

Overview of Public Funding for Education



Presented to

**Education and Cultural Subcommittee
House Legislative Oversight Committee**

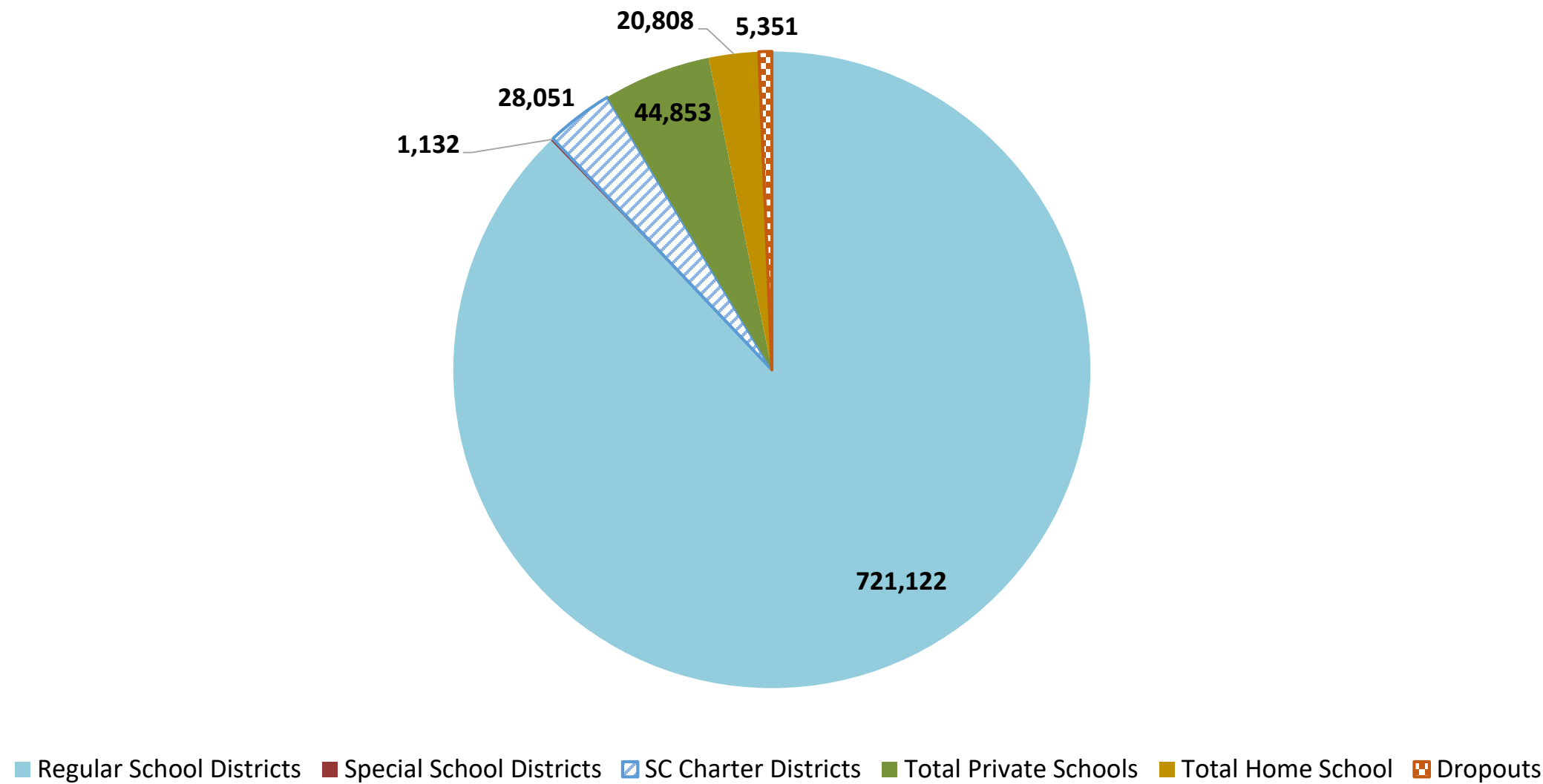
December 18, 2019



Students

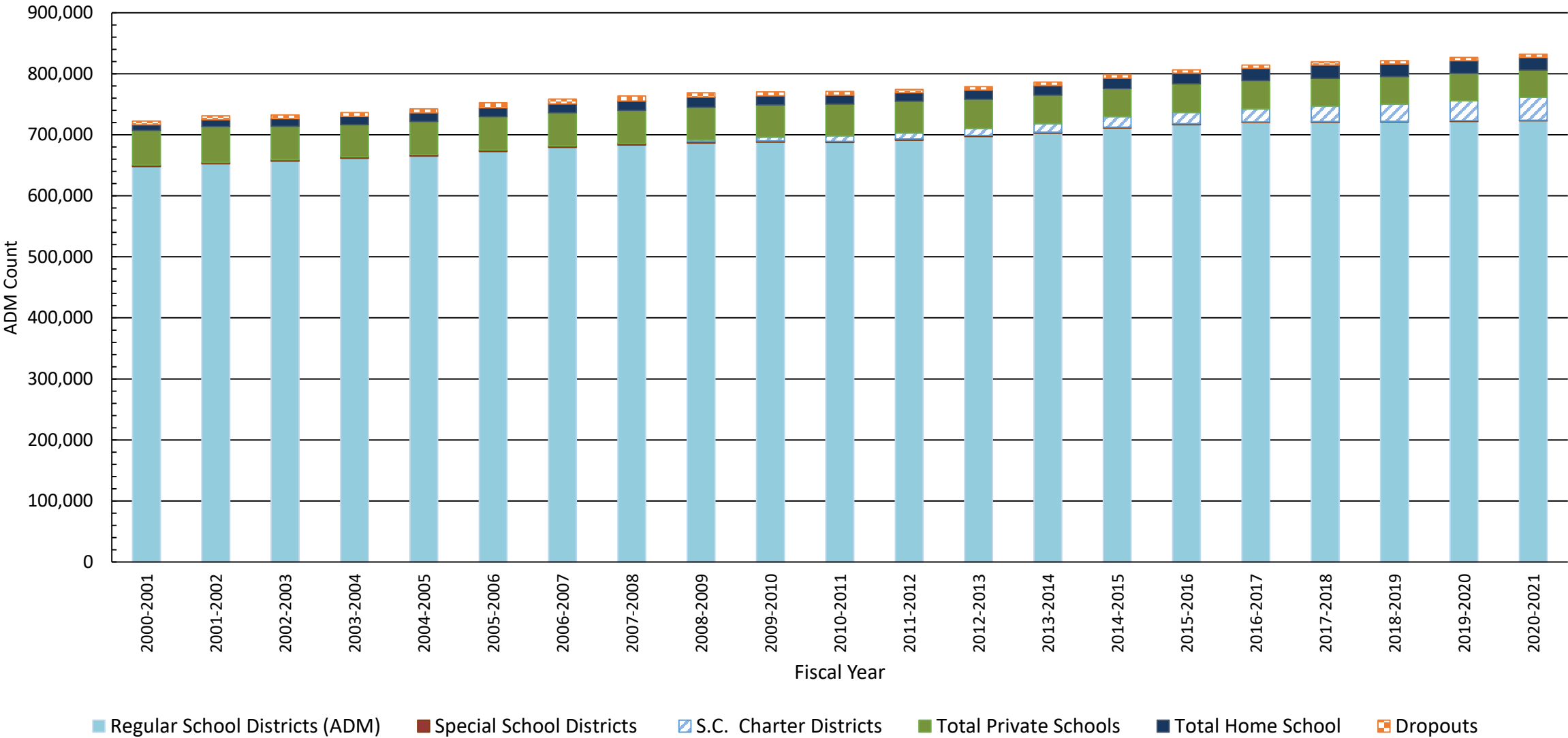


STUDENT COUNT BY SCHOOL TYPE - FY 2018-19



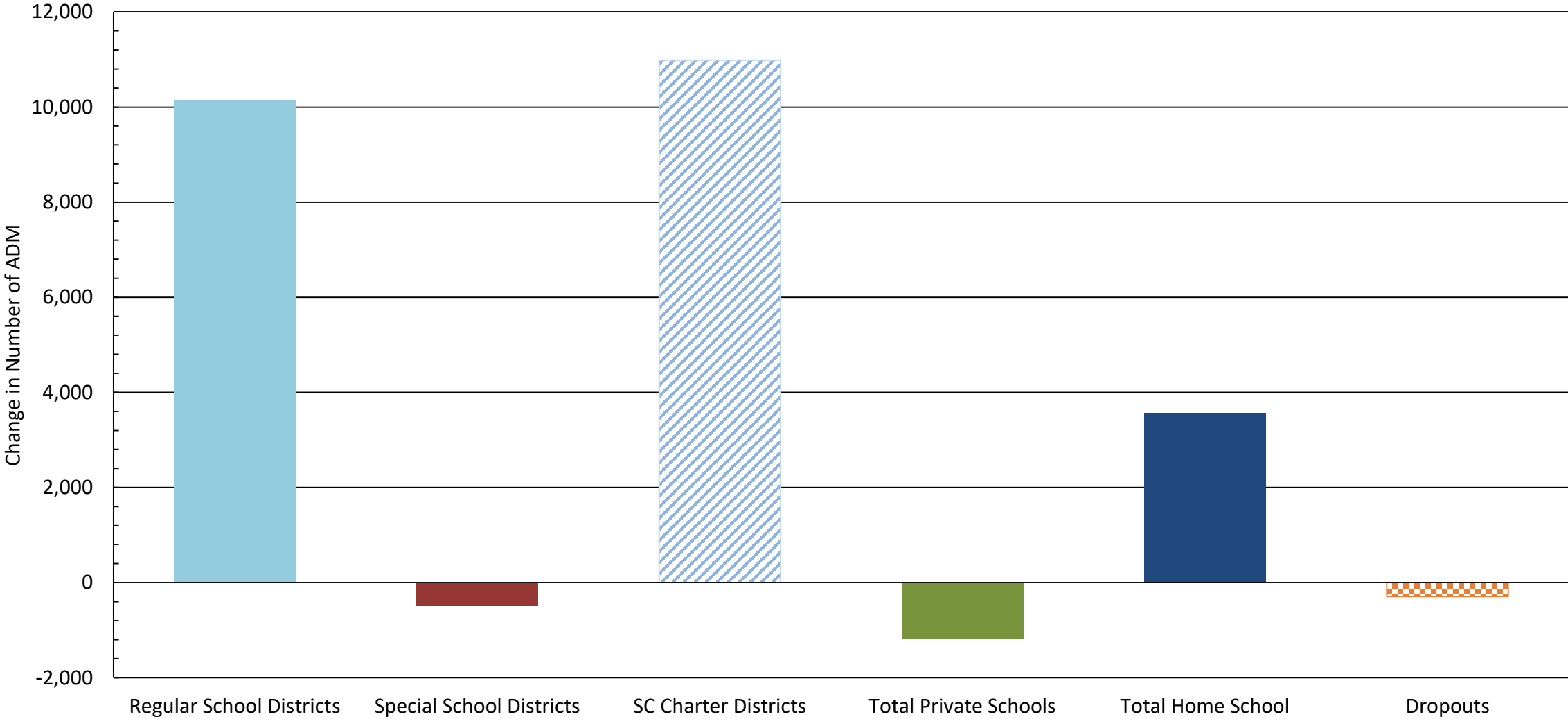
Source: South Carolina Department of Education

SOUTH CAROLINA ACTUAL AND PROJECTED STUDENTS BY SCHOOL TYPE



Source: South Carolina Department of Education

FIVE YEAR CHANGE IN NUMBER OF STUDENTS BY SCHOOL TYPE
FY 2014-15 to FY 2018-19



Source: South Carolina Department of Education

Sources of Public Funding

Regular School Districts

- General Funds EIA Lottery Property Tax Relief Local Federal

Special School Districts (Dept of Corrections, DJJ, School for Deaf & Blind)

- General Funds EIA Federal

SC Charter School Districts

- General Funds EIA Federal

Private Schools

- Exceptional Needs Tax Credit

Home Schools

- N/A



State Department of Education

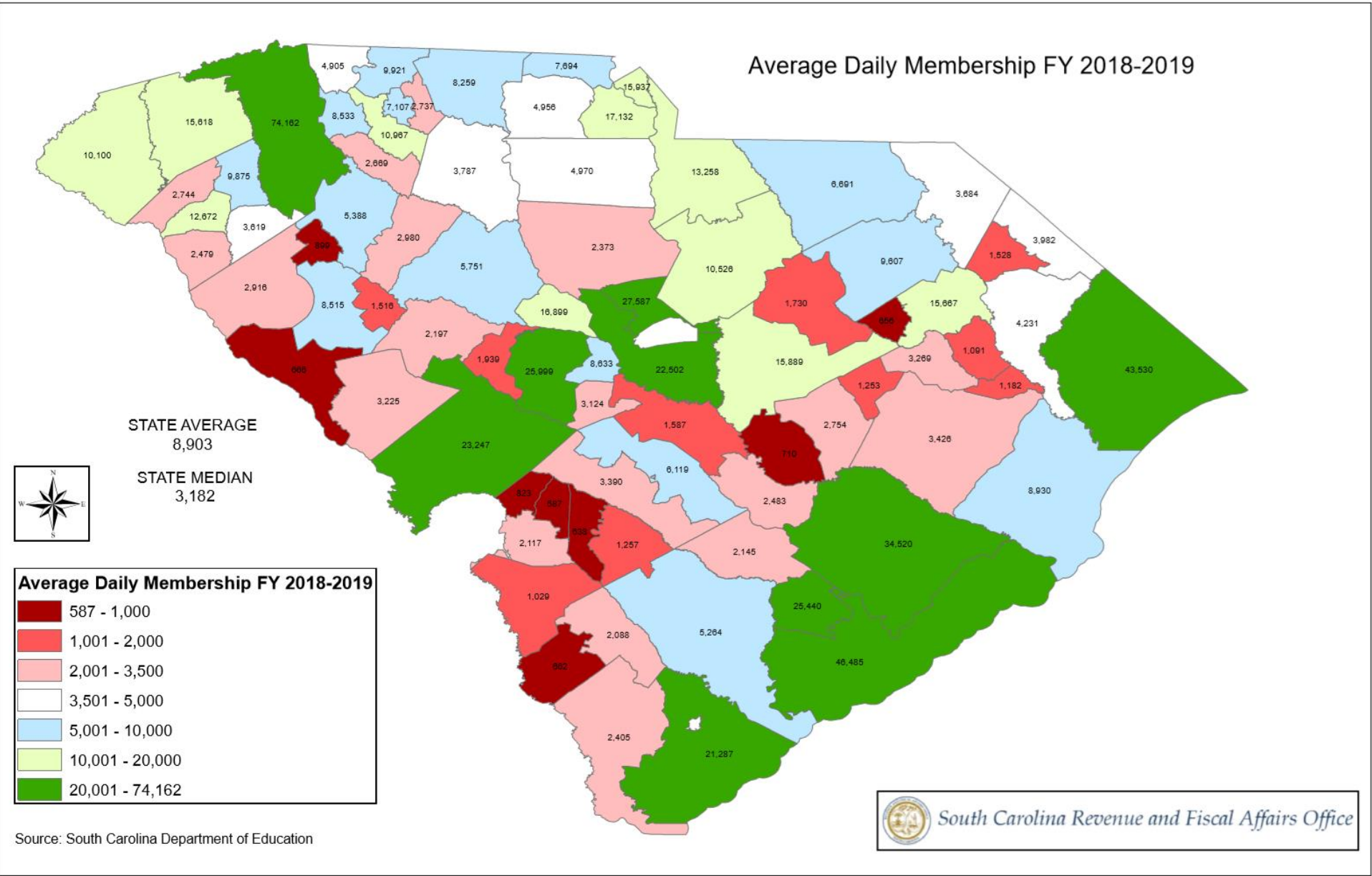
- Instructional Materials
- Transportation – Bus Shops
- Testing



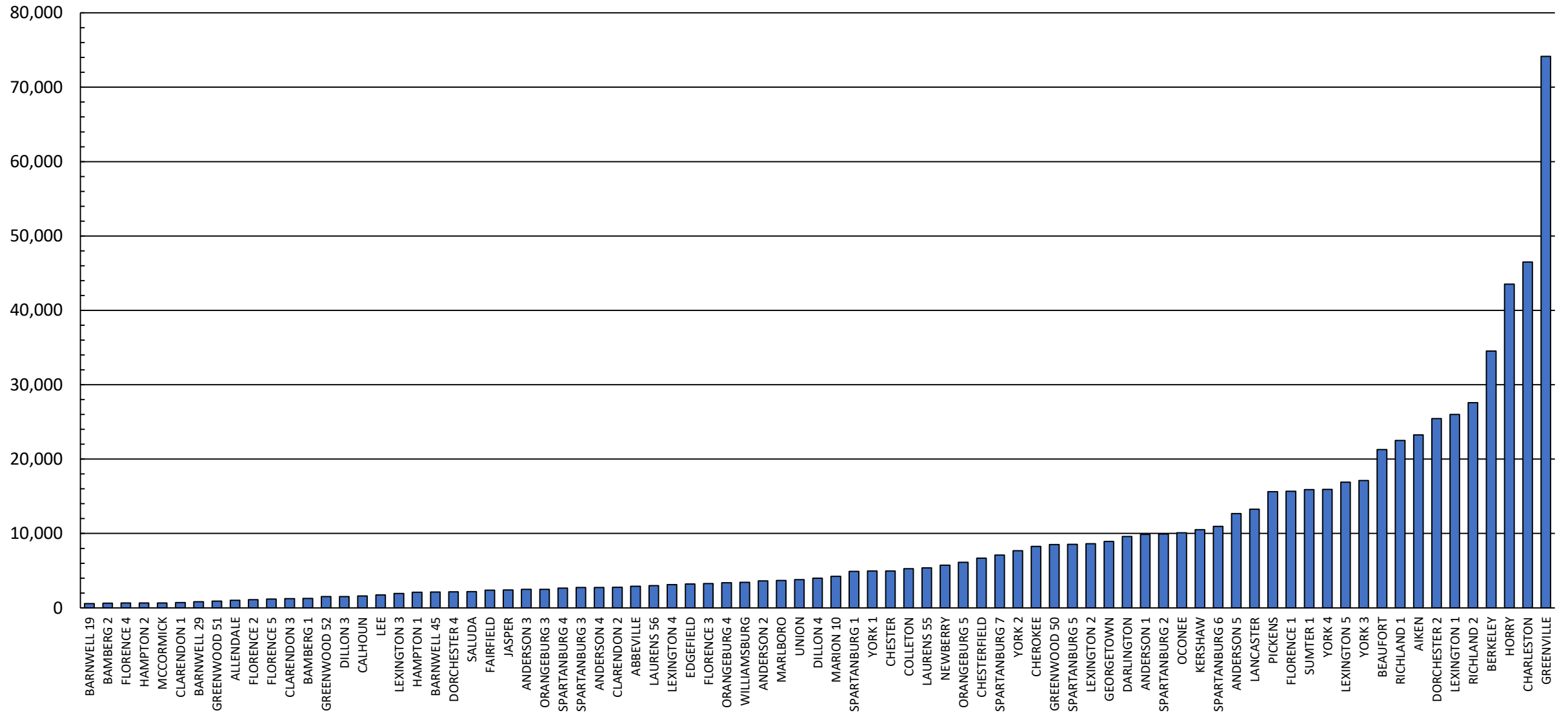
Regular School Districts



Average Daily Membership FY 2018-2019

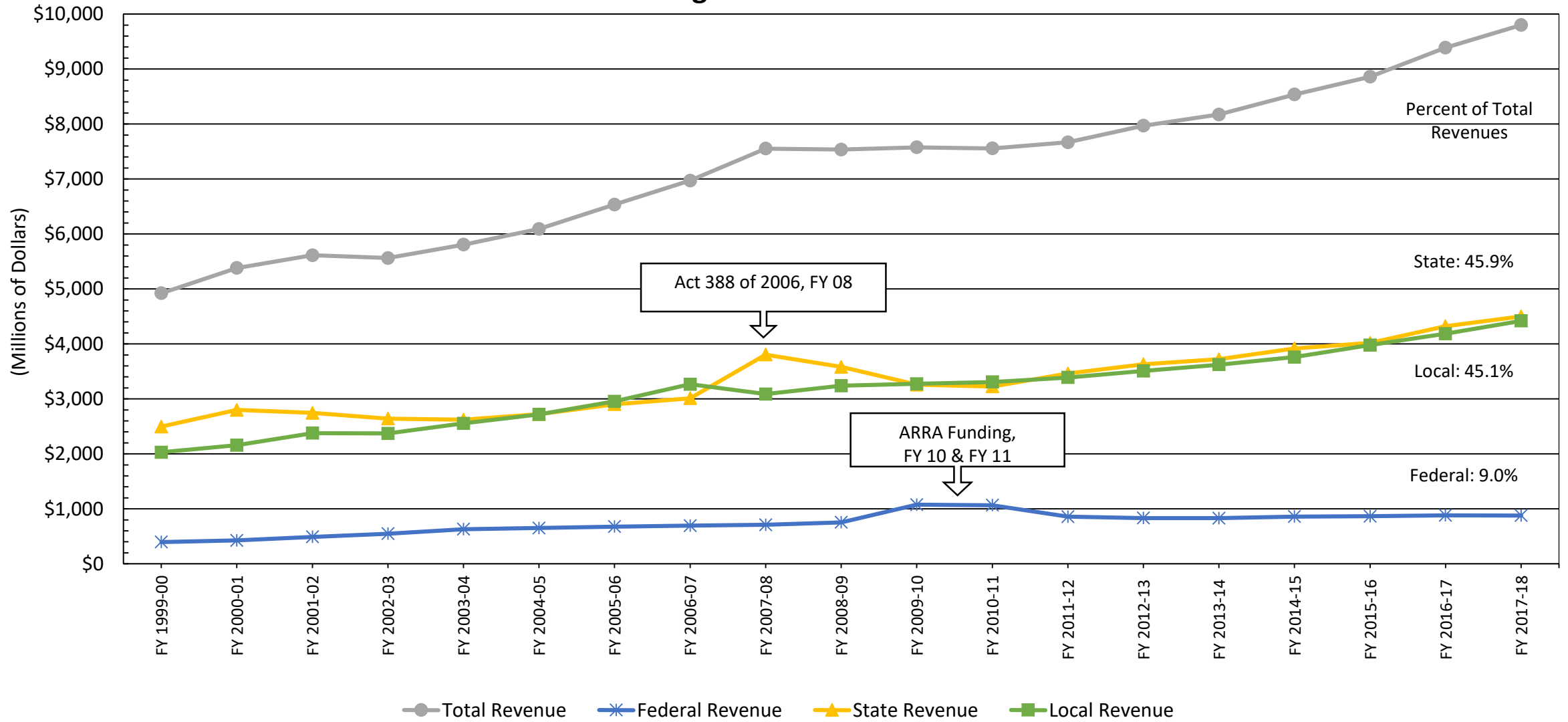


NUMBER OF STUDENTS BY DISTRICT, FY 2018-19



Source: South Carolina Department of Education

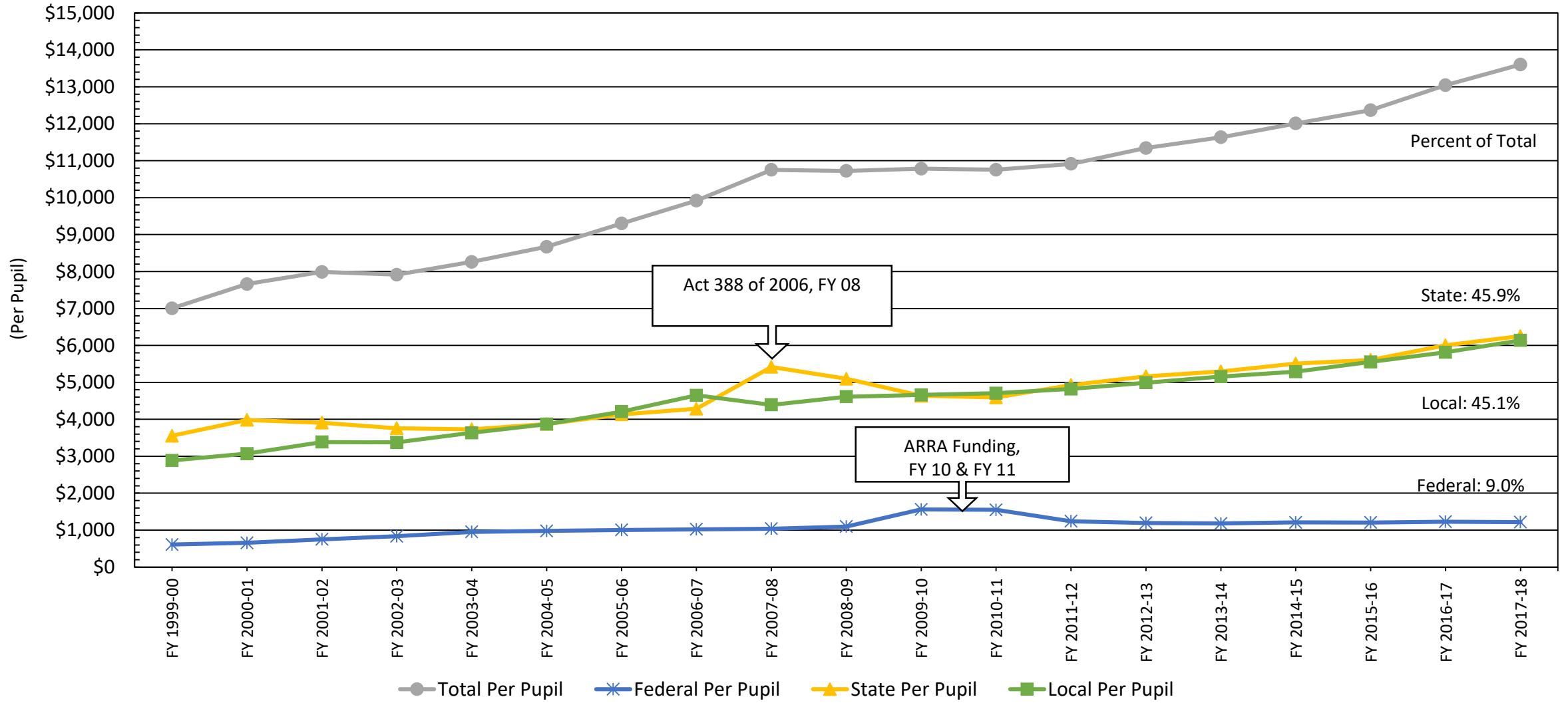
TOTAL REVENUE BY SOURCE Excluding Local Bond Proceeds



Source: SC Dept. of Education, Statement of Revenues; Excludes revenues from local bonds.
 SC Revenue and Fiscal Affairs Office 188G

REVENUE PER PUPIL

Excluding Local Bond Proceeds



Source: SC Dept. of Education, Statement of Revenues; Excludes revenues from local bonds.
 SC Revenue and Fiscal Affairs Office 188A

General Funds

Education Finance Act *	\$1,822,608,440
Employer Contributions	\$788,703,177
Retiree Insurance	\$164,664,513
Guidance & Career Specialists	\$31,363,113
Reading Coaches	\$29,483,100
Student Health and Fitness	\$26,297,500
Other items	



Education Finance Act - EFA

- Foundation program for **district and school operations**
- Formula distributes state funds based on local property wealth and weighted pupil units
- 70% of the statewide cost of the foundation paid by the State
- 30% paid collectively by local school districts
- Individual school district percentages vary based upon local property wealth (Index of Taxpaying Ability) and weighted pupil units.
- Today, percentage of state support for individual school districts ranges between 24% (Beaufort) and 93% (Clarendon)



EFA Foundation Program in Law

- **Includes**

- Defined Minimum Program
- Base Student Cost
- Weightings

- **Excludes**

- Transportation
- Capital Outlay
- Pilot Programs
- Adult Education (18+ years of age)
- Textbooks
- Food Service
- Employee Benefits



Defined Minimum Program – Base Student Cost

At District Level:

6,000 students in a district

- 1 superintendent
- 1 fiscal officer
- 1 director of planning for every 3,000 students
- 1 assistant superintendent
- 1 program consultant for every 750 pupils
- 5 secretaries

At School Level:

Minimum size of 375 students

- 1 teacher for every 26 pupils
- 1 principal
- 1 assistant principal (if 500+ pupils)
- 1 secretary
- 1 attendance clerk
- 1 librarian
- 1 library aide (if 500+ pupils)
- 1 guidance counselor (if 500+ pupils)

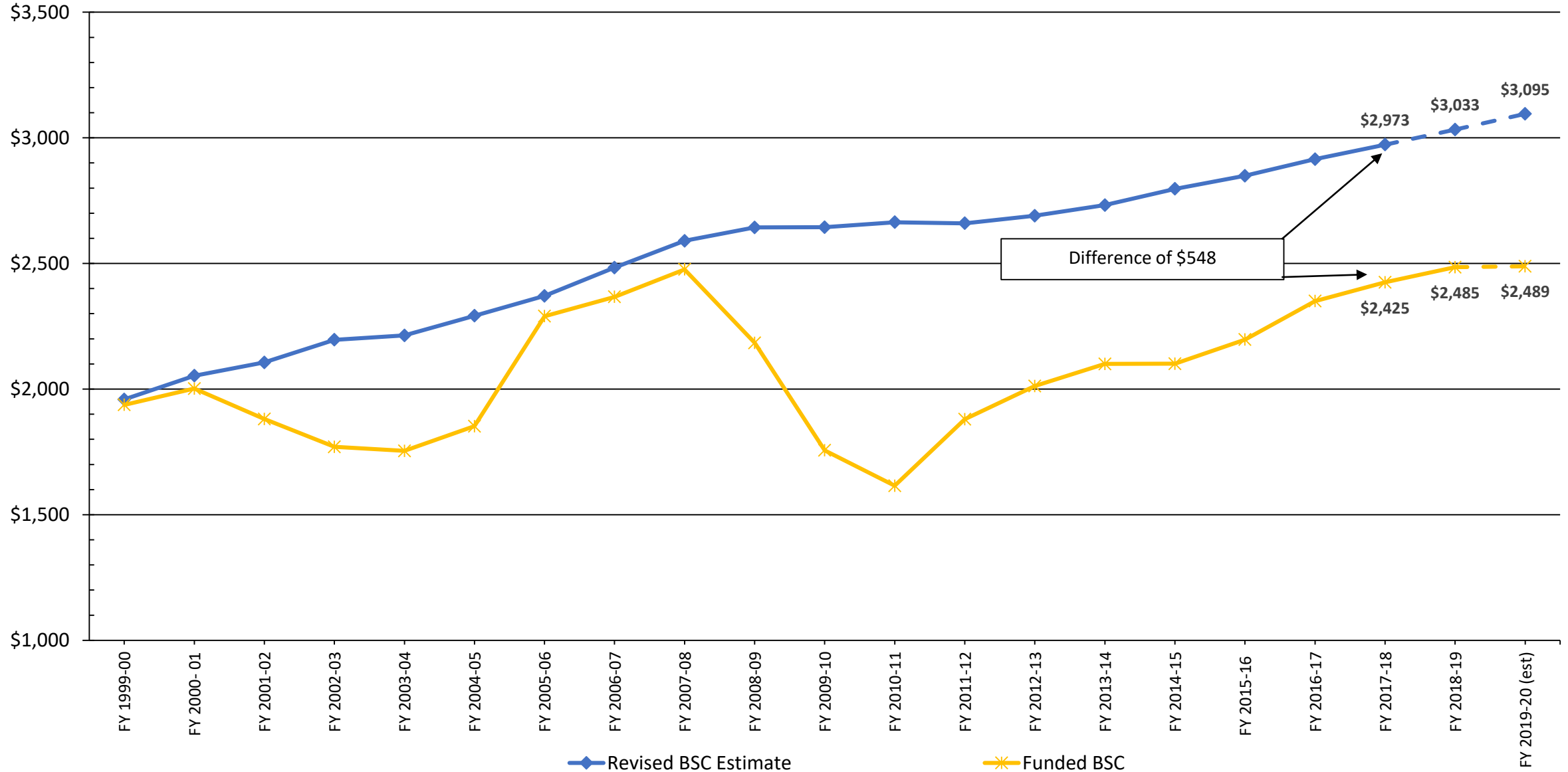
Other Items:

- \$7 per pupil for instructional supplies, materials, and library books
- \$10 per staff member for in-service education
- Maintenance and operational costs
- Office support costs

*Note: Terminology is taken from documentation produced at the time the EFA was written.



EFA BASE STUDENT COST



Source: SC Revenue and Fiscal Affairs Office 189D



Average Daily Membership vs Weighted Pupil Units

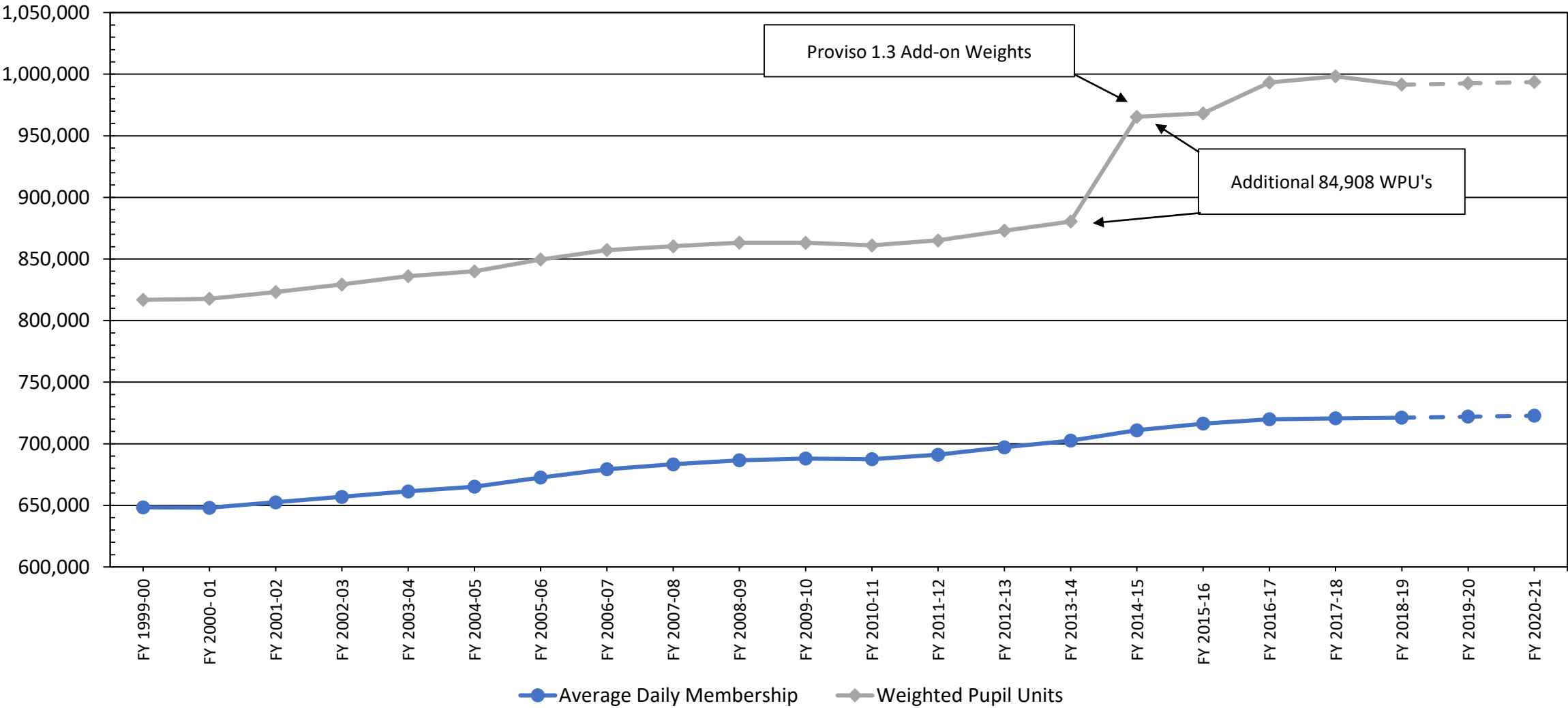
Weightings as of FY 2019-20

<u>Students:</u>		<u>Students with Special Needs:</u>		<u>Add-ons for personalized instruction:</u>	
Kindergarten	1.00	Handicapped	1.74 to 2.57	Gifted and talented	0.15
Grades 1-3	1.00	Speech	1.90	Academic Assistance	0.15
Grades 4-8	1.00	Homebound	2.10	Limited English Proficiency	0.20
Grades 9-12	1.00	Career & Tech	1.29	Pupils in Poverty	0.20
				Dual Credit Enrollment	0.15



AVERAGE DAILY MEMBERSHIP AND WEIGHTED PUPIL UNITS

81 Regular School Districts



Source: SC Dept. of Education, 135-day student counts. Excludes Charter and Special districts.
SC Revenue and Fiscal Affairs Office 189C

Total EFA Funding – State and Local Share, FY 2018-19

$$\begin{array}{rclcl} \text{Base Student Cost (BSC)} & \times & \text{Weighted Pupil Units (WPU)} & = & \text{Total EFA} \\ \$2,485 & \times & 991,411 & = & \$2,463,656,335 \end{array}$$

State Share:	70%	\$1,724,559,434.50
Local Share:	30%	\$739,096,900.50

Example -

$$\text{Abbeville: } \$2,485 \times 3,979.35 = \$9,888,684.75$$

$$\text{Charleston: } \$2,485 \times 61,570.06 = \$153,001,599.10$$



Local Required Support – Index of Taxpaying Ability

$$\text{Local Share} \times \text{Index of Taxpaying Ability} = \text{Local Required Support}$$

Example: Abbeville assessed property value (tax base) is 0.269% of the state total

$$\$2,485 \times 991,411.02 \times 0.3 \times 0.00269 = \$1,988,170.66$$

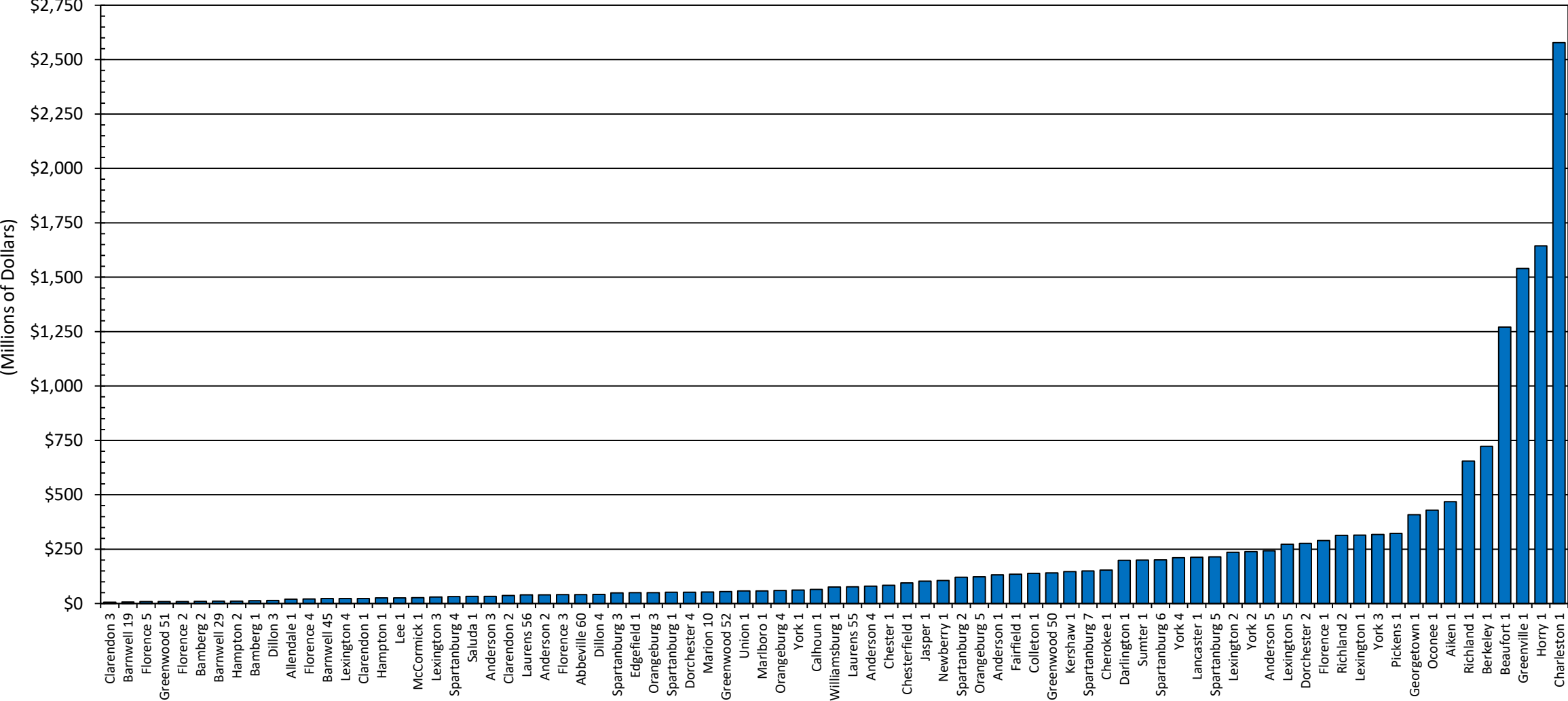
Example: Charleston assessed property value (tax base) is 14.25% of the state total

$$\$2,485 \times 991,411.02 \times 0.3 \times 0.14246 = \$105,291,744.45$$



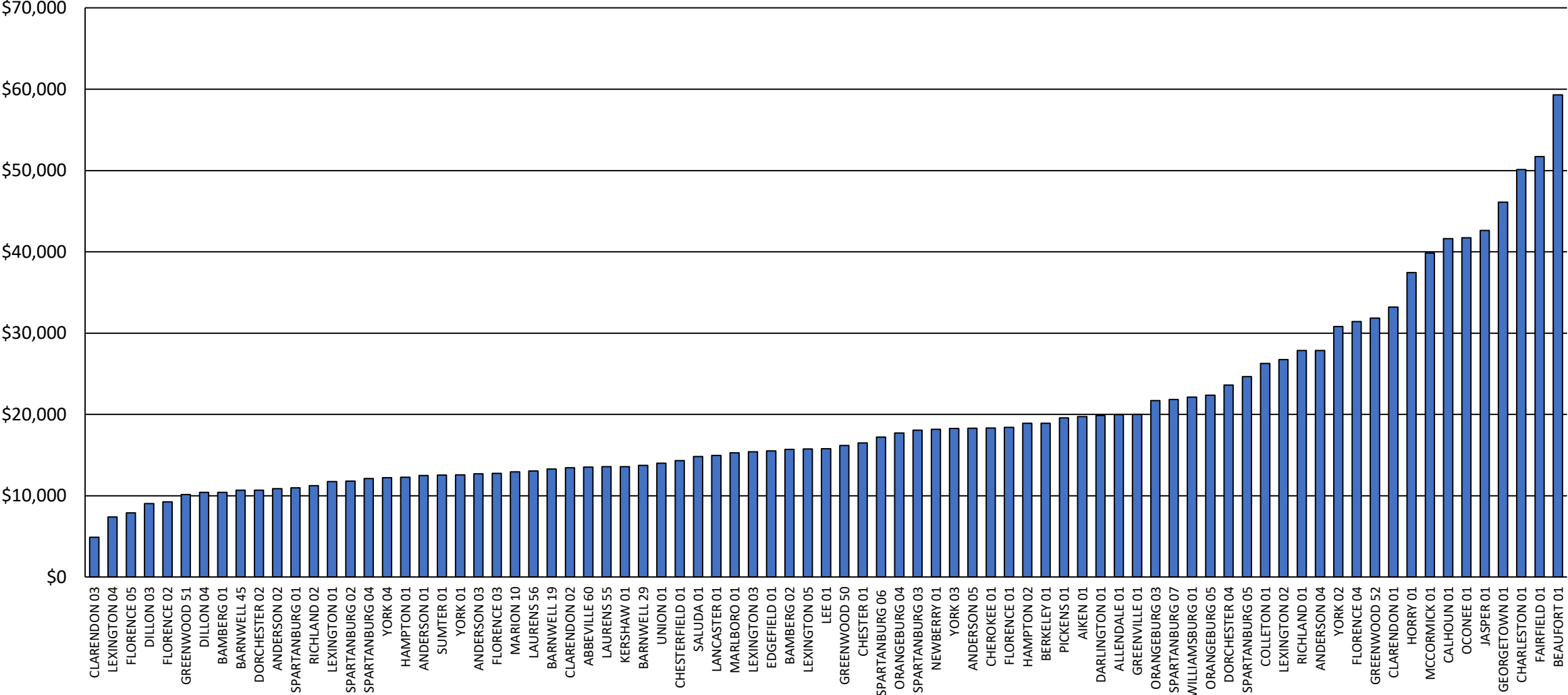
TOTAL ASSESSED VALUE BY SCHOOL DISTRICT- TAX YEAR 2017

Excluding Owner Occupied



Note: Includes fee-in-lieu property
 Source: S.C. Department of Revenue Index of Taxpaying Ability, 2019 RFA/245

ASSESSED VALUE PER PUPIL, FY 2018-19 Excluding Owner Occupied



Source: S.C. Department of Revenue Index of Taxpaying Ability, 2018

EFA - State Allocation

Total EFA Funding – Local Required Support = State Allocation

Example: Abbeville

$\$9,888,684.75 - \$1,988,170.66 = \$7,900,514.09$

79.9% State Funded

Example: Charleston

$\$153,001,599.10 - \$105,291,744.45 = \$47,709,854.65$

31.2% State Funded



EIA Funds

-Teacher Salary Supplement and Employer Contributions	\$216,500,535
* Goes out based on actual salaries in the district, not based on WPU's	
-Education and Economic Development Act (EEDA)	\$8,413,832
-National Board Incentives	\$44,500,000
-4K Programs (Including CDEPP)	\$49,838,283
-Education Accountability Act Technical Assistance	\$23,801,301
-Some Assessments and Reporting (Power School)	\$7,500,000
-Career and Technology Education	\$20,072,135
-Reading Coaches	\$9,922,556

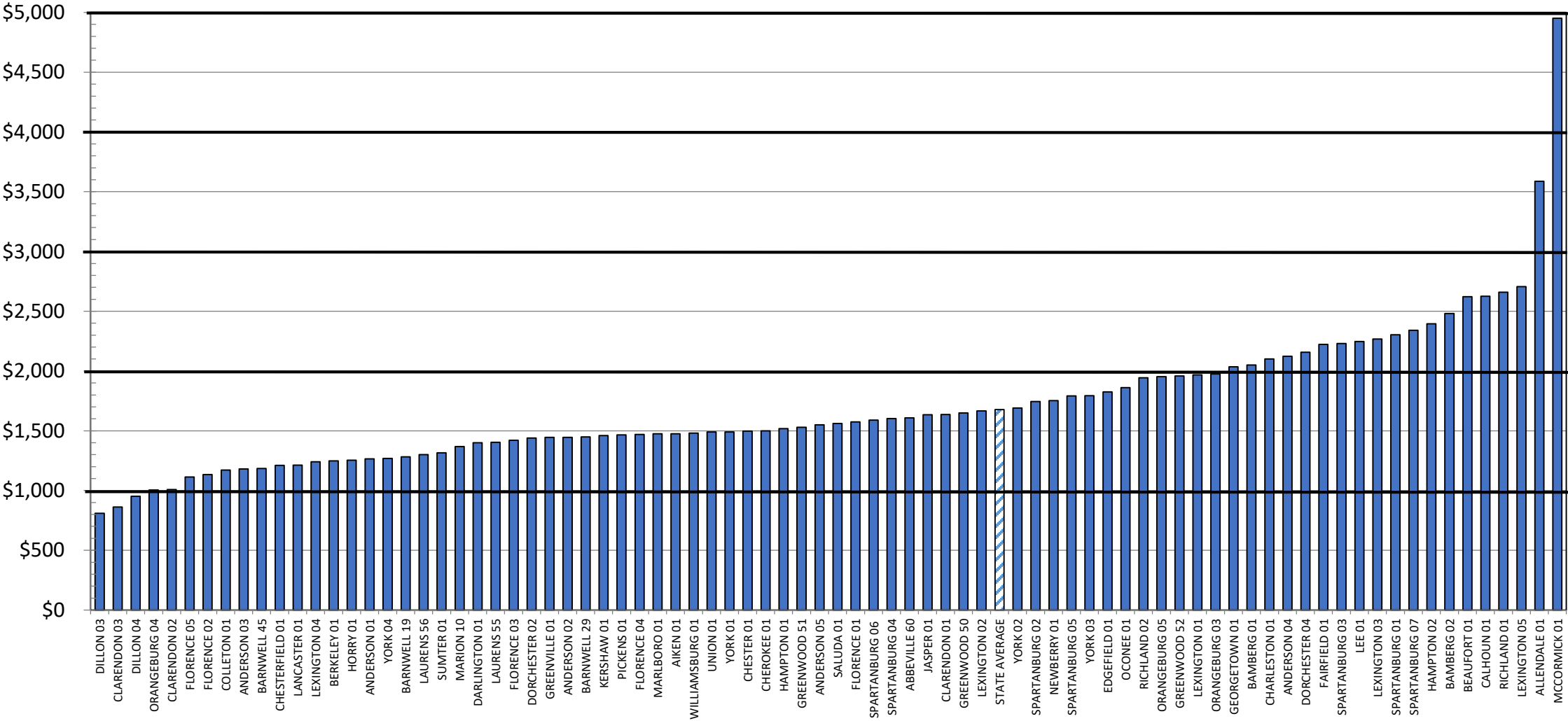


Property Tax Relief, FY 2018-19

\$100K Residential School Operating Exemption (Tier I) (capped)	\$249,069,750
<ul style="list-style-type: none">Exempts first \$100K of appraised value in owner occupied properties	
\$50K Homestead Exemption (Tier II) (partially capped)	\$219,844,602
<ul style="list-style-type: none">Exempts first \$50K of appraised value in owner occupied properties for owners who are 65 and older, totally and permanently disabled, or blindSchool operating portion capped at \$80.9MAll other portions are a dollar-for-dollar match	
Homestead Exemption Fund (Act 388) (formula)	\$773,434,411
<ul style="list-style-type: none">Exempts any appraised value not already exempt in owner occupied properties from school operating millageIncreased annually by population and inflationIncludes the \$2.5M Minimum requirement	
Manufacturer's Depreciation Reimbursement (dollar-for-dollar)	\$83,927,859
<ul style="list-style-type: none">Exempts manufacturer's property with depreciated value from 20% to 10%	
Manufacturer's Exemption (14.2857% of Assessed Value) (dollar-for-dollar up to \$83M)	\$6,476,615
<ul style="list-style-type: none">Exempts manufacturer's property value as created in the Roads Bill (phased-in over six years)	
Merchants Inventory (capped)	\$40,557,257
<ul style="list-style-type: none">Exempts merchant inventory in stock from property tax	



STATE PROPERTY TAX RELIEF TO SCHOOL DISTRICTS PER STUDENT
SCHOOL YEAR 2018-19

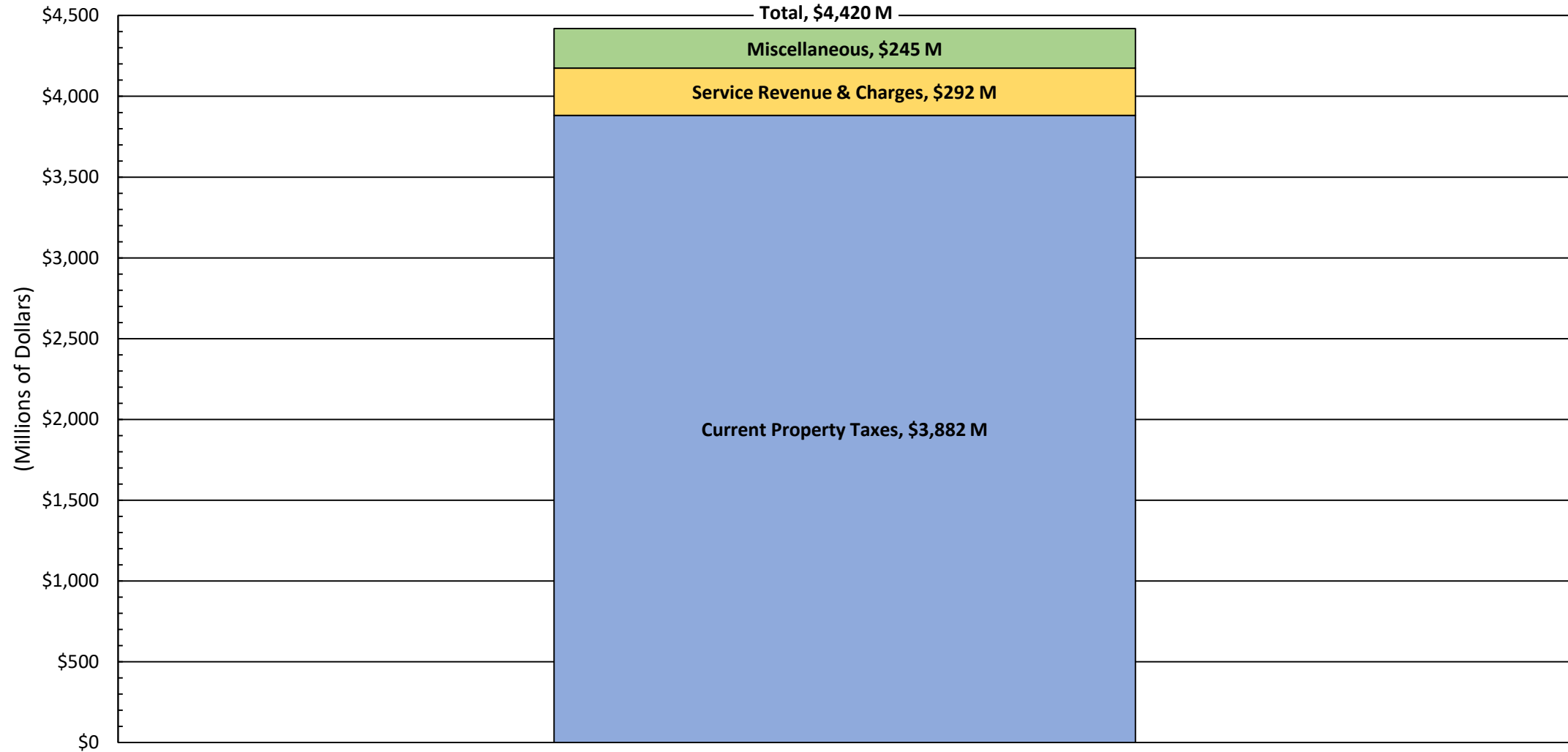


Source: Dept. of Ed 2018-19 135-day count average daily membership;
FY 2018-19 property tax relief payments estimated by RFA

Local Revenues



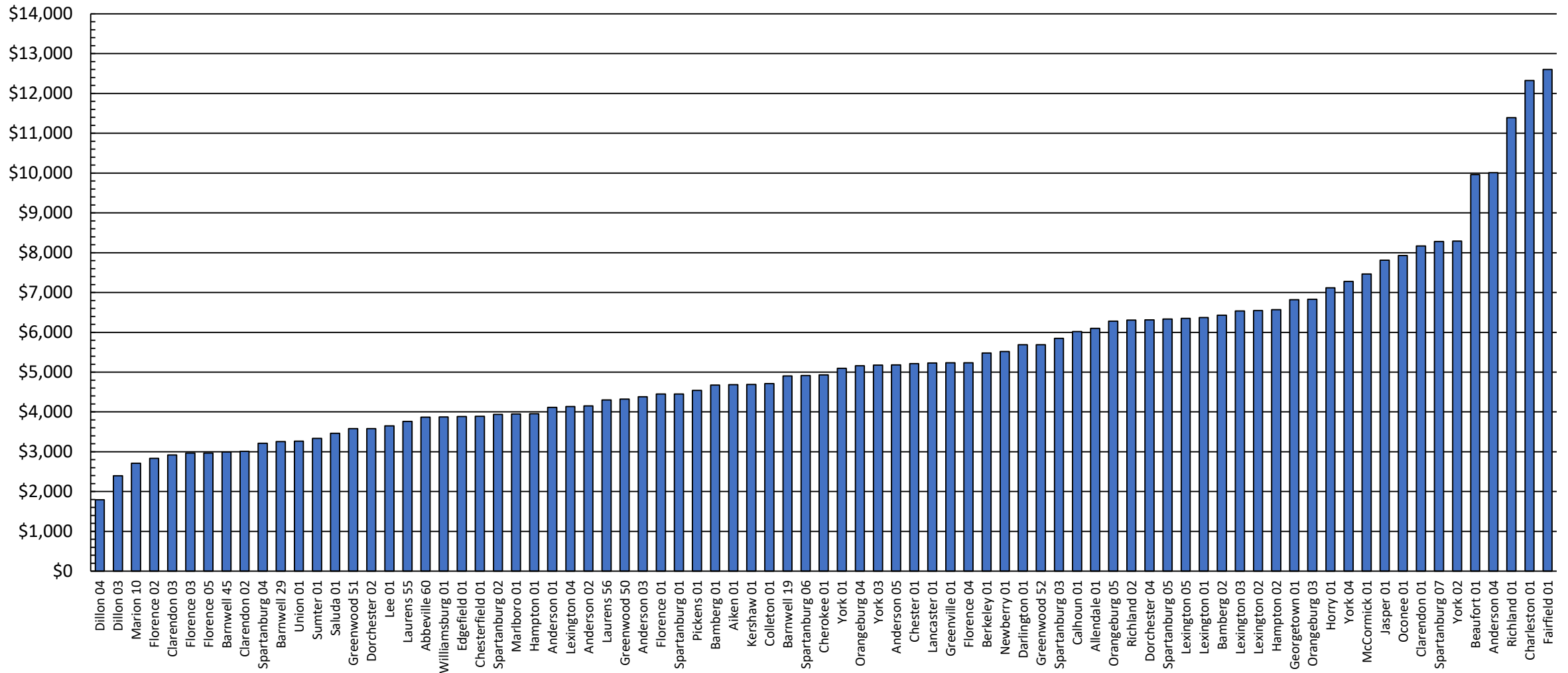
TOTAL REVENUE FROM LOCAL SOURCES
Excludes Local Bond Proceeds



Source: SC Dept. of Education, Statement of Revenues; Excludes revenues from local bonds.
SC Revenue and Fiscal Affairs Office 188D

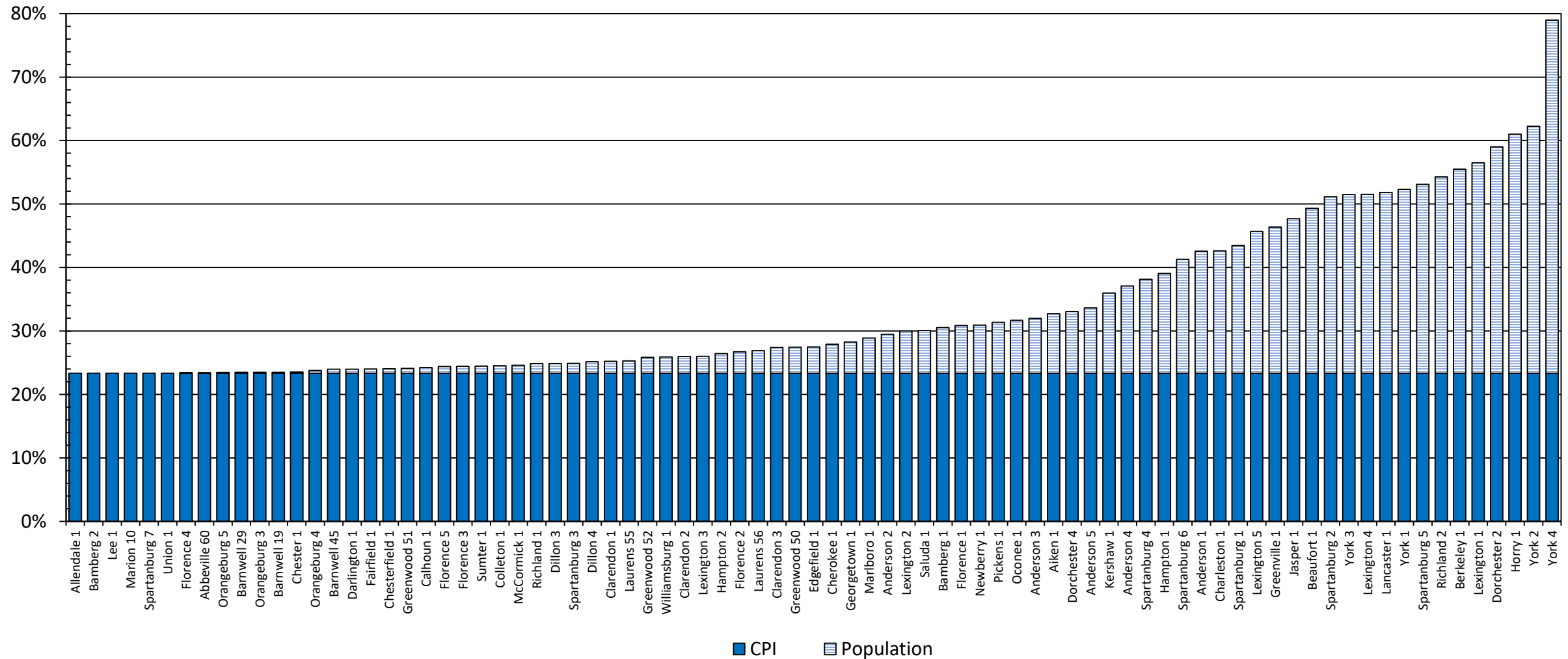
FY 2017-18

LOCAL REVENUE PER PUPIL FY 2017-18 Excluding Bonds



Source: SC Dept. of Education, Statement of Revenues

TOTAL MILLAGE RATE INCREASE LIMITATION ON SCHOOL DISTRICTS SINCE 2008 - TY 2017



/a Dillon School Districts 1 and 2 merged to create Dillon School District 4 in FY 2012

/b Marion School Districts 1, 2, and 7 merged to create Marion School District in FY 2013

/c Sumter School Districts 2 and 17 merged to created the Sumter School District in FY 2011

The population factor for these consolidated school districts is estimated as if these districts had merged prior to FY 2007-08.



Charter Schools

- Local - Chartered through school district
 - Funded via local school district
- Statewide - SC Public Charter School District and Charter Institute at Erskine
 - Funded via State
 - School types:
 - Brick and Mortar
 - Virtual



Statewide Charter School Districts FY 2019-20

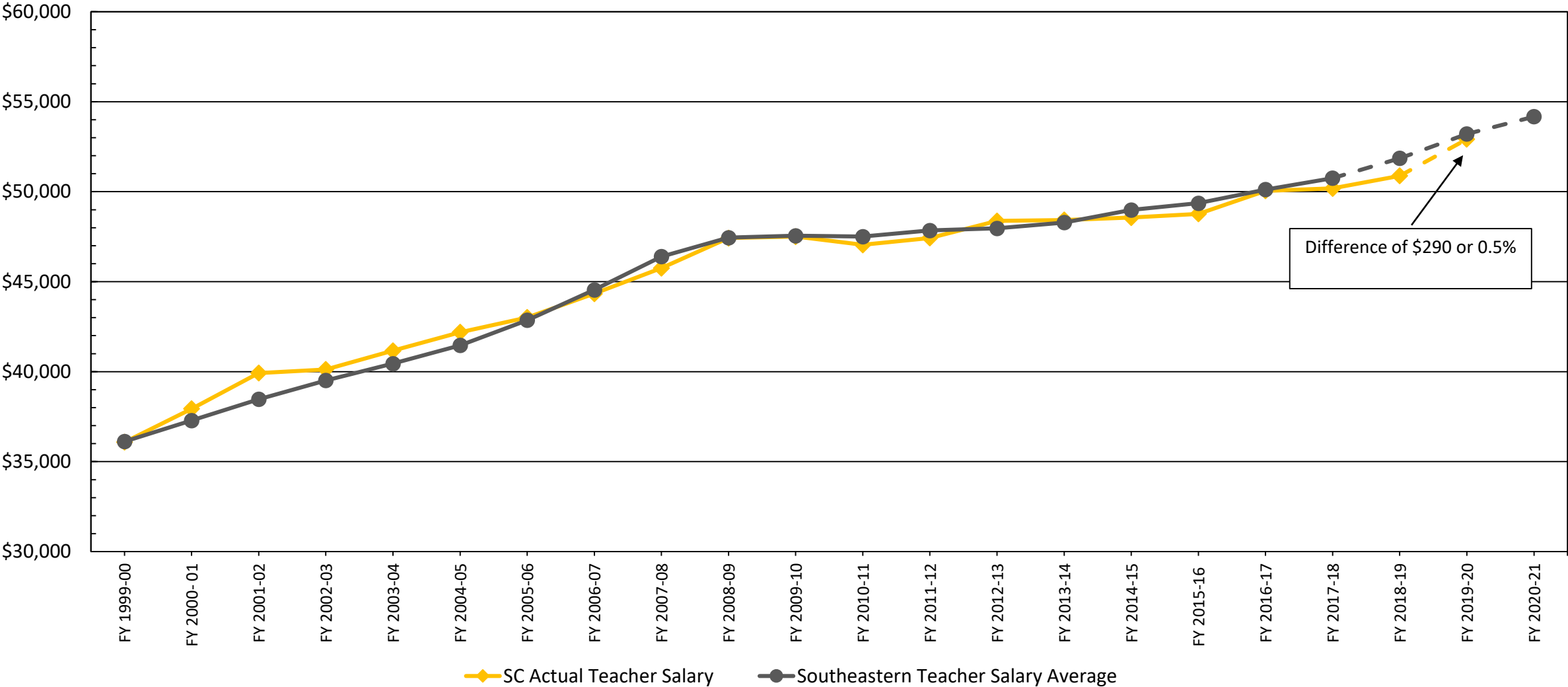
General Funds/EFA*	\$1,822,608,440
EIA	\$133,763,712
Lottery	None
Property Tax Relief	None
Local Revenues	None
Federal Revenues	\$10,866,887



Average Teacher Salary



SOUTH CAROLINA AVERAGE TEACHER SALARY COMPARED TO SOUTHEASTERN AVERAGE TEACHER SALARY



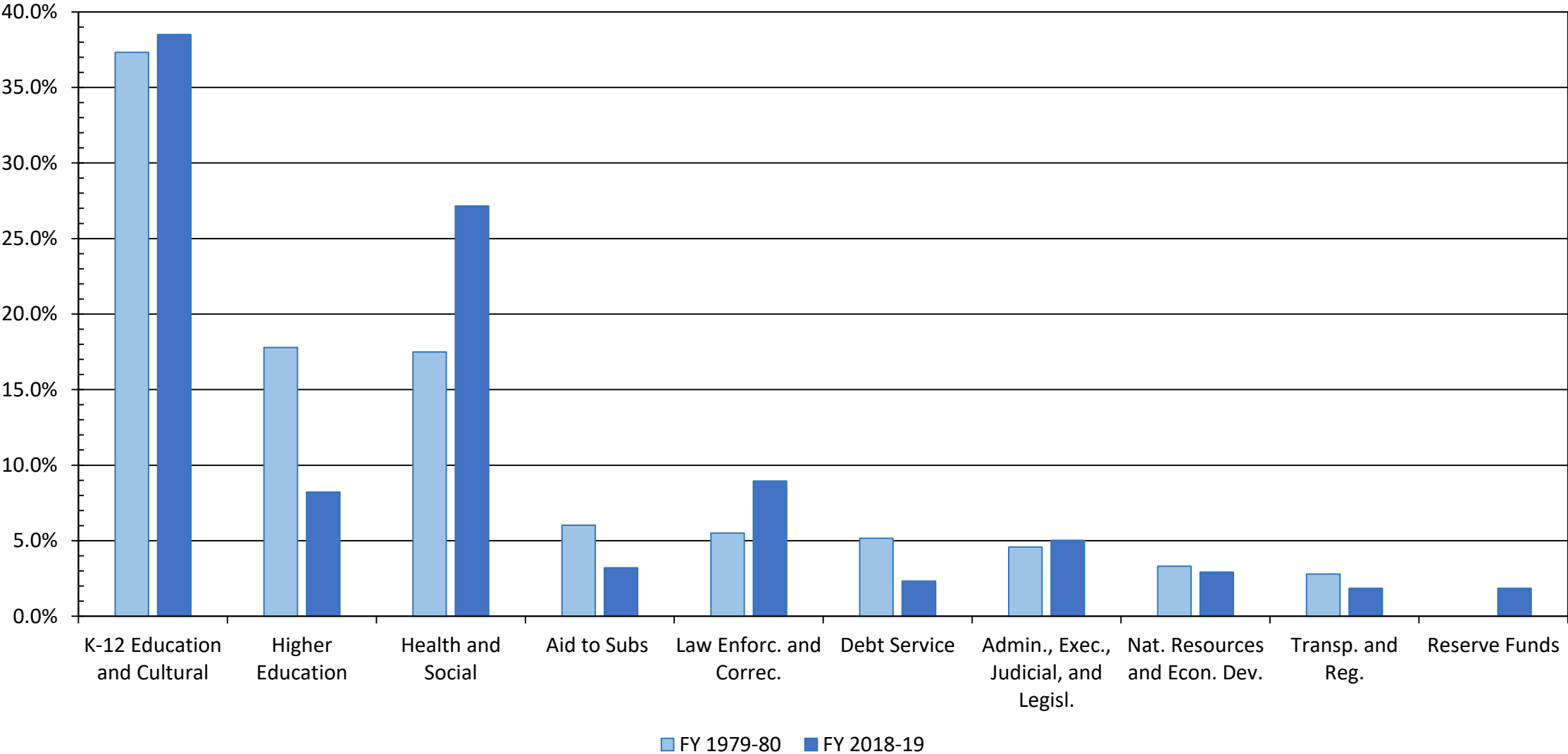
Source: S.C. Revenue and Fiscal Affairs ,
Annual Southeastern Average Teacher Salary Survey 189A



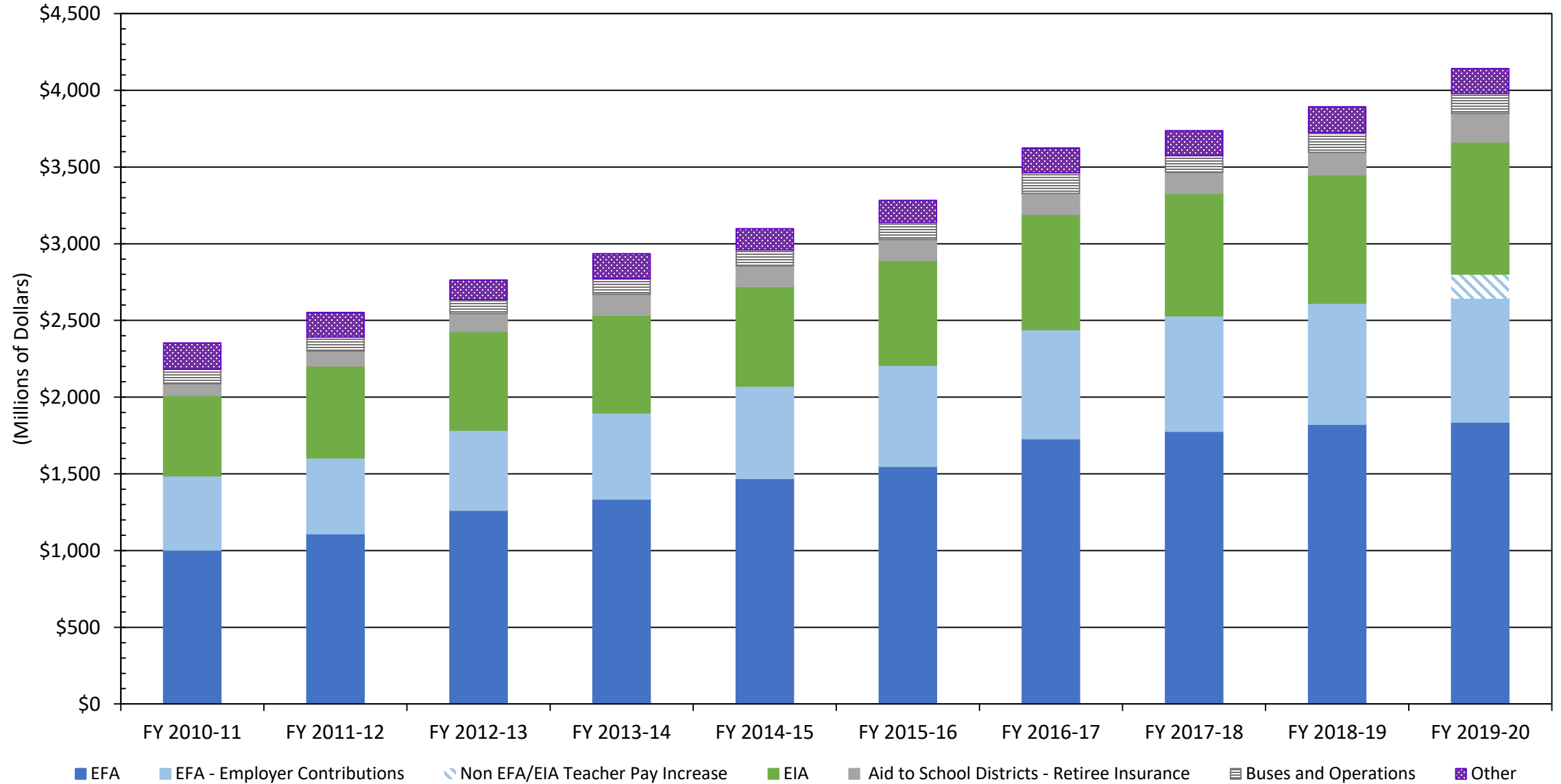
How does education funding compare to the total budget?



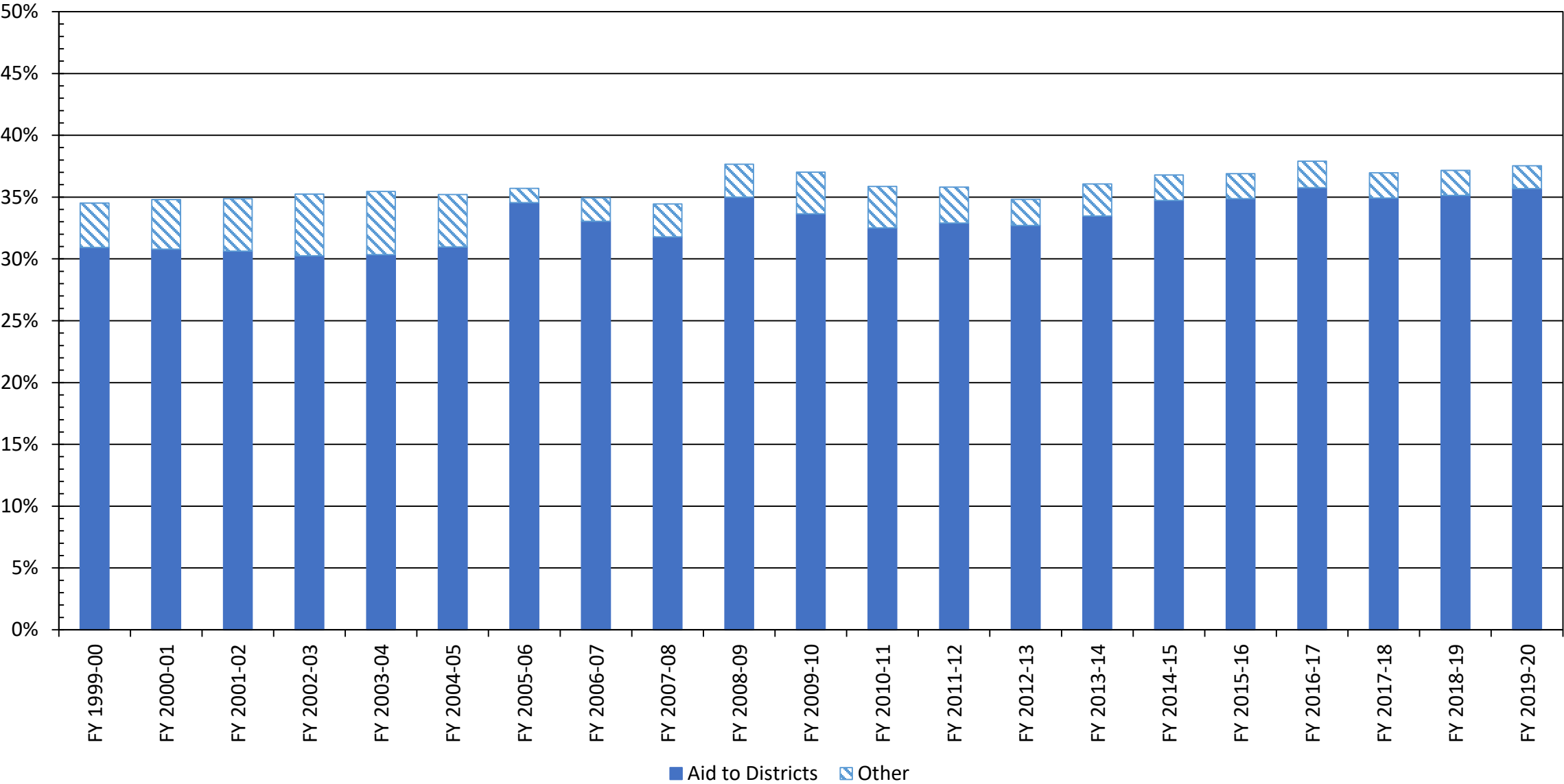
**PERCENT OF GENERAL FUND APPROPRIATIONS BY FUNCTIONAL GROUP
FY 1979-80 AND FY 2018-19**



STATE APPROPRIATIONS FOR K-12 EDUCATION



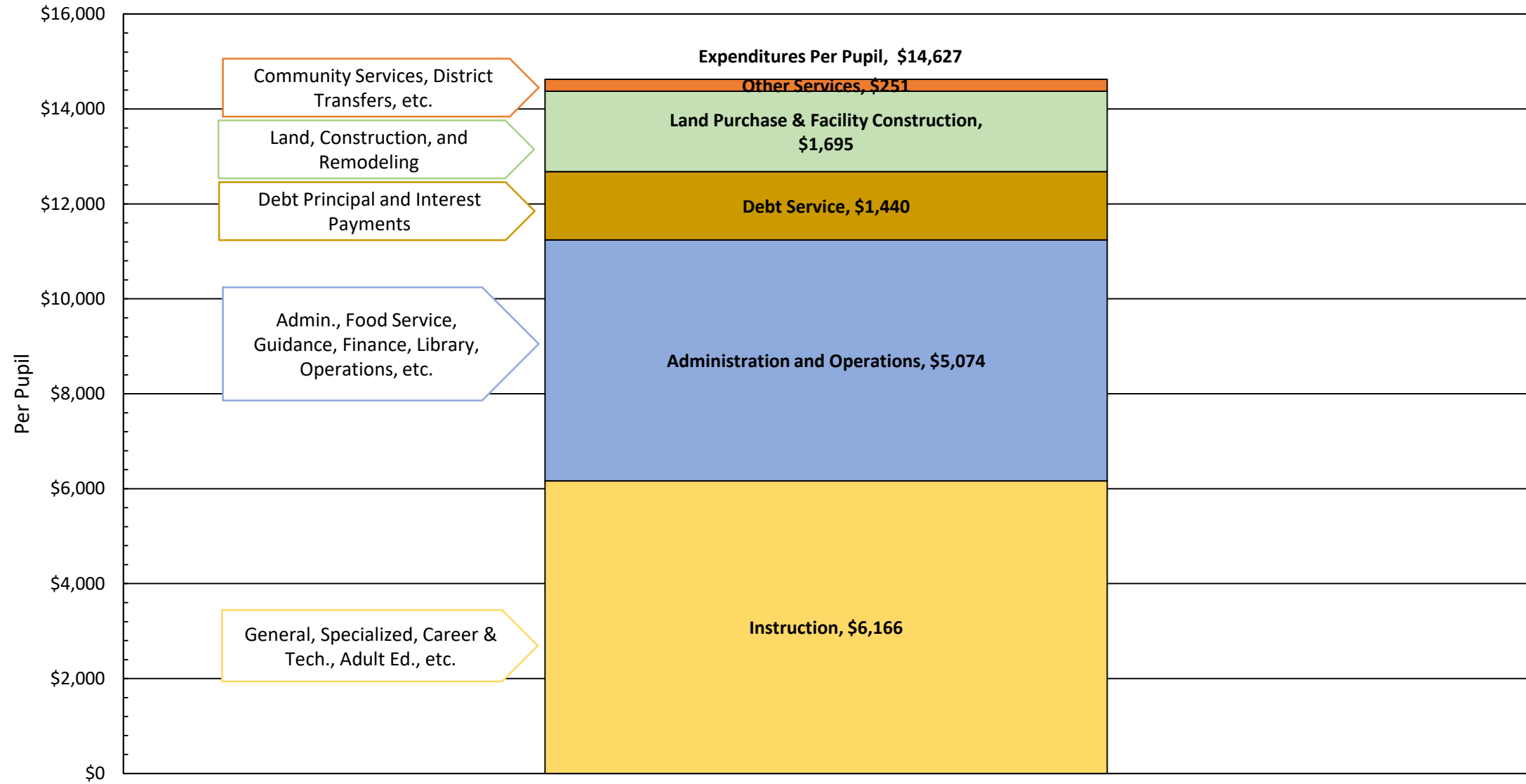
K-12 APPROPRIATIONS AS % OF TOTAL GENERAL FUND BUDGET



How do school districts spend what they receive?



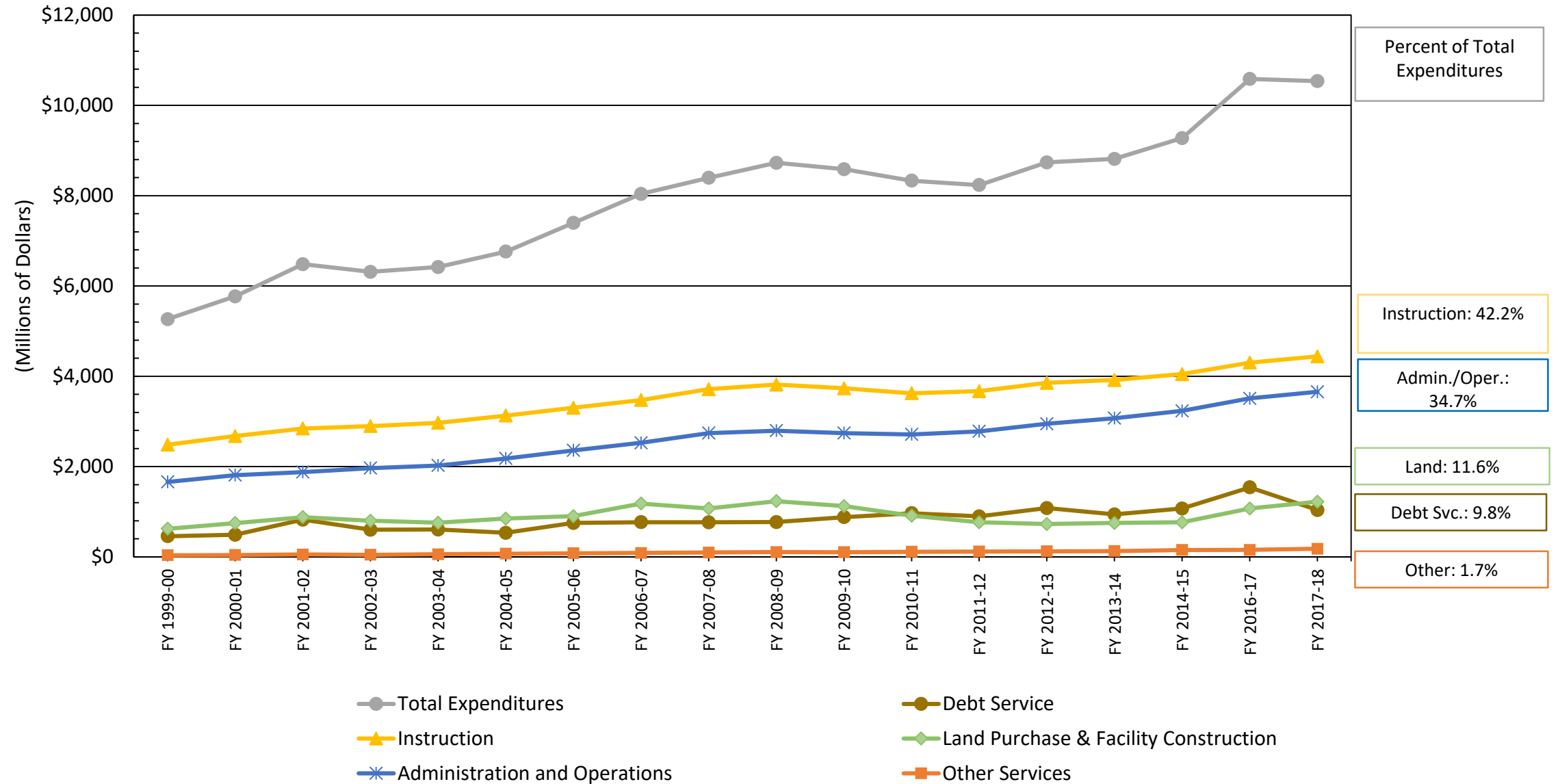
EXPENDITURES PER PUPIL



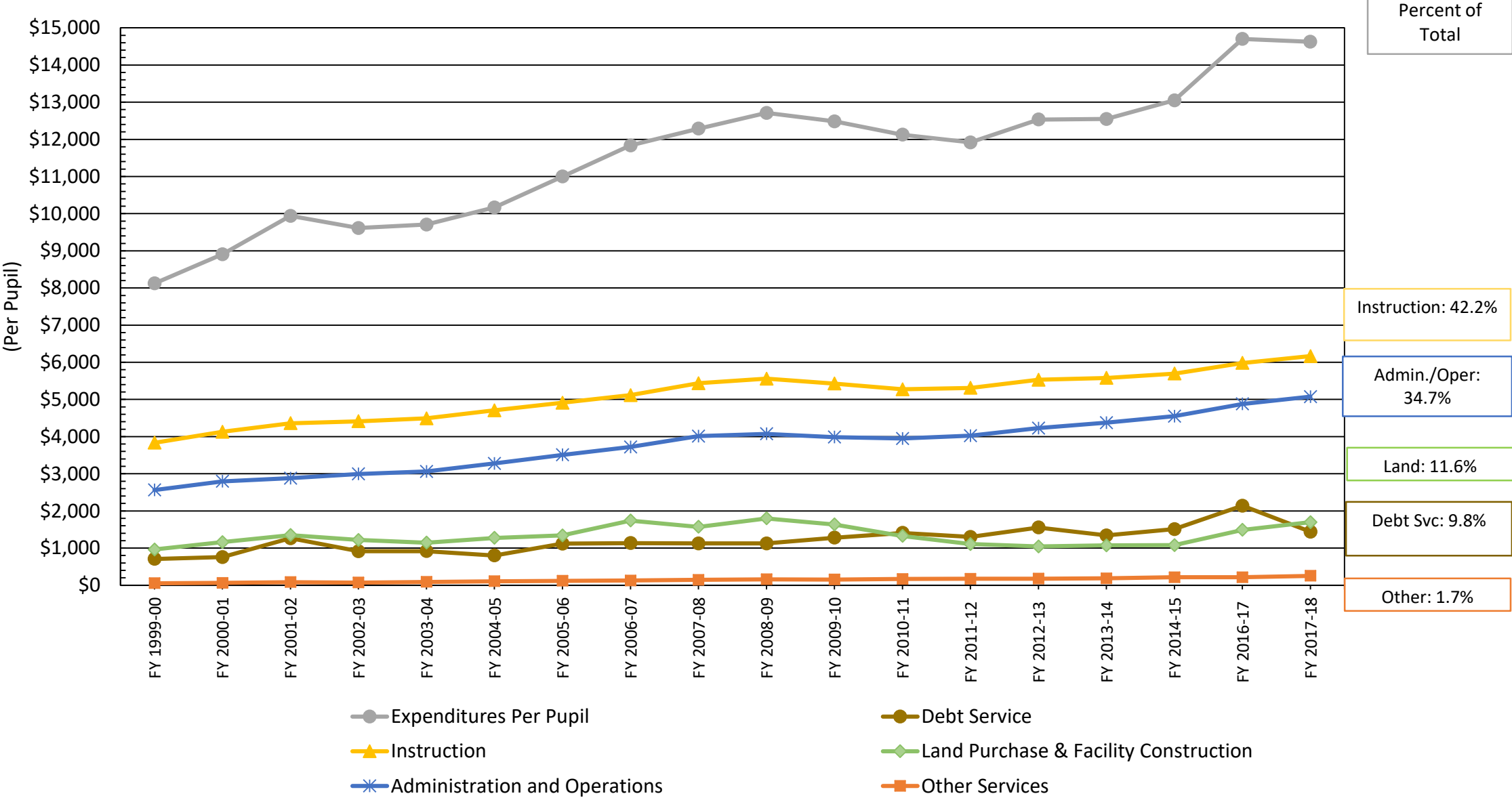
FY 2017-18



TOTAL EXPENDITURES BY CATEGORY



EXPENDITURES PER PUPIL BY CATEGORY



ASSESSED VALUE PER DISTRICT AS A PERCENT OF TOTAL STATE, FY 2018-19

