**SJR 4 – Education Funding Improvement Commission**

**Meeting #1**

**November 2, 2015 – 3pm**

**Tatnall Building Conference Room, Dover**

**MINUTES**

**Member Attendees:**

Madeleine Bayard Representative Earl Jaques

David Blowman Brian Maxwell

Representative Ruth Briggs King Lindsay O’Mara

Kevin Carson Robert Overmiller

Heath Chasanov Ed Ratledge

Ashley Dalzell-Gray Darryl Scott

Kristin Dwyer Senator Gary Simpson

Vicki Gehrt Mark Stellini

Walter Gilefski Barbara Rutt

Mike Jackson

**Non-Member Attendees:**  **Members on Via Conference Line:**

Ashlee Delaney Ray Jones Avery

Bill Doolittle Sally Maldonado

Tina Shockley Rod Ward

Wendy Strauss

Javier Torrijos

**Members Not In Attendance:**

Claudia Porretti

Senator David Sokola

The first meeting of the Senate Joint Resolution (SJR) 4 Education Funding Improvement Commission was held on November 2, 2015 in the Tatnall Building Conference Room, Dover. Chairman of the Commission, Darryl Scott called the meeting to order at 3:05 p.m.

Everyone introduced themselves and the agency they were representing.

Opening remarks to frame the commission’s work were made, as well as notation of the common goal of the group is to ultimately ensure that children have the best education possible. There are many opportunities for improvement in Delaware’s education system, and many efforts are already underway. Our current funding system is 75 years old and is rigid, structured and antiquated. This group will look at long term solutions to transition from a “unit based” funding system to a “student focused” funding system. Additionally, the group would be hearing from experts from other states who have worked on this issue and will share their knowledge at a future meeting. Education is a very personal topic. Diverse opinions are expected to be expressed among the group. The group will manage the debate as it moves toward a recommendation for the General Assembly.

The mission of the group is how to move from our current unit count funding system to an improved funding system. This will be a multi-year effort. He asked Rep. Briggs King to say a few words about the legislation.

Rep. Briggs King thanked Rep. Jaques for his work on SJR 4 and made the following points:

* Education is our best investment
* Are we making funding decisions fairly and wisely?
* Are we providing equity among the three different systems (technical schools, traditional public schools and charter schools)?
* We should look at the inherent problems the existing budget being based on unit count.
* There is concern that students in low income areas/districts are not getting the same opportunities or quality education as those in more affluent areas.
* The perception is your education is based on our zip code.
* We need to look at how we are funding education in Delaware.

The group is legislatively charged with finding a way to transition to a student-focused (weighted) funding system (see attachment). Also, the group will look at the way we collect revenues and allocate them. Work will begin by looking at the context of work done previously. We will use this as a starting point.

The group reviewed a Report Matrix that showed groups that have looked at education funding over the years.

Reassessment

Mr. Ed Ratledge gave an overview of Reassessment of property taxes and noted that schools (funding) are the biggest users of these taxes. He indicated that Reassessment has not occurred since 1986 in Kent County, 1983 in New Castle County and 1974 in Sussex County. Current rates are old and outdated. He notes that Reassessment would need to be done first before we could think about how to use that funding in a new way.

It was noted that Reassessment does not necessarily get us more revenue and boards still have to vote on it. Mr. Ratledge noted that some Delaware communities reassess their own communities because the county isn’t doing it.

Equalization

Mike Jackson gave a quick overview of Equalization, which is money that goes to school districts annually to minimize the difference in local funding of schools. He noted that the money has been frozen since FY 2010 due to funding cutbacks and constraints. Some districts are receiving more or less than what they should receive. He notes that Reassessment could help Equalization. He further notes that even if the money is available some districts could stand to lose some of their funding. There is a recommendation to increase funding incrementally with some type of safety net.

Funding Flexibility

David Blowman noted that there is a Funding Flexibility Committee which was established to look at funding and allow a more flexible approach to state funding. That committee attempted to create a low scale pilot to earn units, but with more recommendation flexibility to use those resources. There is also an approach to this where partial units can be used. Creation of the Funding Flexibility task force superseded that pilot.

The group was advised of the work of the Wilmington Education Improvement Commission (WEIC) which is taking a look at funding as well. They are working on short term issues, transitioning students and our work is aligned with theirs, and we do expect to get insight for our work from the WEIC Committee.

Chairman Scott noted that an Expenditure Committee has been established to look at long term funding, allocations coming in, as well as where that money is going, all in an effort to bring down expenditures.

There have been two meetings of the Expenditure Committee, where an overview of how the State of Delaware spends dollars based on DEFAC numbers. There is a desire to look at education funding given it is one-third of the overall state budget. Next meeting will occur November 20, 2015. Education needs more dollars this year just to keep up, yet everything must be done in light of our state budget and economy.

This committee is *not* charged with overhauling the education funding system in the short-term, or to even reallocate dollars in the existing system. The group *is* charged with coming up with a recommended 10 year plan which takes us from where we are now to where we need to be. We need to ask ourselves what the ideal system looks like. We do not need to be constrained by our limitations (financial, resources, etc.). We just really want to look at the end goal.

Copies of the PowerPoint Presentation that was on display in the room were handed out to all members. Mike Jackson gave an overview of the PowerPoint entitled, “Delaware School Finance 101.” Presentation is attached.

Several questions, answers and comments were noted during the presentation, including:

* When was the formula last updated? Late 1990’s-early 2000.
* The average cost of the unit is $80,000.

Many do not receive it, but rather they cash out that unit, but in doing so they do not receive the full value of it.

* Our schools are letting librarians go, and I understand it is because there is no unit for a librarian, is this true?

Districts are not allowed to cash out a teacher position, but can choose to cash out an administration position. Mr. Blowman went on to state that more units allocated to a school is not always beneficial, as they have to put in the local share. Some schools may not have the local funding to match.

* Is it mandated that a librarian be at each school? And if not, could we look at that?

There is nothing in code that says a school has to have a librarian. We can look at that as we shift from unit funding to student focus funding.

* How does the formula equate per student / principal/teacher ratios?

The current formula benefits larger schools. They have more students so they may get more units.

One committee member commented that he believes the current system is student-focused already. For example, more dollars go to students with special needs/special education. He isn’t convinced there is a better way than the existing system. Perhaps we could just do some heavy tweaking of the existing system, as there is already accountability in place when districts are audited. Districts should receive funding flexibility, after all they know what their needs are. A balance between the two was suggested.

Additional questions were asked relative to the PowerPoint presentation:

* Are schools paying for energy, materials and supplies?

Yes, they get those dollars provided to them from the state based on unit count. They do not have to have a local match.

Mike Jackson circled back to the Equalization means of funding, noting that it is an equal basis for funding among all school districts, but that formula is frozen. He wonders if there is a better way to achieve Equalization.

Someone else mentioned Non-Formula Funding that this is funding that does not have to be used for a classroom teacher. It was noted that sometimes local districts can’t afford the local share, so they take cash in lieu of a position.

It was noted that a detailed explanation of how the current funding formula works should be provided to the commission at a future meeting.

Questions and answers continued:

* How is school transportation determined? What is the formula?

It is determined by a formula, approved routes and mileage of those routes.

* Is debt service included in revenues?

No, it is outside of it.

* Is anything done to put pressure on the district to support bus routes with a required certain number of students?

Yes, it is part of the formula. It is inherently built into the number of routes. We know the number of students riding the bus versus capacity.

It was noted that public schools have to return unused transportation dollars, but charter schools do not.

Mike Jackson stated that on the local side they have to fund current expenses, debt service, match tax and tuition tax, with the first two set by referendum and the last two set by local board action.

It was noted that categorical funding has an approved purpose, like local salaries, programming and it offsets the share of local funds.

We heard that $55 million has been cut, but Education Sustainment funding has brought it back up. Someone noted that the “other” funding can be used for anything.

The commissions comments were summarized by the Chair and noted that this issue is quite complex. A deeper dive on current funding structure will be included for our next meeting.

One member suggested mapping out what each meeting will focus on, as some teachers may want to attend and provide public comment. This request can be accommodated.

It was further explained how the commission’s work is aligned with the WEIC. WEIC is focused on the impact of redistricting and the local tax impact, as well as how to build resources into the current system to support ELL and students living in poverty (i.e., equity).

It was suggested the commission tweak unit-funding, and look at Equalization and Reassessment as we move forward with our work. Also, the referendum process needs to be tweaked to allow school boards to adjust current tax rate to fund existing programs.

Someone asked would a school get more funds for ELL learners, etc. and what does that mean for parents?

Someone asked if public comment be received by the committee? We will need to look at how we collect public/stakeholder input.

Chairman Scott introduced both Donna Johnson and Tina Shockley to the committee and noted they would be serving as support staff to the committee, and members could expect to be receiving information from them or contact them with questions.

Donna Johnson advised that we will set up a website where all materials will be posted. An email address will be set up to receive public comment.

Chairman Scott noted that the next meeting will be held the week after Thanksgiving and that Tina Shockley will initiate a Doodle poll for the next meeting.

Chairman Scott then opened it up to public comment. Bill Doolittle read a statement (see attached). Javier Torrijos noted that we need input from the Latino community.

The meeting was adjourned at 4:50 p.m.

Approved 12.09.15