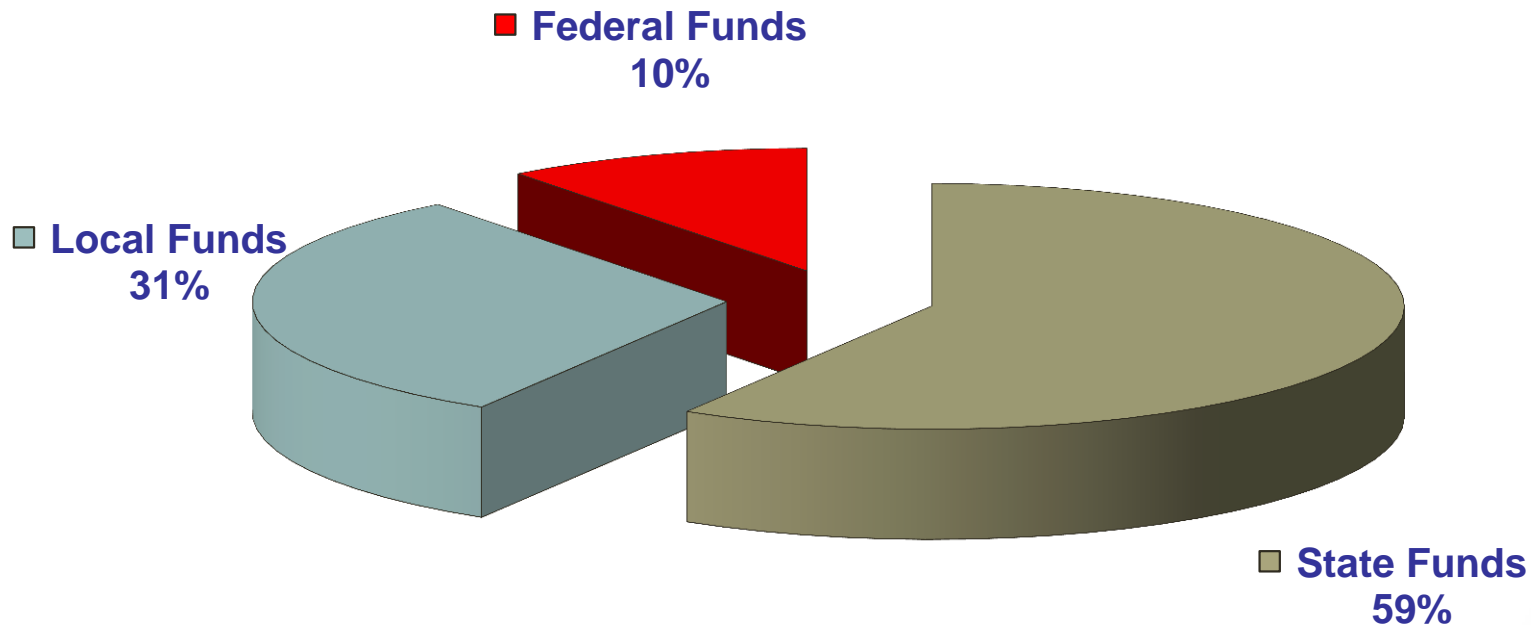


Delaware School Finance 101

Public Education

Total Sources of Revenue (2013-14)

\$2.1 Billion in Revenue



State Support for Public Education is Allocated by the Unit System

- Basic formula-driven system of state funding that provides funding to support staffing based on September 30 enrollment in each district/charter school

- Allocates teaching positions based on the following student enrollment formulae
 - Preschool: 1 unit for 12.8 students
 - Kindergarten-3: 1 unit for 16.2 students
 - Grades 4-12 Regular Education: 1 unit for 20.0 students
 - Grades 4-12: 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)

- A unit is comprised of three categories: Division I (teachers), Division II (All Other Costs and Energy) and Division III (Equalization). These three components make up the state resources supporting a classroom.

- Other non-teaching positions receiving state support are primarily generated from the units earned within each district/charter school

Division I Unit Funding (Salaries and Benefits)

- ◆ \$878.1 million in Fiscal Year 2016
- ◆ State pays salary & benefits depending on where teacher's education & experience falls on state salary schedule
- ◆ Intended to provide approximately 70% of teacher salary with balance provided by local funds and, at times, federal funds
- ◆ The amount of Division I units within a district/charter school generates other non-teaching positions based on various formulas

Division I Unit Funding

Examples of Other Positions Generated

Positions	Earned
Superintendent	1 per school district
Assistant Superintendent	1 for each 300 state units of pupils not to exceed 2 per district
Principal	1 for each administrative unit in a school building or a combination of school buildings having 15 or more units of pupils
Director	1 for first full 200 units of pupils and 1 for each additional full 100 units not to exceed a total of 6
Secretary	1 for every 10 units of pupils for the first 100 units of pupils and 1 additional for every 12 full units of pupils
Nurses	1 for every 40 units of pupils
Driver Education Specialist	1 for every 125 10 th grade students
Supervisor - Transportation	1 for each 7,000 or more transported students
Specialists for Children with Disabilities	Varies depending on the classification of the disability

Division II Unit Funding (All Other Costs/Energy)

- ◆ \$54.5 million in Fiscal Year 2016
- ◆ Provides resources into the classroom and energy funding
- ◆ One Division I unit generates one Division II unit
- ◆ Two components:

All Other Costs	\$2,925 per unit
Energy	<u>\$2,435 per unit</u>
Total	\$5,390 per unit

- ◆ Vocational Programs generate additional Division II units depending on the nature of the program (2x or 3x) given the equipment necessary to operate vocational activities

Division III Funding (Equalization)

- ◆ \$89.5 million in Fiscal Year 2016
- ◆ This funding is flexible and can be used for any local purpose by a school district.
- ◆ Distributed via a legislated formula where a district maximizes equalization support if it's tax rates are set at a level to raise a certain amount of funding per unit (called the authorized amount) through a combination of current expense taxes and equalization.
- ◆ Smaller school districts with a smaller tax assessment base are expected to raise a smaller portion of the authorized amount and vice versa.
- ◆ If a district raises the revenue necessary through property taxes and equalization, it receives its full share of equalization funding. If it doesn't, it receives less than what it otherwise would be eligible for.
- ◆ *Due to budget constraints, the formula has been frozen for several years and not functioning properly*

State Funding Supporting School Districts/Charter Schools Outside of the Unit System

◆ Block Grants

- ◆ Academic Excellence (\$38.8 M) – 1 unit for every 250 enrolled students and supports a broad array of education services
- ◆ Professional Development (\$6.7) – Supports the alternative routes to teacher certification; district professional development activities; professional mentoring; Reading Cadre; the Delaware Center for Teacher Education; educator preparation and development; and supporting teachers for implementing Common Core

◆ Special Needs Programs

- ◆ Student Discipline (\$5.3 M) – allocated statewide for severe discipline concerns
- ◆ Unique Alternatives (\$8.9M) – distributed via the Interagency Collaborative Team for children requiring additional assistance in the classroom and the educational component related to residential treatment services and/or day treatment services
- ◆ Early Childhood Assistance Program (\$6.1 M) – supports children who otherwise would not qualify for resources through the federal Head Start Program.
- ◆ Related Services for the Handicapped (\$2.9 M) – distributed via formula and provides additional support for students with disabilities (speech therapists, occupational therapists, etc)
- ◆ Exceptional Student Unit – Vocational (\$360K) – supports vocational education for students with disabilities

State Funding Supporting School Districts/Charter Schools Outside of the Unit System

◆ Pupil Transportation

- ◆ \$88.4 million in funding distributed through a formula for fuel, insurance, operating costs, bus depreciation supporting the transportation of kids.
- ◆ Can be used to support district transportation operations or operations through a contractor

◆ Other

- ◆ Technology Block Grant (\$2.3 M) – allocated proportionally statewide based on Division I units for technology maintenance and support.
- ◆ Educational Sustainment Fund (\$28.2M) – allocated proportionally statewide based on pupil enrollment and can be used for any local purpose.
- ◆ State Testing Computers (\$2.7 M) – allocated to all districts and charters to assist with the hardware/software necessary to implement the state test.
- ◆ World Language Expansion (\$1.9M) – allocated to school districts implementing a world language expansion program in elementary schools

Local Financing - \$646.6M in Revenue

Four components of local tax rate

1. **Current Expenses** – funds general operations & choice/charter payments
2. **Debt Service** – pays principal and interest on school construction projects
3. **Match Tax** – funds state programs that authorize a local match (Minor Capital Improvement's, technology maintenance)
4. **Tuition** – funds special needs students in identified programs

Rates set by:
Referendum

Rates set by:
Local Board Action


Note: Vocational school districts do not have tuition taxes. All rates are set by local School Board action; Current expense rate maximum limited by Delaware Code.

Capital Financing

- ◆ The state funds between 60% and 80% of capital construction projects, depending on a district's ability
- ◆ Requires passage of a local referendum
- ◆ The state also funds Minor Capital Improvements. The state share must be matched by local expenditures (60% State – 40% local)

Federal Funds - \$207.2 million in receipts

- Supplemental and restricted as to purpose and the time period during which the money may be spent
- State approves application and grants funds to the districts as “sub grantee” of state
- **Examples:**
 - Title I
 - Basic Special Education Grants
 - Professional Development
 - Vocational Education



Primary sources of federal revenue

Decision Points Related to Redistricting

Enhancements to the Existing Finance Structure

- Adjustments to the current funding structure to provide additional resources for at-risk children (low-income, limited English proficient) and children classified as basic special education
- Transition funding to allow for the planning and implementation of redistricting
- Altering the referendum process and property reassessment for future local cost increases
- Capital funding supporting redistricting, outside of the typical certificate of necessity requirements, to improve facilities based on changing enrollment and deferred maintenance
- Ongoing adjustments to the Equalization formula and Tax District Pool to address funding inequities

Decision Points Related to Redistricting

Reallocation of State Resources

- Transfer of state unit funding (Division I, II and III) and Ancillary Units based on enrollment changes – who gains/loses units and how much?
- Transfer of state non-unit funding (Block Grants, Special Needs Support and Other) – who gains/loses funding, how much, and impact on staffing outside of the unit system?
- Reallocation of Transportation Funds based on revised feeder patterns and enrollment of students associated with redistricting (need to determine school of residence)
- Reallocation of Minor Capital Improvement funding and the impact on the match tax

Decision Points Related to Redistricting

Reallocation of Local Resources

- Revenue gain/loss across the four tax components for Red Clay, Christina and Colonial
 - How much will it locally cost Red Clay to educate the students compared to how much additional revenue it generates through current expense revenue?
 - How much will Christina and Colonial save locally for no longer educating the students compared against its loss in current expense revenue?
 - What special considerations need to be provided to Colonial and Christina to continue to be able to pay debt service for previous construction projects given a changed tax assessment base?
 - How are tuition billings going to be transferred and the impact on the tuition tax rate?
- Impact on the local revenue transfer resulting from choice and charter billings
- Revenue adjustments, given changing enrollment, on the Tax District Pool and the impact on each district.

Decision Points Related to Redistricting

Reallocation of Federal Resources

- Changing enrollment and impact on Title I schools
- Impact of allocations of federal funds and staffing

Questions?