Delaware

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Summary and Highlights

This snapshot examines the revenue sources and funding equity for district schools and charter schools in Delaware and, in particular, Wilmington, during FY 2006-07 (Figure 1).¹

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to account for the fact that some districts enroll more charter students than others and the district PPR varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

Highlights of Our Findings:

- Districts statewide received total revenue of \$13,655 per pupil, while charters statewide received \$9,990- a difference of \$3,665 or 26.8 percent.
- Delaware charter schools received \$9,990 per pupil, but district schools would have received an estimated \$13,852 to educate the same

Figure 1: District and Charter School Revenues and Enrollments

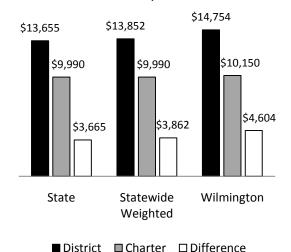
Delaware			Statewide W	/eighted for				
(2006-07)	State	wide	Charter Enrollment		Wilmington			
Per pupil Revenue								
District		\$13,655		\$13,852		\$14,754		
Charter		\$9,990		\$9,990	\$10,150			
Difference	(\$3,665)		(\$3,862)		(\$4,604)			
		(26.8%)	(27.9%)		(31.2%)			
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter		
Federal	\$655	\$620	\$639	\$620	\$566	\$849		
State	\$8,587	\$6,409	\$8,543	\$6,409	\$8,342	\$5,912		
Local	\$3,402	\$1,676	\$3,578	\$1,676	\$4,383	\$1,985		
Other	\$560	\$1,285	\$559	\$1,285	\$553	\$1,405		
Indeterminate	\$450	\$0	\$533	\$0	\$912	\$0		
Total	\$13,655	\$9,990	\$13,852	\$9,990	\$14,754	\$10,150		
Enrollment								
District	114,250		N/A		34,124			
District	93.8%		N/A		91.4%			
Charter	7,575		N/A		3,214			
Charter		6.2%	N/	′ A		8.6%		
Charter Schools		17	N/	′ A	7			
Total Revenue								
District	\$1	,560,050,027	N/A		\$503,477,250			
DISTRICT		95.4%	N/	′ A		93.9%		
Charter		\$75,670,922	N/	′ A		\$32,621,967		
Charter	4.6%		N/A		6.1%			
Total	\$1	,635,720,949	N/	′ A	\$536,099,217			
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter		
Federal	4.8%	6.2%	4.6%	6.2%	3.8%	8.4%		
State	62.9%	64.2%	61.7%	64.2%	56.5%	58.2%		
Local	24.9%	16.8%	25.8%	16.8%	29.7%	19.6%		
Other	4.1%	12.9%	4.0%	12.9%	3.7%	13.8%		
Indeterminate	3.3%	0.0%	3.8%	0.0%	6.2%	0.0%		
Change in district school funding if subjected to charter funding structure								
	(\$418 r	million)			(\$157 r	(\$157 million)		

CHARTER SCHOOL FUNDING: Inequity Persists

students — a difference of \$3,862 or 27.9 percent. Weighting the district PPR for charter enrollment therefore increases the funding disparity by \$197 from the statewide difference above.

- In Wilmington, district schools received \$14,754 per pupil, while charters received \$10,150 a difference of \$4,604 or 31.2 percent.
- District schools taught 93.8 percent of the state's public school students but received 95.4 percent of total revenue. The state's charters taught 6.2 percent of the state's public school pupils but received 4.6 percent of total revenue.

Figure 2: Per Pupil Total Revenue for Delaware District vs. Charter Schools, FY 2006-07



Primary Reason for Funding Disparities

■ The lack of capital funding contributes to the revenue differences between districts and charters. Delaware charters do not have access to capital funding as do the state's districts.

How Delaware Funds Its District Schools

Delaware provides funding to school districts based on a three-tiered system. Division I funding provides the state's portion of costs related to salaries for teachers and other staff, benefits, and training. Pupil counts and the staff units needed to provide services, excluding administrators, drive Division I formulas. The state of Delaware

determines how many pupils a teacher can work with based on specific factors. Part of the formula addresses education levels, while the majority of the formula addresses the needs of special populations of students. By education levels, the state formula provides half the funding for kindergarten as that provided to grades 1-3 by doubling the number of pupils who can be taught by one teacher (34.8 pupils per teacher for kindergarten vs. 17.4 pupils per teacher for grades 1-3). The state provides less funding for students in remaining grades by increasing the number of pupils who can be taught by one teacher from 17.4 (grades 1-3) to 20 (grades 4-12).

Division II funding covers operating components of running a school system, such as materials and supplies, maintenance, minor capital improvements, utilities and contracts. Division II relies on a funding formula based on an annual student count. In addition to excluding employee salaries, Division II funding excludes transportation costs and the state contribution toward debt service.

Division III funding is based on pupil counts and acts as an equalizer to compensate districts in communities that cannot raise sufficient education funding through the local tax base. Poor property tax districts therefore receive a higher share of Division III funds than wealthier property tax districts. Districts can use these funds for any purpose.

In addition to Division funding, the state provides funding for transportation, a state portion for capital, and funding for certain other expenditures.

Delaware school districts have autonomous taxing authority, which the state uses to meet its component of the funding formula described above. Taxes on property serve as the income generator for school districts and the three vocational education districts. The funds raised offset costs related to current operating expenditures.

Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive			
their funding directly from			
the state	Χ		
Charter schools are eligible			
for local funding	Χ		
Cap on funding a charter			
school can receive		Χ	
District public schools			
receive differential funding			
(e.g. more funding for 9-12			
vs. K-8 schools)	Χ		
Charter schools receive			
differential funding	Χ		
State allows district to			
withhold funding from			
charter schools for			
providing administrative			
services		Х	
State "holds harmless"			
district funding for charter			
enrollment		Х	
School is considered LEA if			
authorized by non-district			
organization	Х		
School is considered LEA if			
authorized by district	Х		
Cap on number of charter		2	
schools		X ²	
Cap on number of charter		2	
schools authorized per year		χ_3	
Cap on number of students			
attending charter schools		Χ	
Charter schools have an			
open enrollment policy	Χ		

Property tax rates for current operating expenditures must be established through referenda, while tax rates for minor capital and special education costs can be determined by the school board without voter approval. Capital funding requires voter approval and is necessary to qualify for state matching capital funds. In addition, poor property tax districts must contribute at least 20 percent of the cost of capital projects, while wealthy property tax districts must

contribute up to 40 percent of the cost of capital projects, to qualify for state capital funding.

How Delaware Funds Its Charter Schools

Delaware charter schools receive revenue via the same funding formula used for districts, with some exceptions. The state transmits state revenue directly to each charter, while the sending district transmits the appropriate local revenue based on the student (and his or her accompanying needs) attending the charter school. The amount of local funding charters receive is based on the sending district's per pupil expenditure from the prior year.

Charters do not have guaranteed access to several funding sources, however, including capital contributions, transportation expenses, and tax revenue related to capital construction. But the Delaware charter law provides funding for charter school transportation at 75 percent of the average cost per student for transporting students within the vocational district in which the charter is located. Each of the state's three counties has a vocational district.

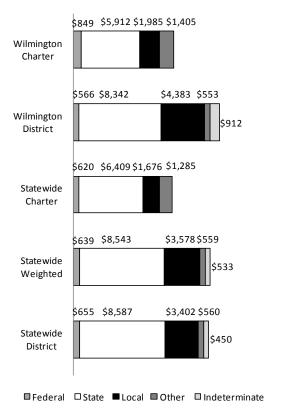
Facility Funding

The state of Delaware does not provide facility funding to charter schools. However, charter schools can access tax-exempt bond financing through either the Delaware Economic Development Authority or the county in which the school is located. State law requires districts to make available vacant buildings for charter use. But charters must negotiate for the space and any rent, services, or maintenance charges the district requires for using the space.

Primary Revenue Sources for Delaware's Public Schools

Delaware's district schools received 26.8 percent more funding for public education than did the state's charter schools. The funding advantage for districts existed along all revenue funding categories except "Other."

Figure 4: Per Pupil Revenue by Source for Delaware District vs. Charter Schools, FY 2006-07



District schools statewide received \$655 per pupil in federal revenue, while charters received \$620 per pupil, a variance of 5.3 percent. Charters in Wilmington, however, received more federal funds than the district - \$849 per pupil compared to \$566 per pupil, a pro-charter variance of 33.3 percent.

District schools at the state level and in Wilmington received considerably more in state revenue. Districts statewide received \$8,587 per pupil, while charters received \$6,409 per pupil, a variance of 25.4 percent. In Wilmington, districts received \$8,342 per pupil in state revenue, while charters in the city received \$5,912 per pupil, a variance of 29.1 percent.

State revenue for this study included capital for servicing debt, a revenue source charters do not receive.

For local revenue, districts statewide received \$3,402 per pupil in local revenue, while charters received \$1,676 per pupil, for a variance of 50.7 percent. In Wilmington, the variance is more pronounced – districts received \$4,383 per pupil in local revenue, while charters received \$1,985, a variance of 54.7 percent.

The only funding category where charters raised more than district schools is in the non-public revenue category of "other." Statewide, charters raised \$1,285 per pupil in other revenue, while district schools raised \$560 per pupil for a variance of 56.4 percent. In Wilmington, charters raised \$1,405 per pupil, while district schools raised \$553 per pupil for a variance of 60.6 percent.

Figure 5: School Characteristics

Delaware (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	37.2%	32.3%
Percentage of schools eligible for Title I	83.1%	100.0%
Percentage of students by school type:		
Primary (K-5)	43.4%	59.4%
Middle (6-8)	23.9%	7.7%
High (9-12)	30.4%	21.0%
Other (K-12, K-8, etc.)	2.3%	11.9%

Figure 5 compares charter and district school characteristics. Statewide in 2006-07, Delaware charters enrolled slightly fewer students eligible for free or reduced lunch, but more charters were eligible for Title 1. Additionally, charter schools enrolled a higher percentage of students in the elementary grades that result in more teacher hires for schools, and so variance in grade level enrollment between the district and charter schools does not explain the funding disparity.

State Scorecard

We have assigned ratings to each state based on the quality of data available, as well as to the

Figure 6: State Scorecard

liguit	e 6: State Scorecard	DE
	Charters have access to fordered funds	DE
unding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Υ
Federal Funding	Percentage of federal revenue is greater than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	>
nding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
State Funding	Percentage of state revenue is <i>greater</i> than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	Υ
	Percentage of local revenue is <i>greater</i> than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	>
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	N
	Percentage of facilities revenue is greater than (>; black), equal to (=; black), or is less than (<; white) that of total enrollment for charter schools	<
Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
Data Ava	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	Y
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	Y
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

extent charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged "Data Availability" on the ease of access to the information needed for this study and others like it. A rating of "Yes" means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of "Partial" means some but not all of the data for the study were available either through web sources or through state departments of education. A rating of "No" means the data were not available either through web sources or through state departments of education.

Separately, we judged "Funding Formula" based on whether or not charters were considered local education agencies (LEAs) for purposes of funding. "Yes" means that charters in the state are always considered LEAs for all forms of funding "Partial" means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. "No" means charter schools in the state are never considered LEAs for funding purposes. A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all four revenue streams listed. Finally, we graded the state based on whether state funds the individual student needs via weighted funding formulas or through block grants to the LEA.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

- Revenue data provided by the Delaware Department of Education.
- The state charter school law specified a cap of no more than five charter schools per year for the first three years after passage of the charter school law. Those caps ended with the 1998-99 school year. While the law no longer specifies a cap, local school boards and the state

department of education may limit the number of charters granted in any given year. Such action requires the approval of the state board of education. To date, neither districts nor the state department have requested permission to limit charters in any year.

³ Ibid.