



LAWS OF DELAWARE
VOLUME 85
CHAPTER 328
153rd GENERAL ASSEMBLY
FORMERLY
SENATE BILL NO. 302

AN ACT TO AMEND THE LAWS OF DELAWARE RELATING TO PUBLIC EDUCATION FUNDING.

WHEREAS, the Public Education Funding Commission (PEFC) was established under Senate Concurrent Resolution No. 201 (152nd General Assembly) on June 27, 2024, and then re-established under House Concurrent Resolution No. 2 (153rd General Assembly) on January 21, 2025; and

WHEREAS, the PEFC was required to conduct a comprehensive review of public education funding for all students and populations served by school districts and charter schools (public schools), to develop a roadmap of recommendations to implement improvements to the public education funding system, and to serve as an ongoing body to review the funding annually and recommend updates and changes; and

WHEREAS, the PEFC has been holding regular meetings, including public information sessions throughout this State; and

WHEREAS, the PEFC has developed recommendations with the intent of creating a public education funding system that increases adequacy, equity, flexibility, transparency, and accountability; and

WHEREAS, the PEFC has approved recommendations for a new public education funding framework, known as the “hybrid model”; and

WHEREAS, the current public education funding formula is resource-based, providing appropriations for positions based on student demographics; and

WHEREAS, the hybrid model combines the current resource-based system with a student-based, weighted funding model; and

WHEREAS, the recommended hybrid model was approved after working drafts of a hybrid model were developed by members of the PEFC and then shared with PEFC members and discussed at PEFC meetings and at the public engagement sessions; and

WHEREAS, the hybrid model will improve equity in public school funding and facilitate gains in student achievement by increasing flexibility in how public schools may use appropriated money; and

WHEREAS, the 3 components of the hybrid model are base funding, opportunity funding, and operational funding; and

WHEREAS, base funding provides appropriations for positions, weighted to maintain student to teacher ratios based on grade level, special education status, and vocational programs; and

WHEREAS, opportunity funding is a flexible, per pupil appropriation that is based on the number of students who are in low-income households, are multi-lingual learners, or both; and

WHEREAS, operational funding is a flexible, per pupil appropriation to support school operations that is weighted for a variety of student demographics; and

WHEREAS, the hybrid model allows for continued refinement over time, including by modifying weights, adding additional student demographics to the weighted categories, and changing the overall level of investment in public schools; and

WHEREAS, the PEFC has adopted recommendations regarding the 3 components of the hybrid model and the amounts of the initial weights embedded in the opportunity and operational funding components; and

WHEREAS, other details of the hybrid model have not been completed, including the changes to the equalization formula; and

WHEREAS, accountability measures will be an important balance to the increased flexibility provided to public schools under this recommended funding framework; and

WHEREAS, the recommendation of the hybrid model anticipates that implementation will be phased in, estimating that with the hybrid model will be fully implemented and funded for Fiscal Year 2029; and

WHEREAS, the PEFC recommends that until the hybrid model is fully implemented and funded, public schools should not receive a state appropriation that is lower than the amount the public school was appropriated for Fiscal Year 2027; and

WHEREAS, the PEFC also recommends the codification of the PEFC, to provide for continued transparency and public discussion as the details of the hybrid model are finalized and the equalization formula is modernized; and

WHEREAS, the codification of the PEFC will also provide for the regular, ongoing review of the hybrid model to ensure it is effective in providing more equitable public school funding and ensuring student achievement; and

WHEREAS, the Public Education Funding Commission will become a permanent public body upon the enactment of Senate Bill No. 303 (153rd General Assembly); and

WHEREAS, the PEFC anticipates completing the remaining details required under the hybrid model during 2026 so that legislation can be introduced in the 154th General Assembly, to revise Title 14 of the Delaware Code to adopt the hybrid model; and

WHEREAS, implementation of the hybrid model will be delayed for another fiscal year if the Department of Education waits until after the enactment of legislation adopting the hybrid model during the 154th General Assembly to begin the process of making the necessary updates to computer systems, financial management processes, and developing the required trainings; and

WHEREAS, the General Assembly finds that the PEFC recommended hybrid model is good public policy, that implementation of the hybrid model should not be delayed any longer than absolutely necessary, and as such, it is good public policy for the Department of Education to do all of following:

(1) Begin taking the necessary actions to implement the hybrid model, including entering into contracts for all of the following:

- a. Update computer systems.
- b. Update financial management processes.
- c. Develop required training for school districts and charter schools.

(2) Include elements of the hybrid model in the Governor's Recommended Budget for Fiscal Year 2028 for consideration by the 154th General Assembly.

NOW, THEREFORE:

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Transition to the hybrid model for funding public education.

(a) For purposes of this Section:

(1) "Hybrid model" means the public education funding formula under subsection (b) of this Section.

(2) "Public Education Funding Commission" or "PEFC" means the Public Education Funding Commission established under 1 or more of the following:

- a. House Concurrent Resolution No. 2 (153rd General Assembly).

b. Section 1727 of Title 14 of the Delaware Code, if enacted under Senate Bill No. 303 (153rd General Assembly).

c. As otherwise extended or established by the 153rd General Assembly.

(3) “Public school” means any school district or charter school in this State.

(b) This State should use the hybrid model recommended by the Public Education Funding Commission to determine the amount of the annual state appropriations to public schools. The hybrid model has the following 3 components:

(1) Base funding, which are the weighted appropriations for the positions required to staff and operate a public school.

a. The positions funded under base funding include teachers, instructional support positions, principals, counselors, district office personnel, and administrative and clerical support.

b. Base funding is weighted to maintain student to teacher ratios based on the needs of the public school’s students in regard to all of the following:

1. Grade level.
2. Special education status.
3. Vocational enrollment.

(2) Opportunity funding is a per pupil allocation, weighted based on the total number of enrolled students and the number of students who are any of the following:

- a. Members of a low-income household.
- b. A multilingual learner.

(3)a. Operational funding is intended to cover costs associated with base funding and is a per pupil allocation, weighted based on the total number of enrolled students and the number of students who are any of the following:

1. Members of a low-income household.
2. A multilingual learner.
3. A student with an individualized education plan or other special education status.
4. Enrolled in a vocational program.

b. The weights under paragraph (b)(3)a. of this Section are intended to be competitive regionally and developed using research-based best practices regarding student needs.

(4) The most recent recommendations of the PEFC must be considered when the weights under paragraphs (b)(2) and (b)(3) of this Section are calculated.

(5) The funding provided under paragraphs (b)(2) and (b)(3) of this Section must be used to meet the needs of the students in paragraphs (b)(2)a., (b)(2)b., and (b)(3)a.1. through (b)(3)a.4. of this Section as follows:

a. A public school must determine how this funding can best support these students.

b. Public schools have the flexibility to spend this funding so it is most effective in supporting these students.

c. Each public school must report how this funding is spent to ensure accountability.

d. Each public school must establish appropriate internal controls to confirm that funds are spent on the intended students. These internal controls must include the retention of all supporting documentation.

(6) A public school should not receive a state appropriation for Fiscal Year 2028 that is lower than the amount the public school was appropriated for Fiscal Year 2027.

(c) Notwithstanding the requirements under Chapter 13, Chapter 15, and Chapter 17 of Title 14 of the Delaware Code, during Fiscal Year 2027, the Department of Education may do any of the following:

(1)a. Take actions necessary to implement the hybrid model, including entering into contracts to do any of the following:

1. Support the continued work of the PEFC.

2. Make the necessary changes to computer systems and financial management processes.

3. Develop required training for public schools.

4. Launch a digital parent portal and develop and implement other resources to communicate and explain the hybrid model to the public.

5. Implement the education accountability system under paragraph (c)(3) of this Section.

b. If a contract is for services related to implementing the hybrid model under paragraph (c)(1)a. of this Section:

1. The Secretary of the Department may waive any or all provisions of subchapter VI of Chapter 69 of Title 29 of the Delaware Code, under § 6907(b) of Title 29 of the Delaware Code.

2. The Secretary of the Department must have the agreement of the Chair of the Senate Education Committee and the Chair of the House Education Committee regarding the selected vendor before entering into a contract for services under paragraph (c)(1)a.1. of this Section.

3. Subchapter I of Chapter 90C of Title 29 of the Delaware Code does not apply.

(2) In collaboration with the PEFC, incorporate elements of the hybrid model in the development of the Governor's Recommended Budget for Fiscal Year 2028 for consideration by the 154th General Assembly, including the weighted funding calculations and expanded opportunity funding.

(3) In collaboration with the PEFC, create a robust education accountability system that promotes all of the following:

a. Public engagement, to increase transparency and awareness of disaggregated state and local public education spending, school quality indicators, school improvement interventions, and student outcomes.

b. Regular public reporting that includes the amount of funding appropriated under the hybrid model as follows:

1. To each public school.

2. The disaggregated operational funding and opportunity funding appropriated based on student demographics.

c. Training for public schools, including school boards and the boards of directors of charter schools, to ensure that appropriations align with local community needs and research-based best practices.

d. Oversight and technical assistance for public schools, to ensure that public schools spend appropriations under the hybrid model as expected and required under law. Under the hybrid model, a public school must spend appropriations in a manner that does all of the following:

1. Reaches the intended students.

2. Is incorporated into the public school's educational strategy to improve educational outcomes.