

# FUNDING FOR PUBLIC EDUCATION

## Trends and Observations



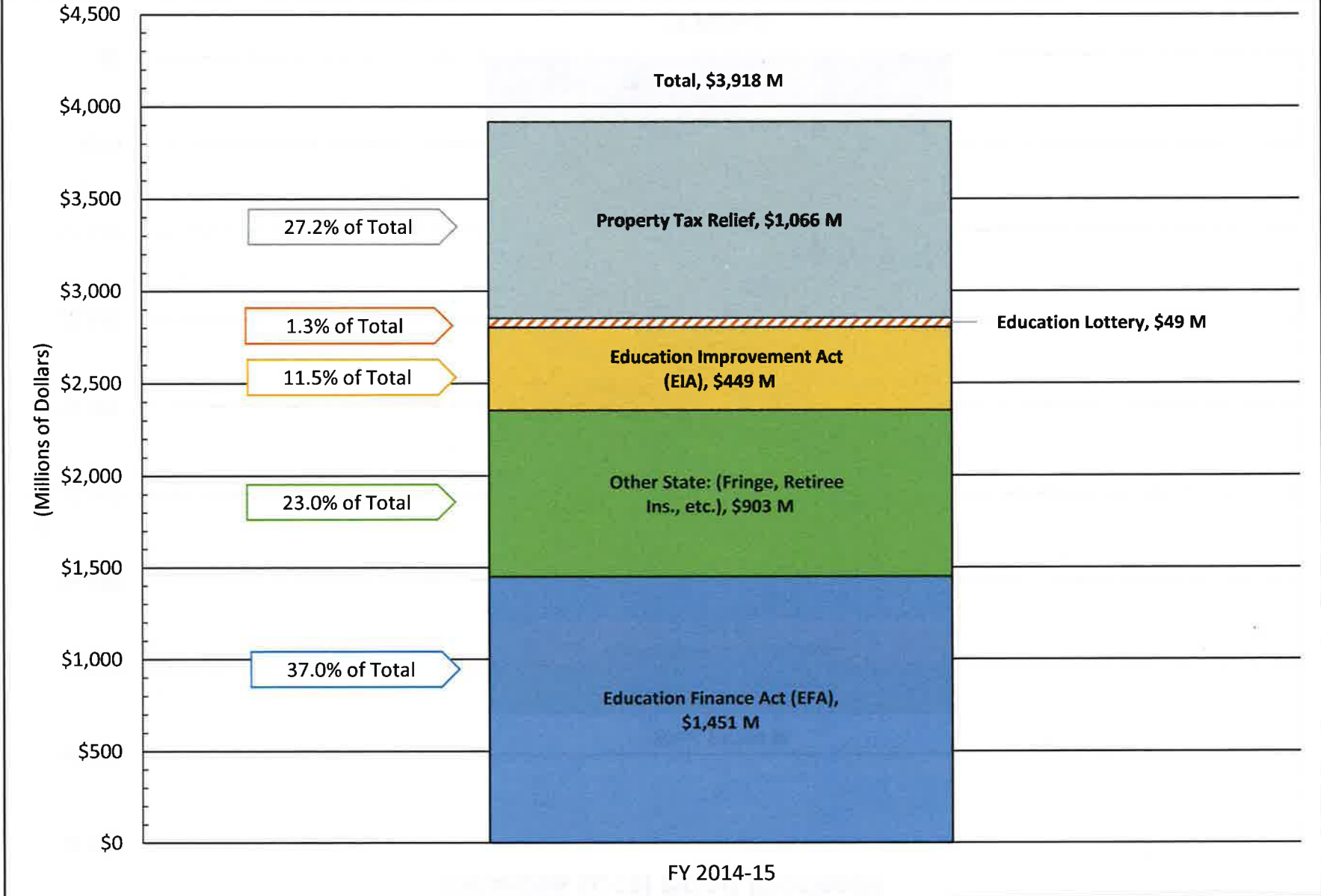
**Melanie Barton**  
Executive Director

**Frank Rainwater**  
Executive Director



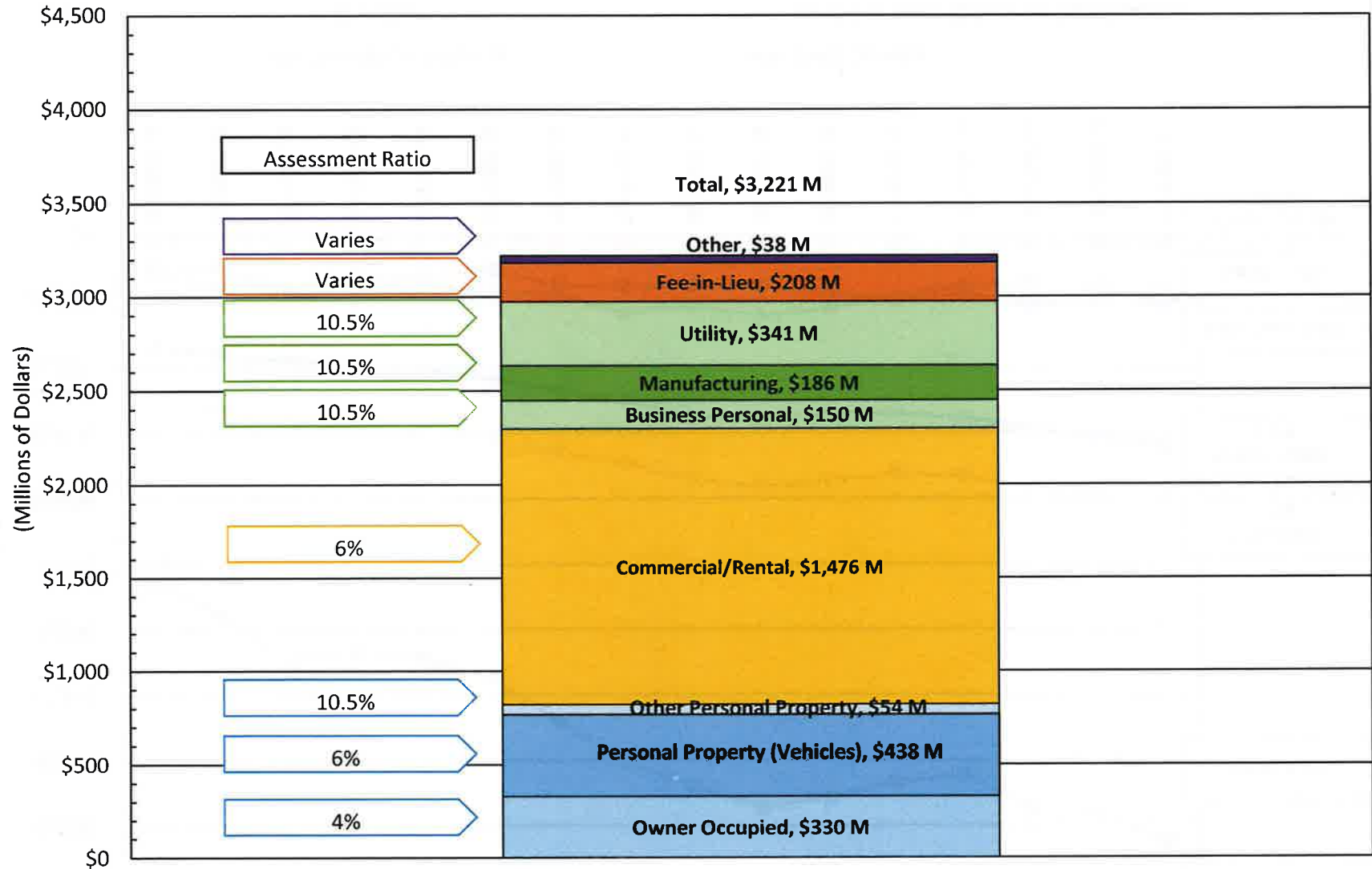
**PRESENTED TO**  
**House Ways & Means Education Reform Committee**  
**Wednesday, August 30, 2017**

# TOTAL REVENUE FROM STATE SOURCES



Source: SC Dept. of Education, Statement of Revenues  
 SC Revenue and Fiscal Affairs Office 188C/08/18/17

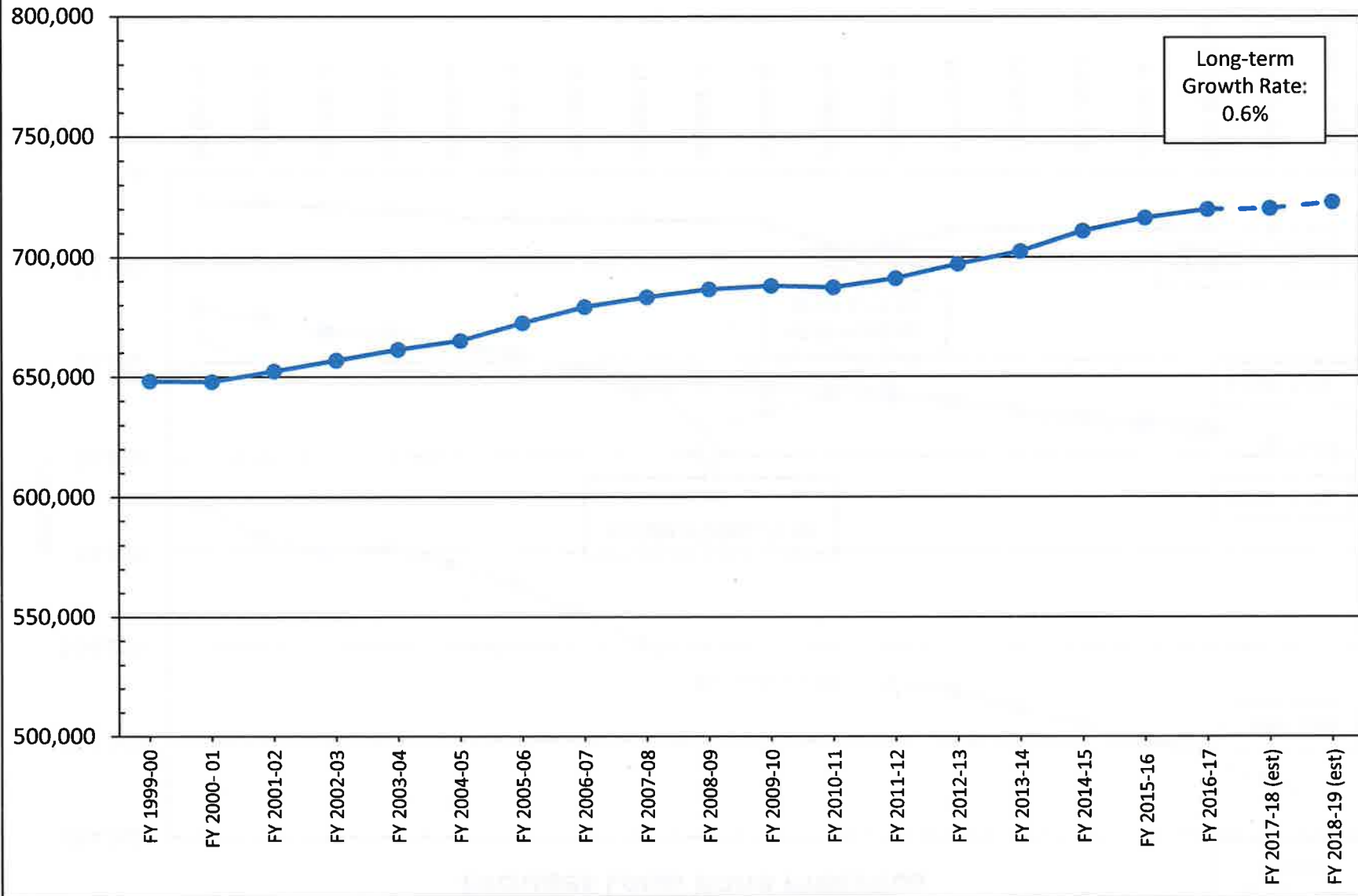
## ESTIMATED TOTAL LOCAL SCHOOL DISTRICT PROPERTY TAXES By Assessment Classification



Other includes agricultural and motor carrier property.

FY 2014-15

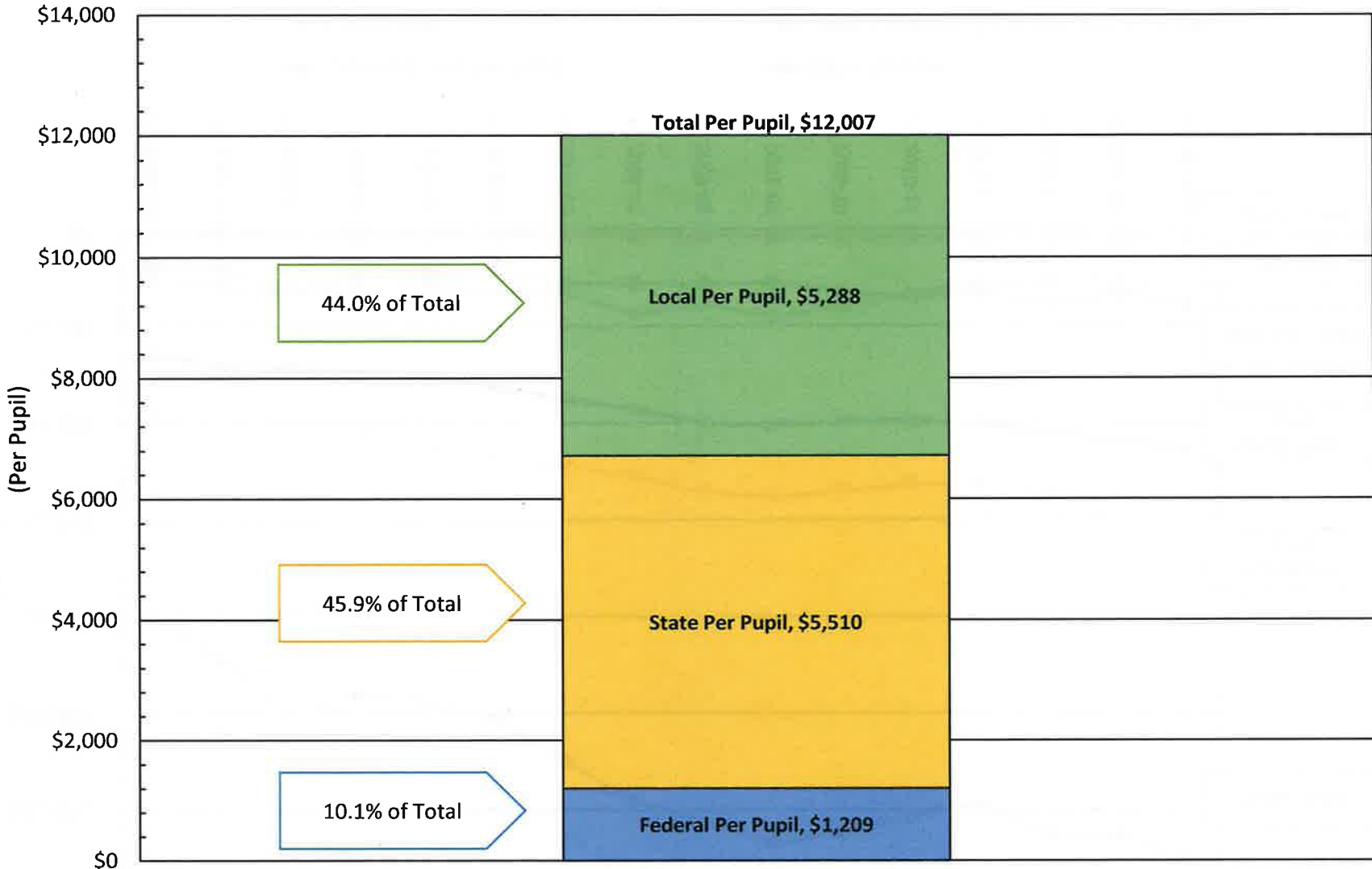
## AVERAGE DAILY MEMBERSHIP 81 Regular School Districts



Source: SC Dept. of Education, 135-day student counts. Excludes Charter and Special districts.  
SC Revenue and Fiscal Affairs Office 189B/8/22/17

# REVENUE PER PUPIL BY SOURCE

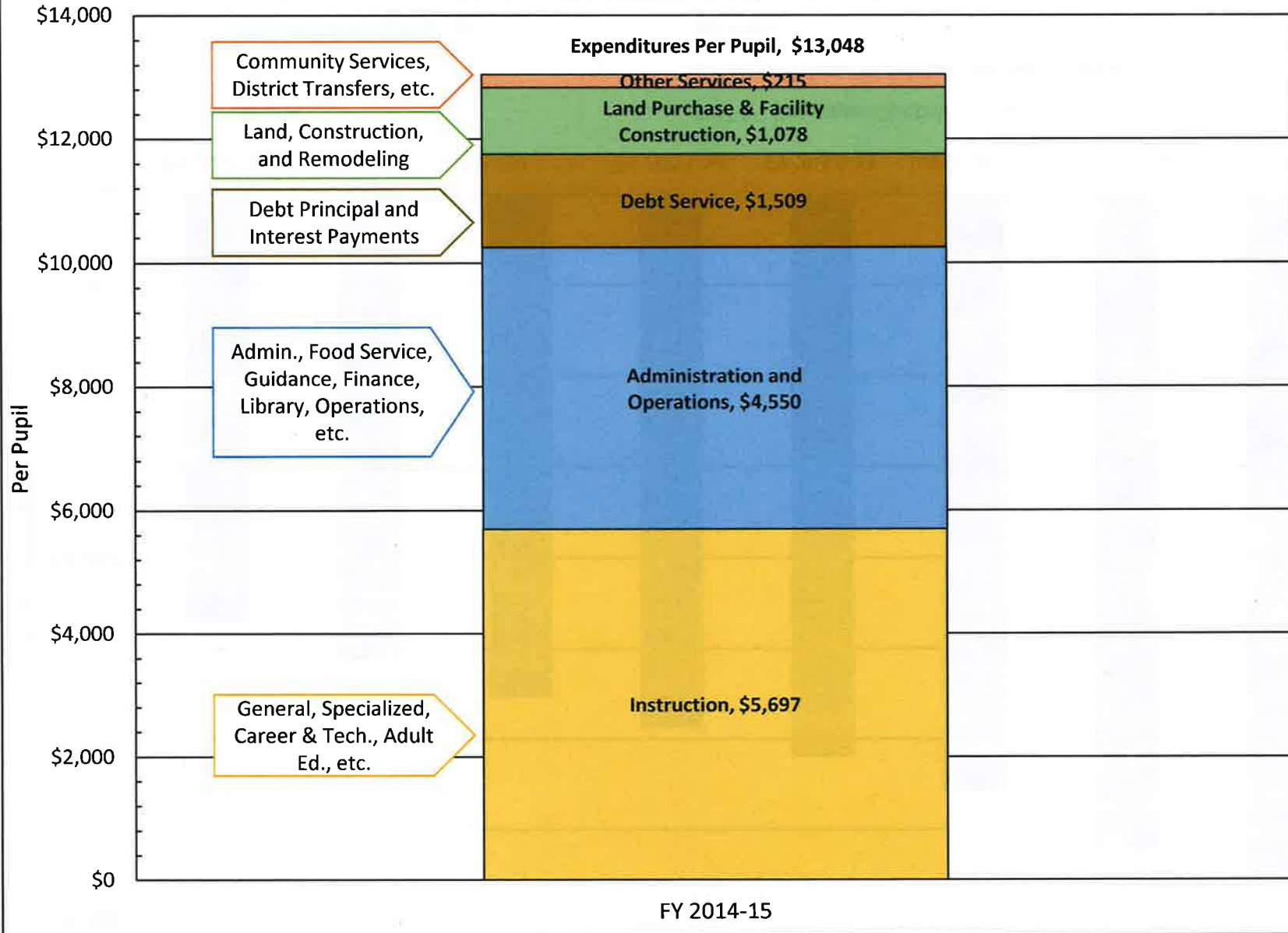
## Excludes Local Bond Proceeds



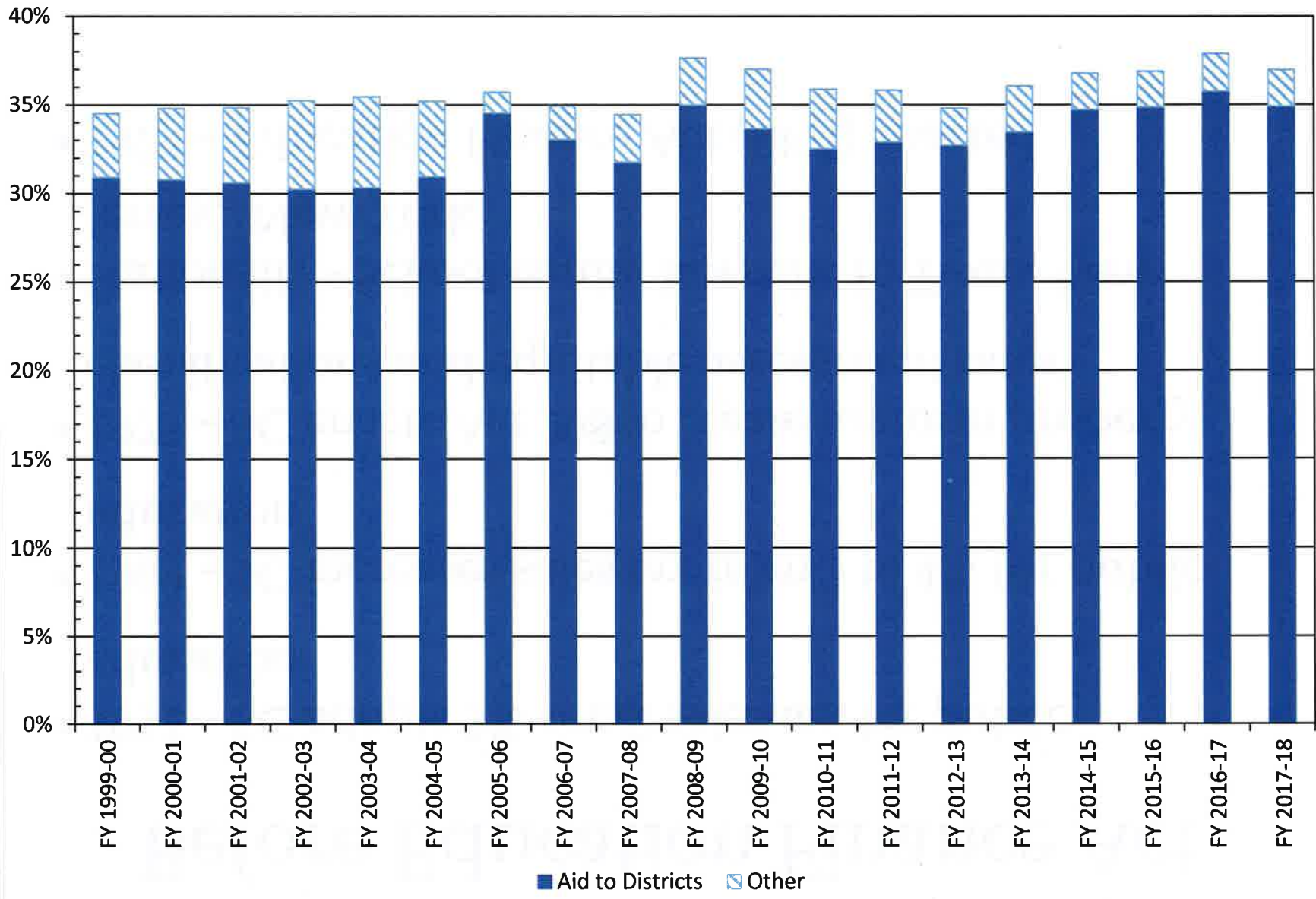
FY 2014-15

Source: SC Dept. of Education, Statement of Revenues  
 S.C. Revenue and Fiscal Affairs 188B/08/17/17

## EXPENDITURES PER PUPIL



## K-12 APPROPRIATIONS AS % OF TOTAL GENERAL FUND BUDGET



\*Based on General Fund Appropriations to SDE. Does not include mid-year cuts, other than the FY 2008-09 Rescission Bill.  
 Source: RFA, 187B, JCS, 8/22/17



# What is the 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 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 varies between 16% and 92%.



# Weightings as of FY 2013-14

## Students:

Kindergarten	1.30
Grade 1-3	1.24
Grades 4-8	1.00
Grades 9-12	1.25

## Students with Special Needs:

Handicapped	1.74 to 2.57
Speech	1.90
Homebound	2.10
Career & Tech	1.29

## Add-ons:

Early Childhood Assistance	0.26
Academic Assistance	0.114
Adult Education	0.15

# Original Base Student Cost

## At School Level (Minimum size of 375 students):

- One teacher for every 26 pupils
- One principal
- One assistant principal (if have more than 500 pupils)
- One secretary
- One attendance clerk
- One librarian
- One library aide (if have more than 500 pupils)
- One guidance counselor (if have more than 500 pupils)

# How the EFA Formula Works:

# Local Required Support

$$\text{BSC} \times \text{Statewide WPU} \times .30 \text{ (Statewide Average)} \times \text{Index of Taxpaying Ability} \\ = \\ \text{Local Required Support}$$

Example: Abbeville

$$\$2,425 \times 993,311.55 \times .3 \times .002630 = \$1,900,527.83$$

Example: Charleston

$$\$2,425 \times 993,311.55 \times .3 \times .140220 = \$101,327,760.90$$

# Summary

## Abbeville:

Local Share- \$1,900,527.83

State Share- \$7,858,229.92

Total EFA- \$9,758,757.75

State Support/EFA = % State Support  
Abbeville has **80.53%** State Support

State Base Student Cost: \$1,952.73

Local Base Student Cost: \$472.27

Total Base Student Cost: \$2,425.00

## Charleston:

Local Share- \$101,327,705

State Share- \$46,783,042.60

Total EFA- \$148,110,803.60

State Support/EFA = % State Support  
Charleston has **31.58%** State Support

State Base Student Cost: \$765.97

Local Base Student Cost: \$1,659.03

Total Base Student Cost: \$2,425.00

## Today...

- More than half of districts (42) have fewer than 5,000 students.
- Approximately 20% or one in five schools have fewer than 375 students (145 elementary schools, 82 middle schools, and 47 high schools) had an enrollment of less than 375 students in 2015-16
- Average student to teacher ratio in core classes is **22:1**

# After 1983. . . .

**1984** - EIA enacted, increasing sales tax revenue from 4% to 5% with penny in trust fund. Trust Fund annually allocates funds

Key Component: Increasing average teacher salary to Southeastern average using combination of EIA, EFA & local funds and statewide minimum teacher salary

**1996, 2002, 2006, 2012** - Charter school laws

**1998, 2001** - Education Accountability Act (EAA) & No Child Left Behind - Move from equity to adequacy in funding

**2005** - Education & Economic Development Act (EEDA) and Students Health & Fitness Act

**2006** - Act 388

**2007** - SC Virtual School Program

**2009** - District Flexibility

**2014** - Read to Succeed (summer reading camps, reading coaches, etc.)



# District Size, 2015-16

Student Enrollment	Number of Districts	Number of County-wide Districts
Less than 1,000	8	1
1,001 to 2,000	8	2
2,001 to 3,000	14	4
3,001 to 4,000	7	2
4,001 to 5,000	5	4
5,001 to 10,000	16	6
10,001 to 15,000	8	4
15,001 to 20,000	6	2
20,001 to 25,000	3	2
25,001 to 30,000	3	0
30,000 to 35,000	1	1
More than 35,000	3	3
<b>TOTAL</b>	<b>82</b>	<b>31</b>

# Problems with “Average”

EFA:

District A = 995 Students

District B = 1000 Students

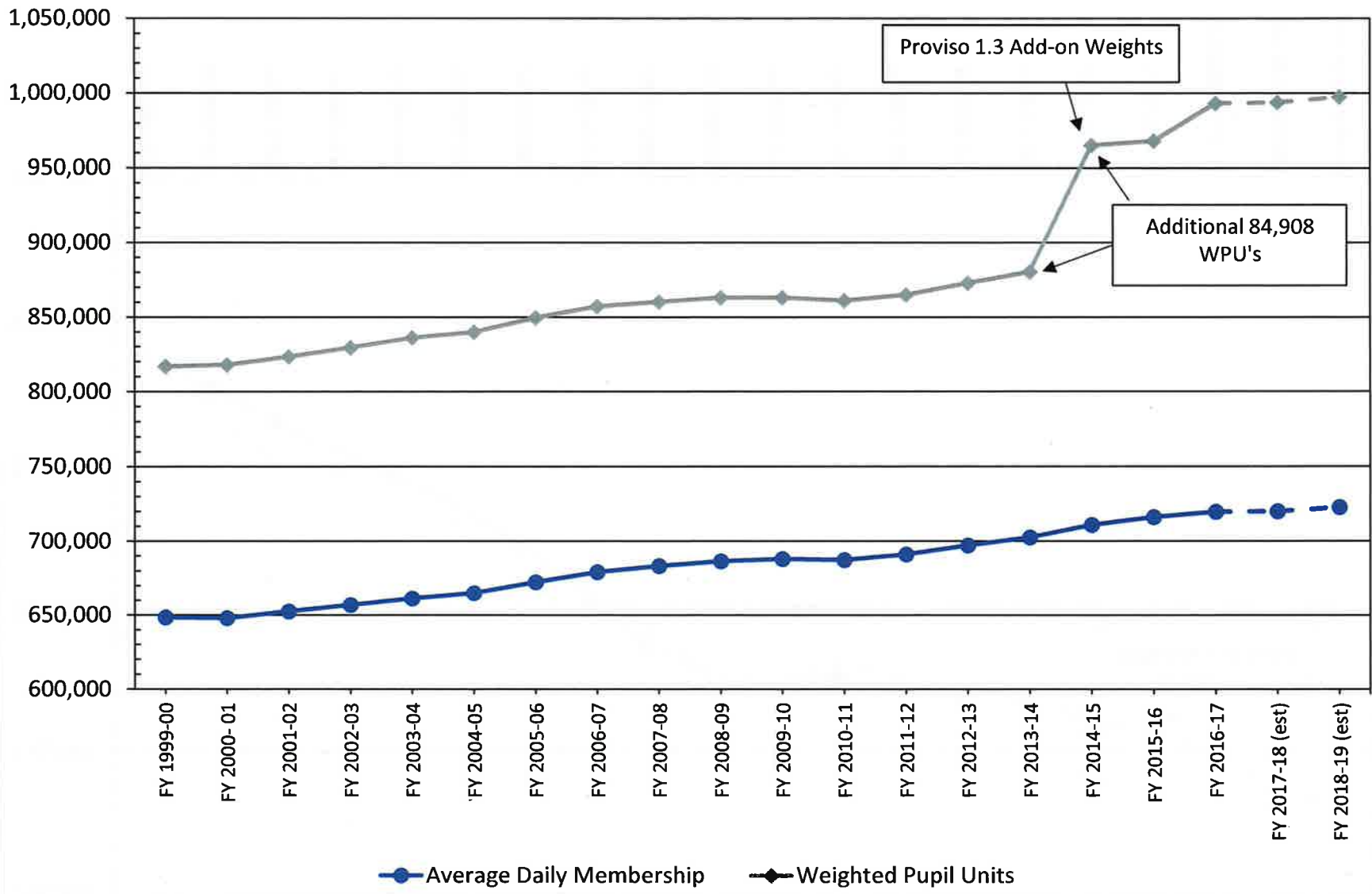
District C = 1005 Students

- Fixed vs Variable Costs
- Average vs Marginal Costs
- Economies of Scale

Southeast Average Teacher Salary:

- State pay scale vs local supplements
- Differences in years of experience
- Competition - Southeast schools or local employers

## 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/8/22/17

# Conclusion

- EFA still operates as the methodology for allocating \$1.8 billion in state appropriations.
- EFA is one piece of entire K-12 education budget.
- Premise of EFA (Defined Minimum Program, State/Local Share, and Index of Taxpaying Ability) are either repealed or vastly different forty years after passage of law.

# Decision Points

- Identify which, if any, line items should be included in a “foundation” program
- Determine state and local share of K-12 budget
- Determine what accountability measures should be implemented
- Discuss, if and how, the state might address single-county districts that are declining in enrollment
- Discuss, if and how, state might incentivize consolidation of districts or consolidation of services

# FUNDING FOR PUBLIC EDUCATION

## Trends and Observations



Melanie Barton  
Executive Director

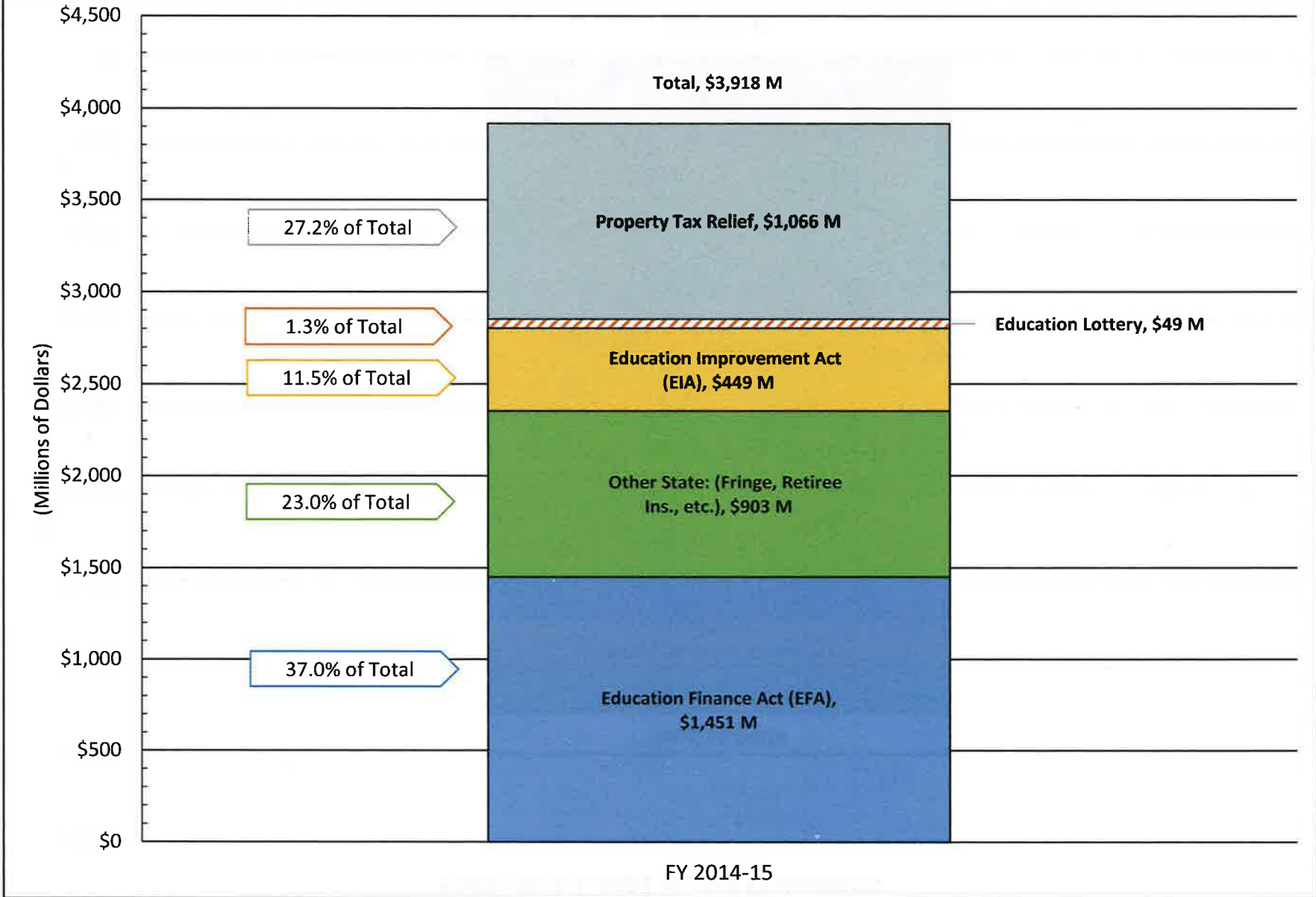
Frank Rainwater  
Executive Director



PRESENTED TO  
House Ways & Means Education Reform Committee  
Wednesday, August 30, 2017



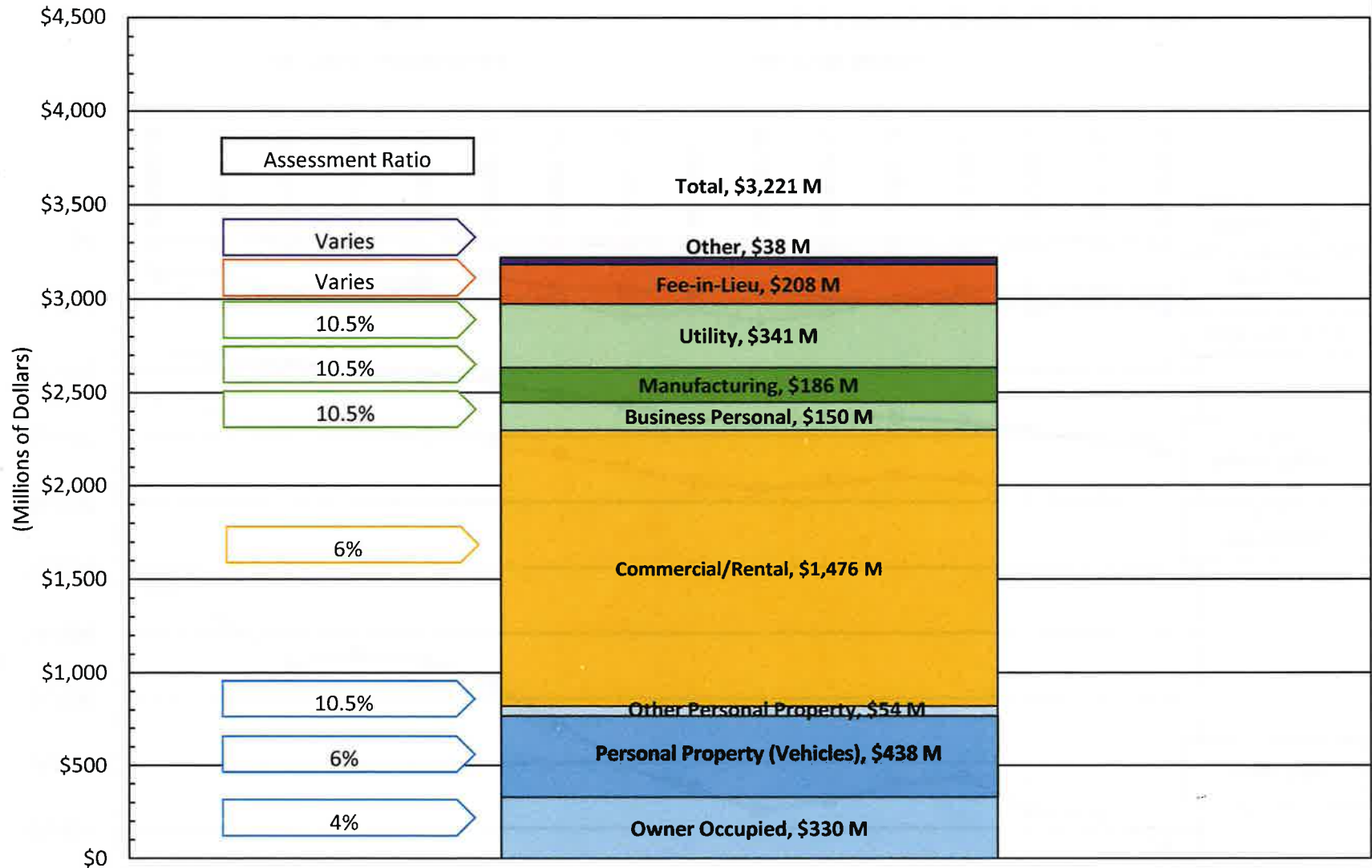
# TOTAL REVENUE FROM STATE SOURCES



Source: SC Dept. of Education, Statement of Revenues  
 SC Revenue and Fiscal Affairs Office 188C/08/18/17



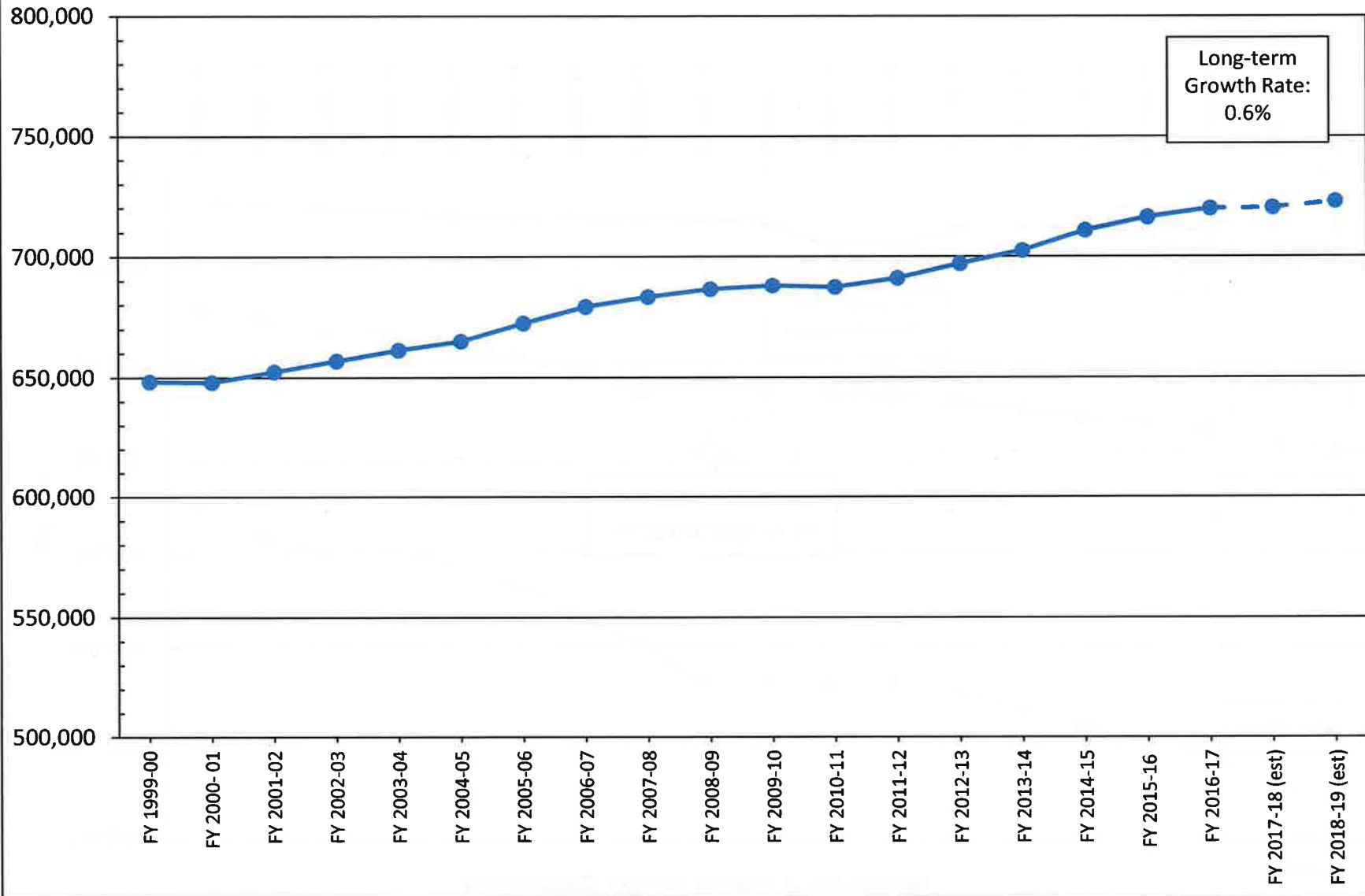
## ESTIMATED TOTAL LOCAL SCHOOL DISTRICT PROPERTY TAXES By Assessment Classification



Other includes agricultural and motor carrier property.

FY 2014-15

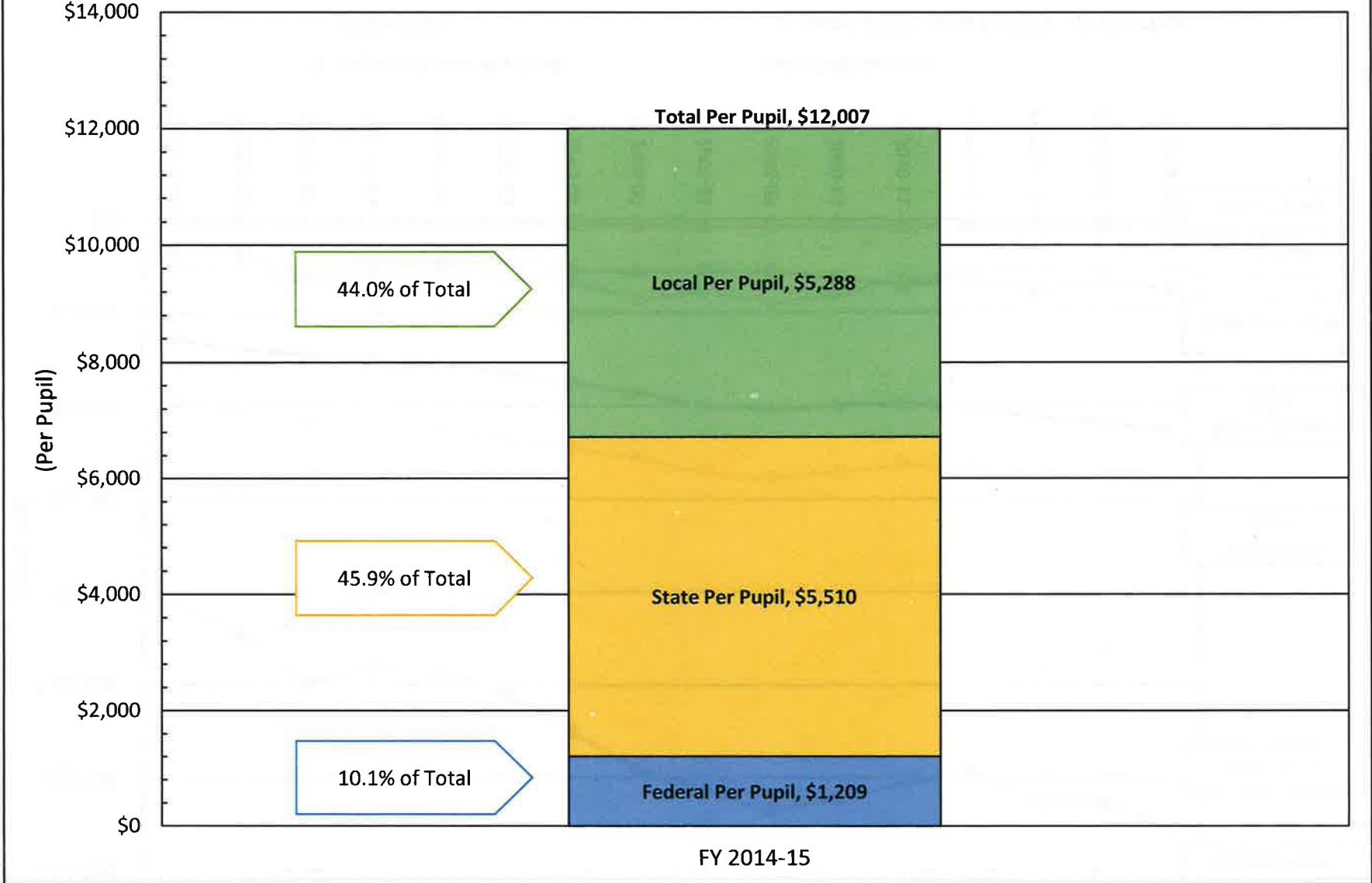
## AVERAGE DAILY MEMBERSHIP 81 Regular School Districts



Source: SC Dept. of Education, 135-day student counts. Excludes Charter and Special districts.  
SC Revenue and Fiscal Affairs Office 189B/8/22/17

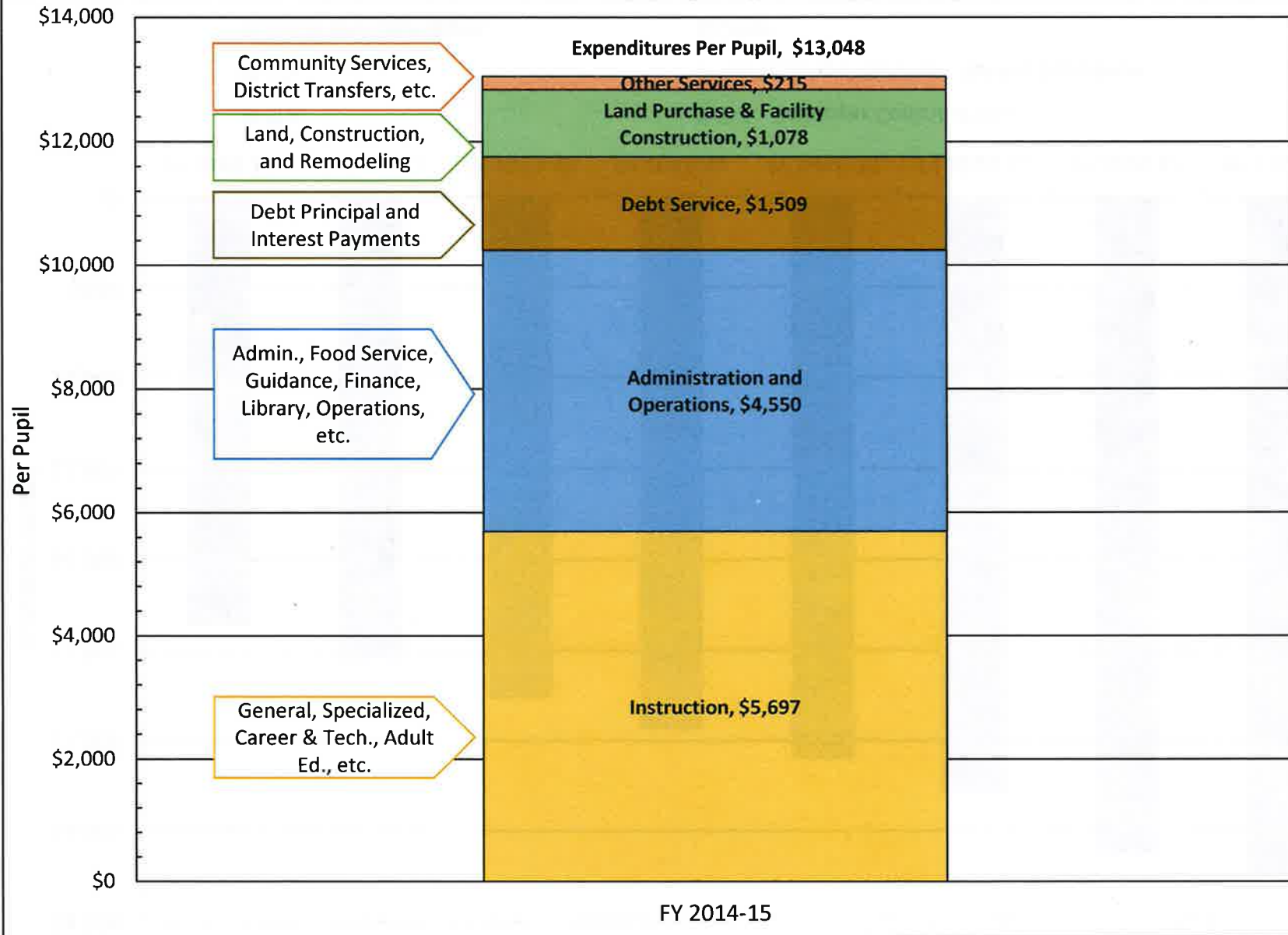
# REVENUE PER PUPIL BY SOURCE

## Excludes Local Bond Proceeds



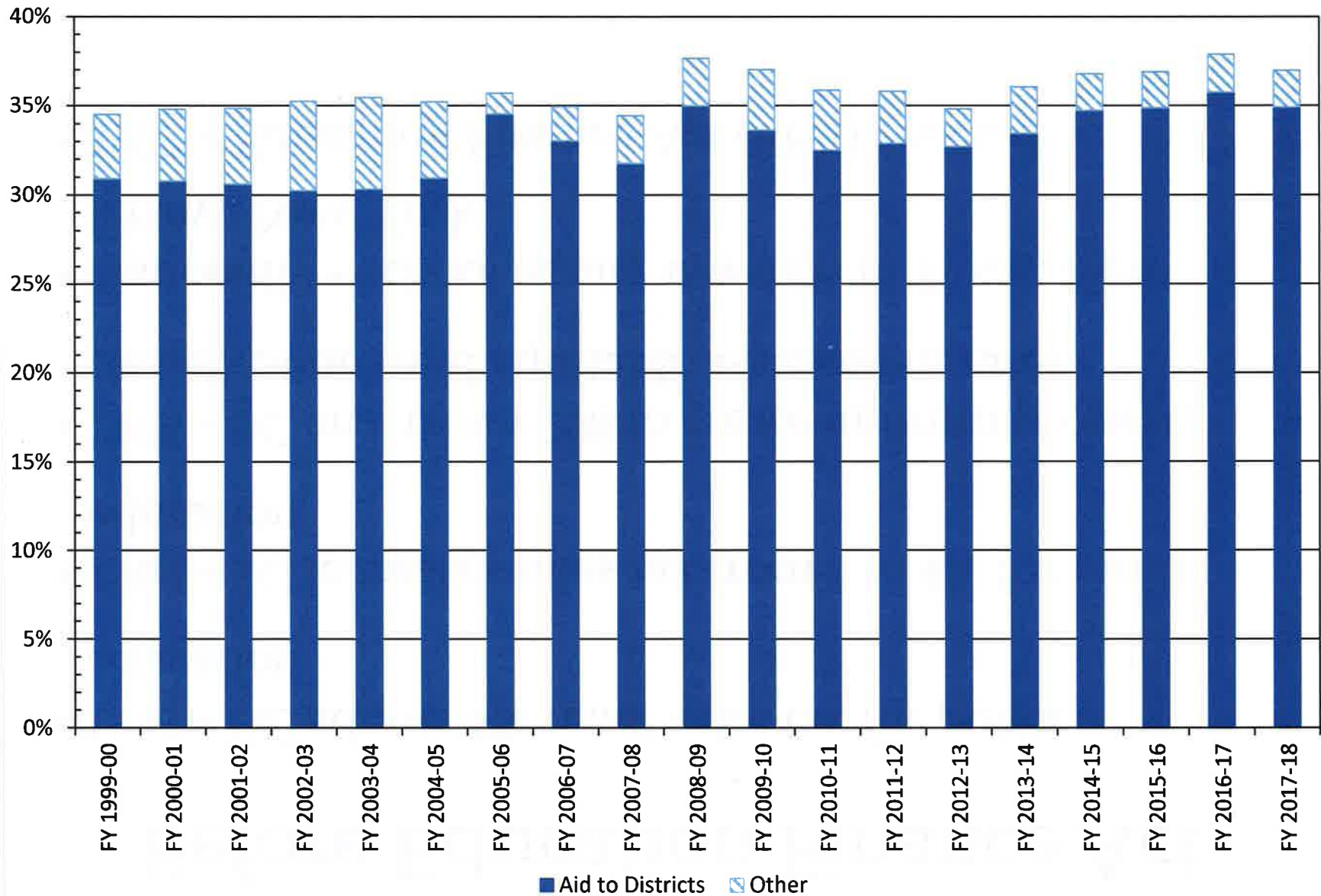
Source: SC Dept. of Education, Statement of Revenues  
 S.C. Revenue and Fiscal Affairs 188B/08/17/17

## EXPENDITURES PER PUPIL



Source: SC Dept. of Education, Statement of Revenues and Expenditures  
 S.C. Revenue and Fiscal Affairs 188F/08/23/17

## K-12 APPROPRIATIONS AS % OF TOTAL GENERAL FUND BUDGET



\*Based on General Fund Appropriations to SDE. Does not include mid-year cuts, other than the FY 2008-09 Rescission Bill.  
 Source: RFA, 187B, JCS, 8/22/17

# What is the 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 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 varies between 16% and 92%.

# Weightings as of FY 2013-14

## Students:

Kindergarten	1.30
Grade 1-3	1.24
Grades 4-8	1.00
Grades 9-12	1.25

## Students with Special Needs:

Handicapped	1.74 to 2.57
Speech	1.90
Homebound	2.10
Career & Tech	1.29

## Add-ons:

Early Childhood Assistance	0.26
Academic Assistance	0.114
Adult Education	0.15



# Original Base Student Cost

At School Level (Minimum size of 375 students):

- One teacher for every 26 pupils
- One principal
- One assistant principal (if have more than 500 pupils)
- One secretary
- One attendance clerk
- One librarian
- One library aide (if have more than 500 pupils)
- One guidance counselor (if have more than 500 pupils)

# How the EFA Formula Works:

# Local Required Support

$$\text{BSC} \times \text{Statewide WPU} \times .30 \text{ (Statewide Average)} \times \text{Index of Taxpaying Ability} \\ = \\ \text{Local Required Support}$$

Example: Abbeville

$$\$2,425 \times 993,311.55 \times .3 \times .002630 = \$1,900,527.83$$

Example: Charleston

$$\$2,425 \times 993,311.55 \times .3 \times .140220 = \$101,327,760.90$$

# Summary

## Abbeville:

Local Share- \$1,900,527.83

State Share- \$7,858,229.92

Total EFA- \$9,758,757.75

State Support/EFA = % State Support  
Abbeville has **80.53%** State Support

State Base Student Cost: \$1,952.73

Local Base Student Cost: \$ 472.27

Total Base Student Cost: \$2,425.00

## Charleston:

Local Share- \$101,327,705

State Share- \$ 46,783,042.60

Total EFA- \$148,110,803.60

State Support/EFA = % State Support  
Charleston has **31.58%** State Support

State Base Student Cost: \$ 765.97

Local Base Student Cost: \$1,659.03

Total Base Student Cost: \$2,425.00

# Today...

- More than half of districts (42) have fewer than 5,000 students.
- Approximately 20% or one in five schools have fewer than 375 students (145 elementary schools, 82 middle schools, and 47 high schools) had an enrollment of less than 375 students in 2015-16
- Average student to teacher ratio in core classes is **22:1**

# After 1983. . . .

**1984** - EIA enacted, increasing sales tax revenue from 4% to 5% with penny in trust fund. Trust Fund annually allocates funds

Key Component: Increasing average teacher salary to Southeastern average using combination of EIA, EFA & local funds and statewide minimum teacher salary

**1996, 2002, 2006, 2012** - Charter school laws

**1998, 2001** - Education Accountability Act (EAA) & No Child Left Behind - Move from equity to adequacy in funding

**2005** - Education & Economic Development Act (EEDA) and Students Health & Fitness Act

**2006** - Act 388

**2007** - SC Virtual School Program

**2009** - District Flexibility

**2014** - Read to Succeed (summer reading camps, reading coaches, etc.)

# District Size, 2015-16

Student Enrollment	Number of Districts	Number of County-wide Districts
Less than 1,000	8	1
1,001 to 2,000	8	2
2,001 to 3,000	14	4
3,001 to 4,000	7	2
4,001 to 5,000	5	4
5,001 to 10,000	16	6
10,001 to 15,000	8	4
15,001 to 20,000	6	2
20,001 to 25,000	3	2
25,001 to 30,000	3	0
30,000 to 35,000	1	1
More than 35,000	3	3
<b>TOTAL</b>	<b>82</b>	<b>31</b>



# Problems with “Average”

EFA:

District A = 995 Students

District B = 1000 Students

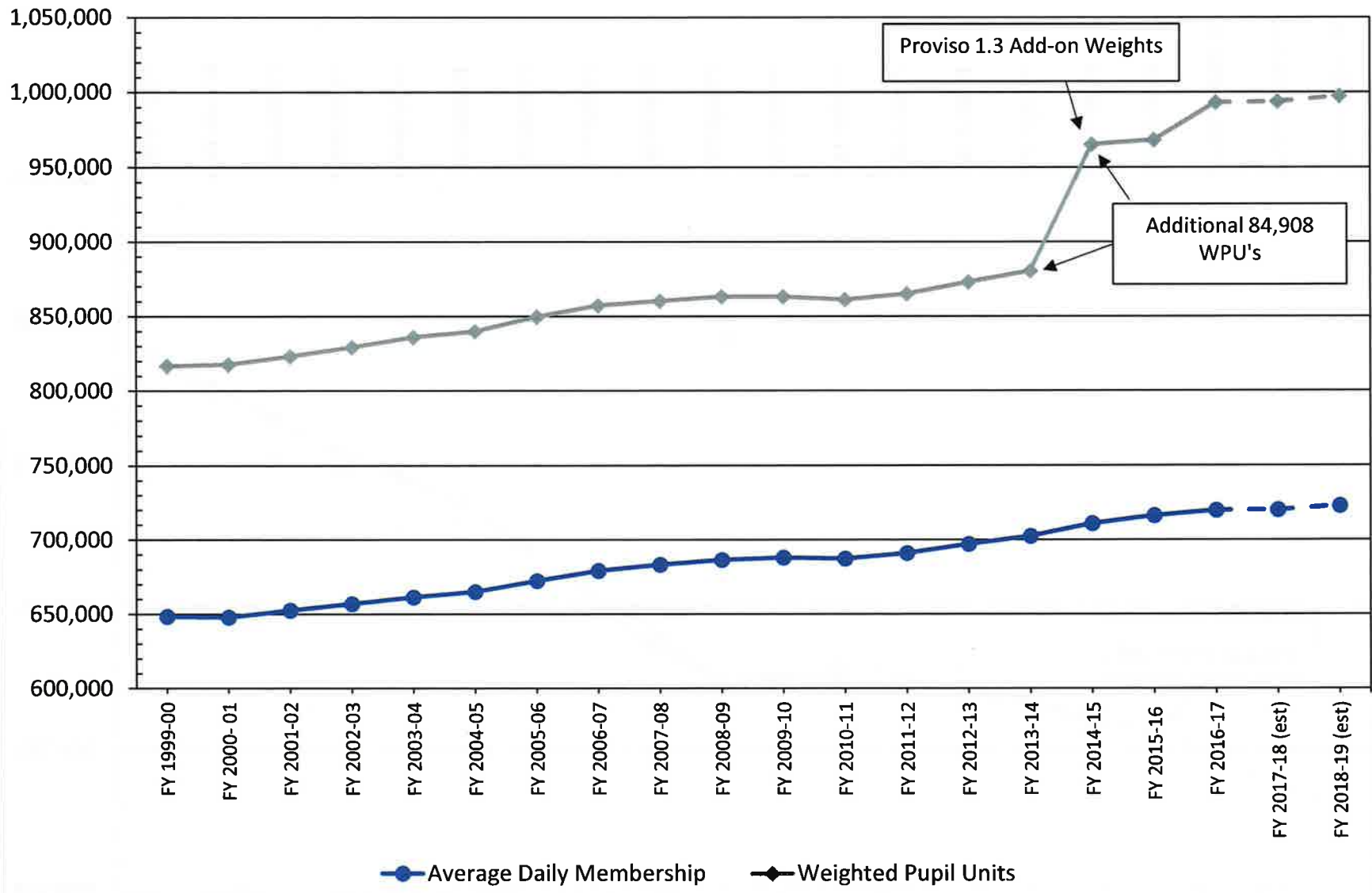
District C = 1005 Students

- Fixed vs Variable Costs
- Average vs Marginal Costs
- Economies of Scale

Southeast Average Teacher Salary:

- State pay scale vs local supplements
- Differences in years of experience
- Competition - Southeast schools or local employers

## 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/8/22/17

# Conclusion

- EFA still operates as the methodology for allocating \$1.8 billion in state appropriations.
- EFA is one piece of entire K-12 education budget.
- Premise of EFA (Defined Minimum Program, State/Local Share, and Index of Taxpaying Ability) are either repealed or vastly different forty years after passage of law.

# Decision Points

- Identify which, if any, line items should be included in a “foundation” program
- Determine state and local share of K-12 budget
- Determine what accountability measures should be implemented
- Discuss, if and how, the state might address single-county districts that are declining in enrollment
- Discuss, if and how, state might incentivize consolidation of districts or consolidation of services