

# Delaware

*Tommy E. Jackson II*

Governor Carney recommended a \$4.7 billion budget for Fiscal Year (FY) 2022 in January of this year. The proposal makes significant investments in restoring Delaware's economy, investing in public schools, and preserving the state's environment.<sup>1</sup> Delaware's budget grew marginally, despite its economy's contraction during the Covid-19 pandemic (\$4.45 billion to \$4.54 billion).<sup>2</sup>

A large reason for the state remaining fiscally salient was due to funds allocated from the CARES Act (\$965 million to date). These funds have contributed to the unemployment trust fund (\$238 million), relief grants for small businesses (\$178 million), the Child Care Assistance Program (\$135 million), and testing and contact tracing programs (\$132 million).<sup>3</sup> The FY 2022 budget built the state's reserves, balanced the budget without making significant cuts for critical services, did not lay off state employees, and boasted several other fiscal accomplishments.<sup>4</sup>

## FUNDING PRIORITIES

The proposed budget made significant investments in areas such as rebuilding Delaware's economy, investing in public education, and strengthening communities in the state.<sup>5</sup> The plan for the FY 2022 budget appropriates less than 98% of revenues and fully funds the state's rainy-day funds; additionally, lawmakers plan to allocate \$260.5 million to one-time funding in the capital budget.<sup>6</sup> The state's budget sets aside monies (\$131 million) in reserves.

The budget outlines the abovementioned priorities, yet the budget supports further pandemic relief for Delawareans. This budget also saw increases to Opportunity Fund investments in Delaware schools for mental health services and other support for students from low-income homes and English learners.<sup>7</sup> There were substantial investments made to clean water, economic development,

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1. Governor John Carney, ICYMI: Governor Carney presents fiscal year 2022 recommended budget, Delaware's Office of the Governor, (January 28, 2021). <https://news.delaware.gov/2021/01/28/icymi-governor-carney-presents-fiscal-year-2022-recommended-budget/> (accessed March 23, 2021).

2. Ibid.

3. Ibid.

4. Ibid.

5. Governor Carey, Office of governor Carney financial overview for fiscal year 2022, Delaware's Office of the Governor, (January 28, 2021). <https://budget.delaware.gov/budget/fy2022/documents/budget-presentation.pdf> (accessed March 22, 2021).

6. Ibid.

7. Ibid.

Tommy E. Jackson II, Assistant Professor, University of West Georgia

and school construction throughout the state. The proposed budget is predicated on December's revenue estimates from a panel that establishes Delaware's official revenue projections<sup>8</sup>. The panel will convene through June and will provide final estimates before Delaware lawmakers approve the budget.<sup>9</sup> Delaware's funding priorities are as follows:

Education – \$1.64 billion

Health and Social Services – \$1.27 billion

Correction – \$365 million

Higher Education – \$257 million

Other Elective – \$213 million

Services for Children, Youth, and Their Families – \$197 million.<sup>10</sup>

#### CHANGES TO FUNDING FORMULA

Concerning per-pupil funding, Delaware is ranked 13th in terms of state spending in the country when it comes to supporting public schools; in fact, the method by which Delaware expends those dollars was established during World War II, and society and schools have long since changed.<sup>11</sup>

Delawareans for Educational Opportunity and the NAACP of Delaware reached a settlement with Governor Carney regarding their education equity lawsuit.<sup>12</sup> The lawsuit alleged that the state had been aware of the deficiencies related to educational resources for low-income, disabled, and English learner students within Delaware's school system.<sup>13</sup> Delaware has a 70-year-old funding formula that is based on units. The units are determined by the number of students, academic performance, and classification.<sup>14</sup> The current funding formula is the source of much contention because many Delawareans suggest the formula is outdated and does not account for the needs of English Language Learners or impoverished students<sup>15</sup>. Because local districts are funded disproportionately,

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8. Randall Chase, Delaware governor unveils fiscal 2022 spending proposal, *AP News*, (January 28, 2021). <https://apnews.com/article/john-carney-delaware-dover-appropriations-cf1108064d-b6524bd35a28128d2a3cef> (accessed March 28, 2021).

9. *Ibid.*

10. Governor's Recommended Budget Fiscal Year 2022, Delaware's Office of the Governor, (January 28, 2021). <https://budget.delaware.gov/budget/fy2022/documents/operating/financial-summary.pdf> (accessed March 22, 2021).

11. Vision Coalition of Delaware, Fair and efficient funding, (n.d.). <https://visioncoalitionde.org/core-areas/fair-and-efficient-funding/> (accessed March 22, 2021).

12. "Settlement reached in Delaware public school funding case," *Delaware Business Now*, (October 12, 2020). <https://delawarebusinessnow.com/2020/10/settlement-reached-in-delaware-public-school-funding-case/> (accessed March 10, 2021).

13. *Ibid.*

14. Tommy Jackson and Tamela Thomas, Colorado, *The Journal of Education Finance* (Summer 2020).

15. *Ibid.*

Delaware has one of the most inequitable funding systems in the country<sup>16</sup>. This is significant because many counties in Delaware have not reassessed properties in decades, which created significant issues of equity. The property assessments are not on par with the increased market value of Delaware. The market value of Delaware's assessed valuation only represents \$25.7 billion, although the actual value is approximately \$118.9 billion<sup>17</sup>. Therefore, many citizens in Delaware have requested the funding formula be changed to meet the needs of the diverse student population in the state.

#### ALTERNATIVES TO TRADITIONAL P-12 PUBLIC SCHOOLS

Delaware's school choice law has been in effect since 1996 with alternatives such as charter schools and vocational schools. Delaware's citizens have many options regarding traditional or alternative P-12 public schools.<sup>18</sup> Delaware's school choice program does not ensure admission to the school to which a student applied.

#### P-12 PER-PUPIL EXPENDITURE

The P-12 per-pupil expenditure is \$15,639.<sup>19</sup>

#### ALLOCATION OF STATE DOLLARS AND PERCENTAGE OF THE STATE BUDGET FOR P-12 AND HIGHER EDUCATION

Delaware's operating budget is approximately \$4.7 billion and of those funds, P-12 and Higher Education receive \$1.64 billion (35% of the operating budget) and \$257 million (5% of the operating budget), respectively.

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16. Ibid.

17. Ibid.

18. Ibid.

19. U.S. Public Education Spending Statistics, Educationdata.org. <https://educationdata.org/public-education-spending-statistics> (accessed March 9, 2021).