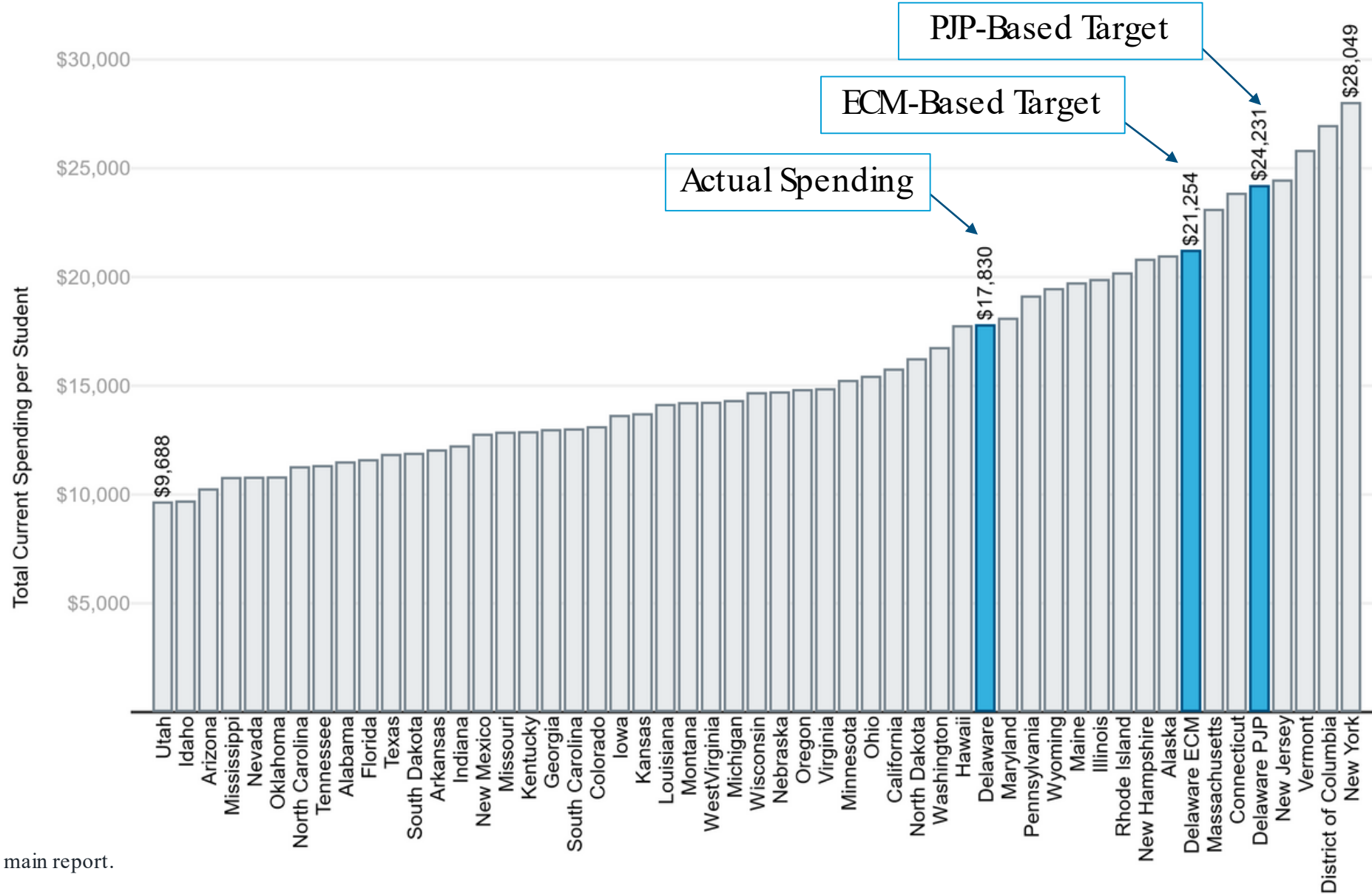


The Education Cost Model and Professional Judgment Panel adequacy analyses suggest a need to spend an additional \$590 million (27%) to \$1 billion (46%) on public education to meet the state's educational goals.



Note: Data from 2022. Exhibit 67 in main report.

The amounts suggested by the two adequacy analyses are attainable. Several states already spend at rates higher than what was suggested by the analyses.



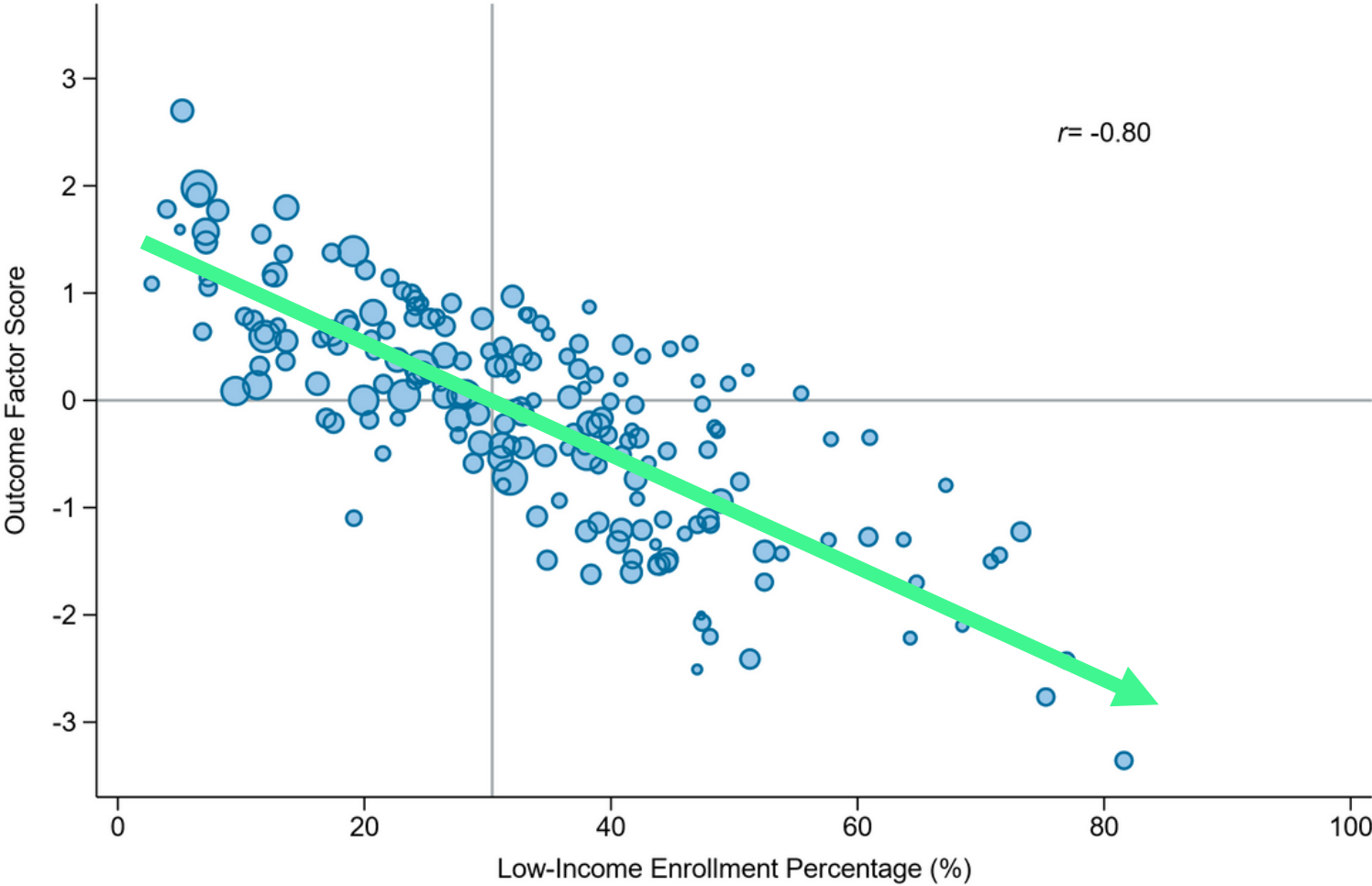
Note Exhibit 78 in main report.



Recommendations

1. Increase investment in Delaware's public education
2. Distribute more resources according to student need

Student outcomes are systematically lower in schools with higher percentages of low income students

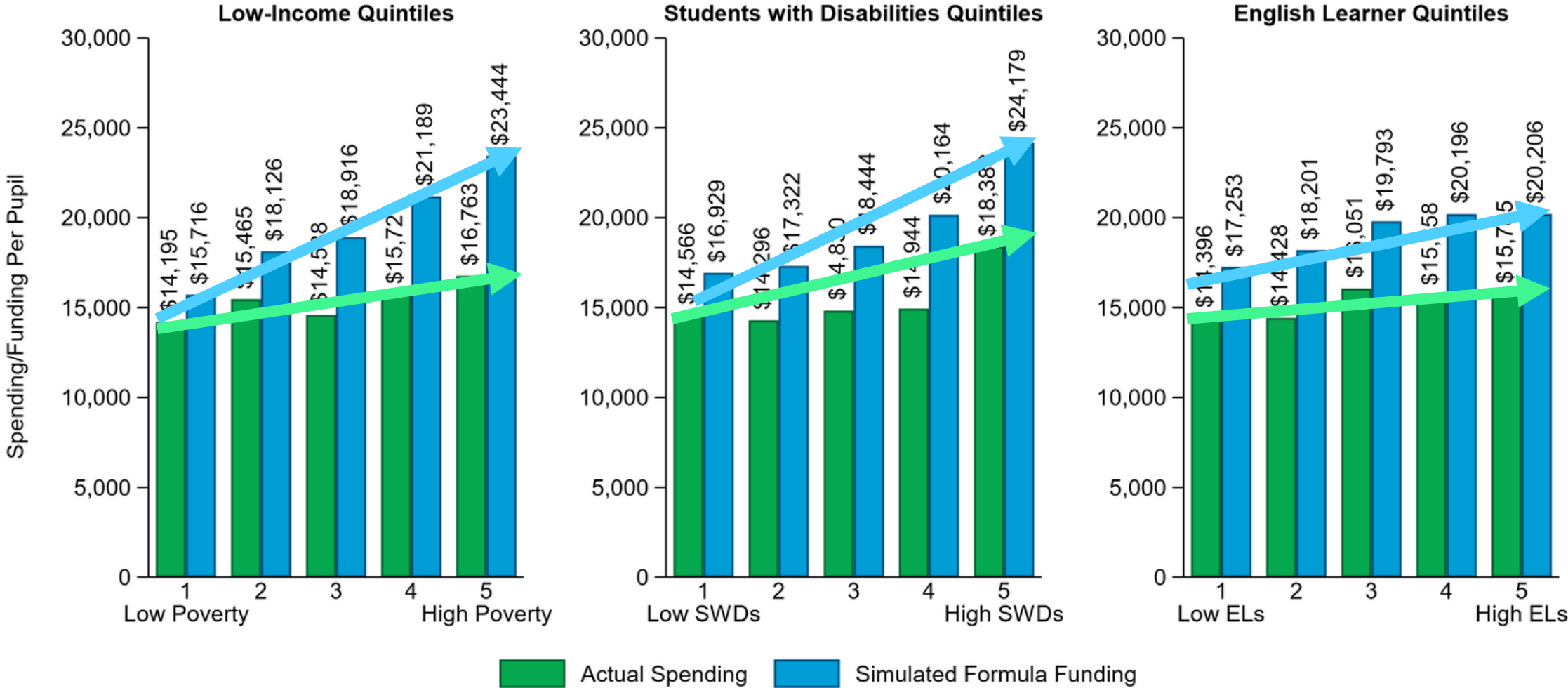


Schools with higher percentages of SWDs and ELs also tend to have lower outcomes.

Note: Data from 2022. Exhibit 9 in main report.



Both the ECM and PJP adequacy analyses suggest a need to distribute funding more strongly based on student need.



Note Results from ECM analysis. Data from 2022. Exhibit 53 in main report. Exhibit 64 in the main report shows the comparable results for the PJP analysis.



Recommendations

1. Increase investment in Delaware's public education
2. Distribute more resources according to student need
3. Improve funding transparency

- The presence of many formulas that allocate different resources and pots of money along with the uncertain translation of a unit into a funding amount creates a system in which understanding the sum of resources and funding that flow to schools and districts difficult, if not impossible, for most.
- Increased transparency will bring more people to the table and allow for families, community members, and other stakeholders to be more effective advocates.

Recommendations

1. Increase investment in Delaware's public education
 2. Distribute more resources according to student need
 3. Improve funding transparency
 4. Allow for more flexibility in how districts use resources
- In most state funding systems, dollars are allocated to districts largely as general funding, which districts can then decide how to use.
 - Delaware's unit system allocates positions with the expectation that positions are used how they are allocated.
 - Delaware administrators noted that requirements to use dollars in certain ways added burden and reduced efficiency.
 - Flexibility, in theory, should result in more effective use of resources that better meet the varied needs of students across schools and districts.

Recommendations

1. Increase investment in Delaware's public education
 2. Distribute more resources according to student need
 3. Improve funding transparency Allow for more flexibility
 4. in how districts use resources
 5. Account for local capacity and address tax inequity
- In large part, Delaware's state funding system allocates state resources in a way that is independent of the ability of districts to raise revenue locally.
 - Equalization funding is outdated and insufficient.
 - Most states account for local capacity through a varying local share, where an overall spending/funding target is set, and then districts with higher local capacity are expected to fund a higher percentage of the overall target (more on this to follow).

Equalization funding has not been updated for over a decade and was described by district administrators as “broken,” “flawed,” and “outdated.”

We're not able to pay our teachers as hefty a salary as other districts who have a better source [of local revenue] real estate property values are much higher, they have more property in their district that they can tax. So, we're at a disadvantage. We're also in an economically depressed area, in addition to that. You mentioned the equalization formula; that's been frozen since 2009. It's outdated; it's not functioning correctly. So that's where, when you want to talk about equity and funding, I mean, that's the heart of it right there there is no equity in the funding anymore.

–District administrator

Recommendations

1. Increase investment in Delaware's public education
2. Distribute more resources according to student need
3. Improve funding transparency Allow for more flexibility
4. in how districts use resources Account for local capacity
5. and address tax inequity
6. Regularly reassess property values

PROGRESS UNDERWAY

- Because assessed property values are outdated and perceived to be inaccurate, they undermine trust in any approach attempting to address differences in local capacity.
- The fact that assessed property does not increase over time also strains the ability of local revenue to keep up with increased costs. This means that tax rates must continually increase exacerbating issues related to the referendum requirement.

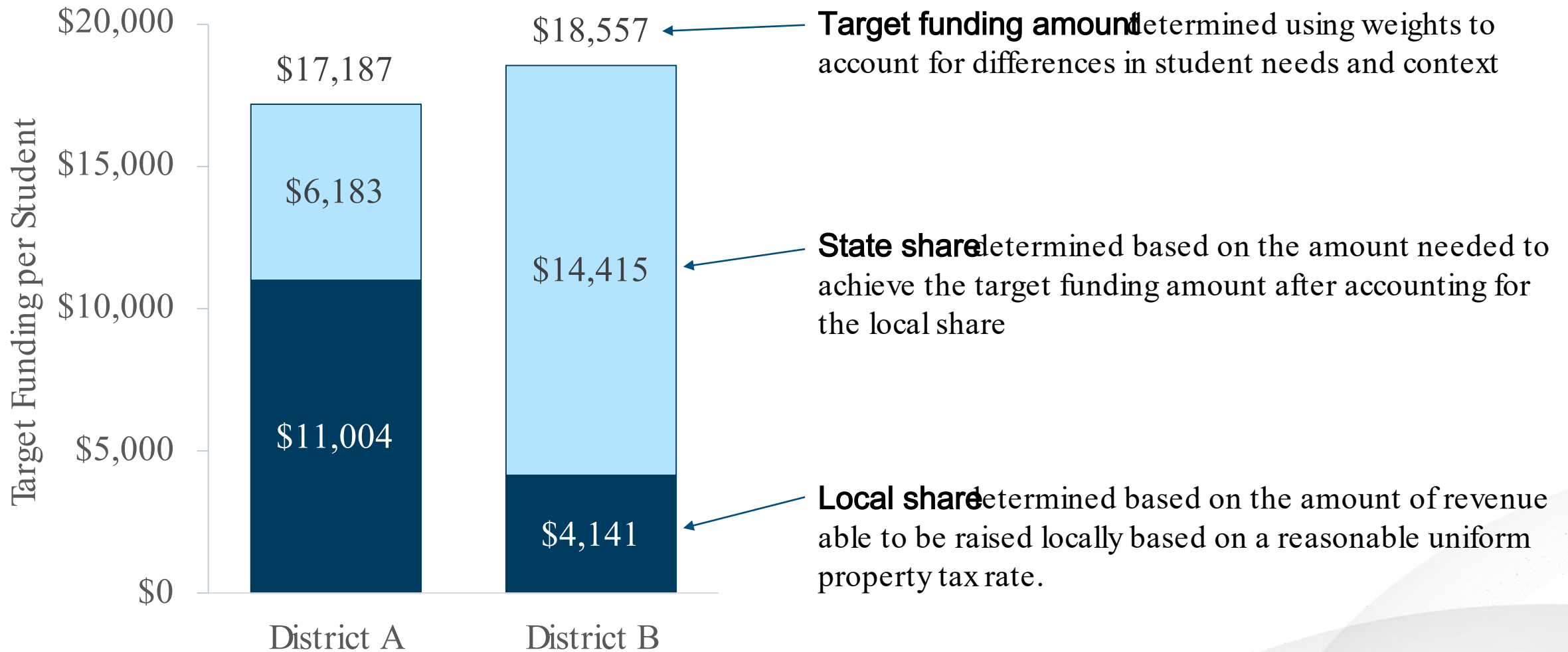
Recommendations

1. Increase investment in Delaware's public education
 2. Distribute more resources according to student need
 3. Improve funding transparency Allow for more flexibility
 4. in how districts use resources Account for local capacity
 5. and address tax inequity Regularly reassess property
 6. values
 7. Simplify the calculation of local share provided to charter schools
- Charter school leaders perceive the current system of calculating the local share to lack transparency and be excessively variable from year-to-year and across districts.
 - A formula based on local revenue would be simpler and more consistent from year-to-year.

Recommendations

1. Increase investment in Delaware's public education
2. Distribute more resources according to student need
3. Improve funding transparency Allow for more flexibility
4. in how districts use resources Account for local capacity
5. and address tax inequity Regularly reassess property
6. values Simplify the calculation of local share provided to
7. charter schools
8. **Implement a weighted student funding (or foundation) state funding formula**

Weighted Student (Foundation) Formula Approach Used in Many Other States



Recommendations

1. Increase investment in Delaware's public education
2. Distribute more resources according to student need
3. Improve funding transparency Allow for more flexibility
4. in how districts use resources Account for local capacity
5. and address tax inequity Regularly reassess property
6. values Simplify the calculation of local share provided to
7. charter schools
8. **Implement a weighted student funding (or foundation) state funding formula**

Our recommendations would most easily be implemented through a foundation formula that uses student weights to distribute dollars to districts:

- **Dollars can be easily distributed according to student need**
- **Funding is distributed transparently through easy calculations**
- **Funds can be used flexibly**
- **Differences in local capacity can be easily incorporated**
- **The formula can be applied consistently to both districts and charter schools**

Q&A