



**EDUCATION COMMISSION**  
OF THE STATES

# Delaware Education Funding Improvement Commission

Michael Griffith  
School Finance Consultant  
December, 2015

# Education Commission of the States

- ▶ Founded in 1965 to enlighten, equip and engage education policy makers
- ▶ Provides nonpartisan unbiased advice to policymakers throughout the country
- ▶ 53 member states, territories and the District of Columbia
- ▶ Web Site: [www.ecs.org](http://www.ecs.org)

# Presentation Overview

- What are the components of a high-quality funding system?
- How does the state currently fund schools?
- Why should the state change its funding formula?
- How do other states fund schools?
- What would it take to transition to a high-quality school funding formula?



*"...a modernized education funding system would allow for more flexibility, transparency, and innovation to better serve Delaware's children, and would allow the State to target resources to students in poverty, students with disabilities, English language learners, and other high-needs children"*

## **Senate Joint Resolution Number 4**



EDUCATION COMMISSION  
OF THE STATES

# The committee shall make recommendations regarding the following:

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



# The Committee may consider the following:

1. Total funding amount
2. Efficiency of current expenditures
3. Funding for high-need students
4. Special education funding
5. Funding for special student groups (homeless, behavior challenged or adjudicated delinquents)
6. Providing greater flexibility in the funding system
7. Issues with future demographic changes



# High-Quality Funding Formula

- **Adequate**: Funding is sufficient to meet current state education requirements, these can include:
  - Inputs: seat time, class sizes, 1-to-1 computers
  - Outcomes: test scores graduation rates, college going
- **Equitable**:
  - All districts have access to a relatively equal level of resources and
  - All students have access to relatively equal educational offerings

# High-Quality Funding Formula

- **Flexible**: Districts have the ability to use their resources to meet their unique needs
- **Adaptable**: The formula can handle changes in the way that educational services are delivered with little to no adjustment





# Delaware's Current Funding System

- The state currently uses a “position allocation” system
- Position allocation systems:
  - Provide districts with a predictable level of resources
  - Allow policymakers to see what their education dollars are buying
  - Allow for the state to control most of the education policy expenditure decisions



# Delaware's Current Funding System

- Position allocation systems:
  - Were designed at a time when almost all students attended brick & mortar schools
  - Do not allow districts to easily move funding around based on the district or students' needs
  - Requires the state to constantly adjust for the non-teacher related costs of education (*Energy, M&O, supplies, technology, testing, etc.*)



# Delaware's Current Funding System

- Position allocation systems require the state to adjust the formula on a regular basis
- Every time that districts want to change the way that they deliver education services or create new services the state has to adjust its formula

## Example:

Which programs would work best for at-risk students?  
(Summer learning, after-school, class-size reduction)



# Delaware's Current Funding System

- Due to its inflexibility - position allocation systems have a difficulty adapting to new(er) education programs, such as:
  - Charter schools
  - Competency based education
  - Dual/concurrent enrollment
  - Non-traditional career and tech programs
  - Open enrollment programs
  - Student mobility during the school year



# Delaware's Current Funding System

- **Adequate**: Hard to determine
- **Equitable**: Quality counts grade – B
- **Flexible**: The current system has limited flexibility
- **Adaptable**: The current system is not adaptable to changes in the educational environment



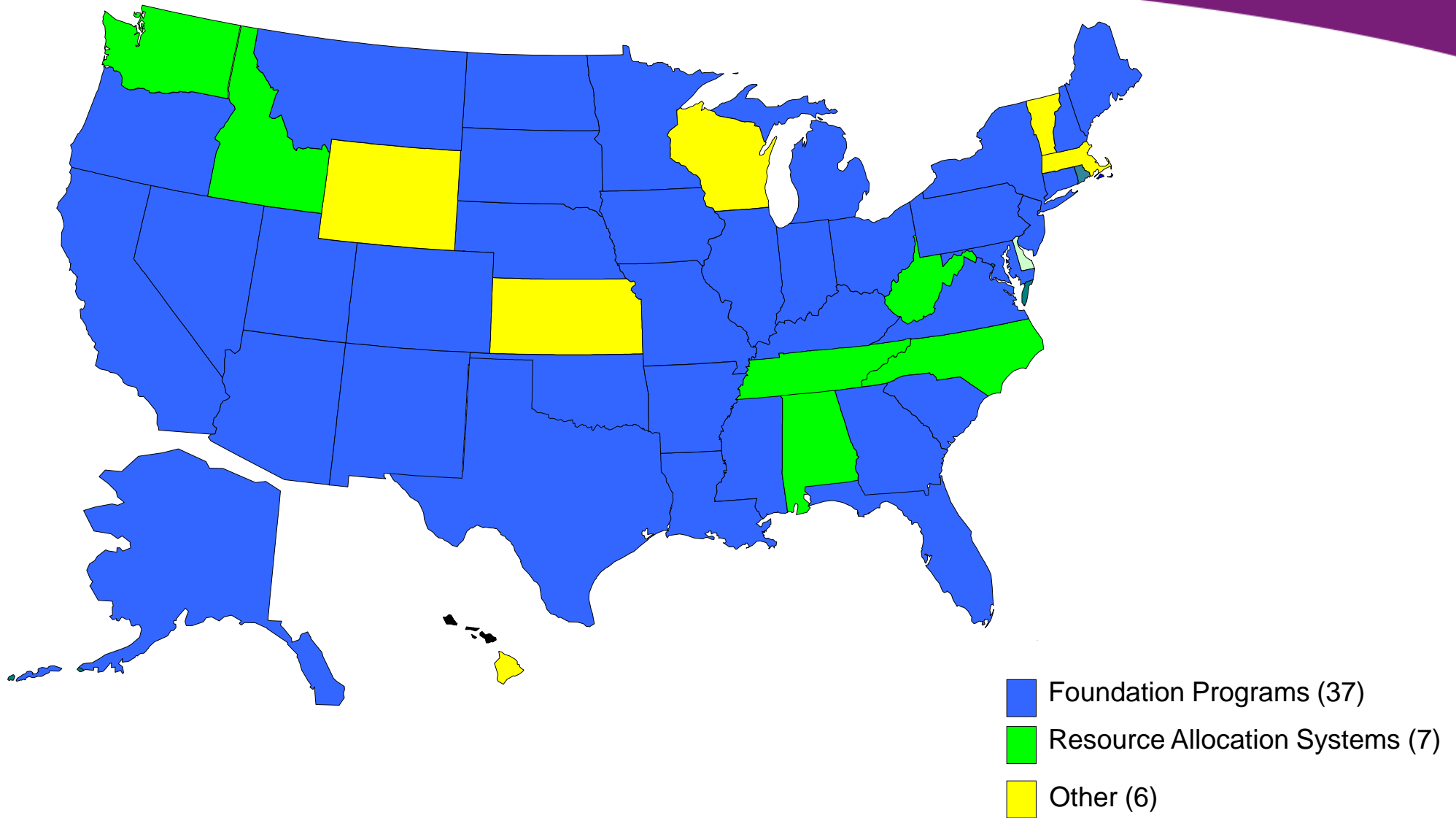
# What funding systems do other states use?



EDUCATION COMMISSION  
OF THE STATES

Your education policy team.

# School Funding Formulas in Each State



# Foundation Formula (33 States)

1. Determine foundation/base amount
2. Count students with weights
3. Multiply student count by the foundation amount
4. Determine state vs. local split
5. Add on outside funding (*capital, transportation, other*)





# Why do so Many States Use a Foundation Formula?

- Easy to establish
- Easily adjusted to meet a state's/district's educational needs and economic circumstances
- Provides districts with greater autonomy in decision making

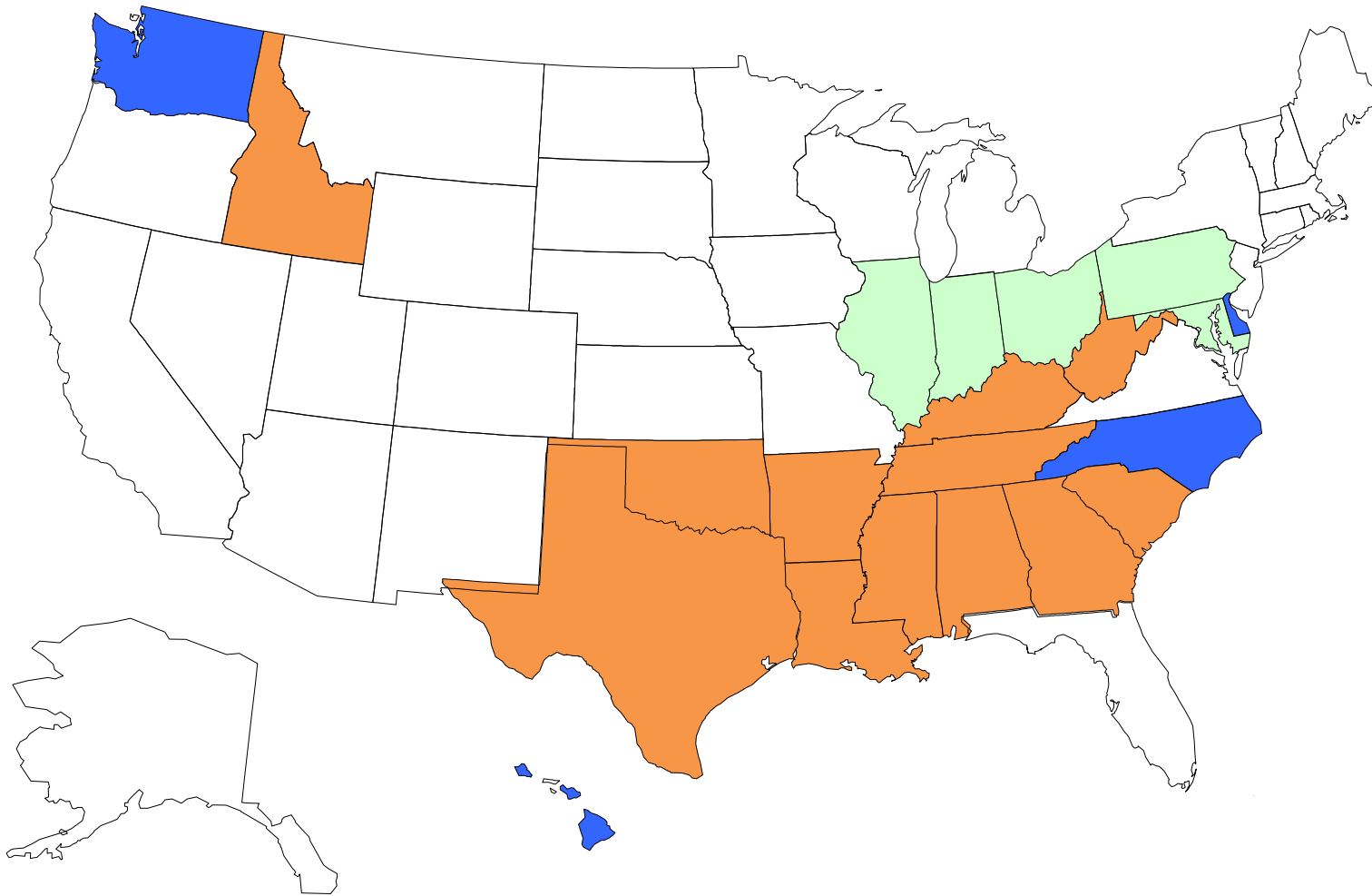


# Foundation Formulas

- These types of formulas can be adjusted to include various policy choices, such as:
  - Class size requirements
  - Teacher salary schedules
  - Targeted funding for certain programs/student groups
- The more mandates that are added the less flexibility districts will have



# States With Teacher Salary Schedules



Source: ECS



**EDUCATION COMMISSION**  
OF THE STATES

# Transitioning to a New Formula

Your education policy team.



**EDUCATION COMMISSION**  
OF THE STATES

# States Adopting New Formulas

- Since 2000 several states have have new school funding formulas:
  - *Arkansas (2002)*      *Litigation*
  - *California (2013)*      *Governor led/voter approved*
  - *Kansas (2014)*      *First litigation then legislative led*
  - *Maryland (2002)*      *Legislative led change*
  - *Ohio (2013)*      *First litigation then legislative led*
  - *Pennsylvania (2015)*      *Legislative led change*
  - *Rhode Island (2010)*      *Legislative led change*
  - *Wyoming (2001)*      *Litigation*



# School Funding Transition Process

1. Determine what you will/won't be changing in the formula
2. Create a general outline of the new formula
3. Draft a “working” outline that includes all of the components of the new formula
4. Create the new formula and run the numbers
5. Refine the formula while constantly running numbers
6. Produce the final formula

**Note:** Between each step you should be receiving public input



- Topics that have come-up in most states:
  - Will current grant programs be maintain or will they be rolled into the formula?
  - Will any area of funding not be addressed in the new formula (capital, transportation, food services)?
  - How will students be counted?
  - Will funding be adjusted for district size, cost of doing business or geographic location?
  - How will the state determine the “wealth” of a district?



# Changing The State's School Funding Formula

- Issues that states faced when transitioning to a new formula:
  - A fear that change in the system could result in lower funding for schools
  - Confusion about how the new system functions
  - Belief that a loss of mandates may result in some programs being eliminated





# Changing The State's School Funding Formula

- What states have done to ease the transition:
  - Gradually transition to the new funding formula
  - Ensure that funding levels for individual districts are “held harmless”
  - Create minimum payments in the formula
  - Allow for certain mandates or programs be retained
  - Educate the public & train district staff about the new formula



# QUESTIONS?

Your education policy team.



**EDUCATION COMMISSION**  
OF THE STATES

# Contact Us

Michael Griffith  
School Finance Consultant  
Education Commission of the States  
700 Broadway, Suite 810  
Denver, CO 80203  
[mgriffith@ecs.org](mailto:mgriffith@ecs.org) | [www.ecs.org](http://www.ecs.org)

**@Edcommission**



EDUCATION COMMISSION  
OF THE STATES