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

- Regular School Districts: 28,051
- Special School Districts: 44,853
- SC Charter Districts: 1,132
- Total Private Schools: 20,808
- Total Home School: 5,351
- Dropouts: 1,132

Source: South Carolina Department of Education

December 18, 2019
SOUTH CAROLINA ACTUAL AND PROJECTED STUDENTS BY SCHOOL TYPE

Source: South Carolina Department of Education
December 18, 2019
FIVE YEAR CHANGE IN NUMBER OF STUDENTS BY SCHOOL TYPE
FY 2014-15 to FY 2018-19

Source: South Carolina Department of Education

December 18, 2019
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
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

Federal Revenue
State Revenue
Local Revenue

Percent of Total Revenues

Act 388 of 2006, FY 08
ARRA Funding, FY 10 & FY 11

Federal: 9.0%
State: 45.9%
Local: 45.1%

Page 11 of 37
December 18, 2019
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

December 18, 2019
## General Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Finance Act *</td>
<td>$1,822,608,440</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>$788,703,177</td>
</tr>
<tr>
<td>Retiree Insurance</td>
<td>$164,664,513</td>
</tr>
<tr>
<td>Guidance &amp; Career Specialists</td>
<td>$31,363,113</td>
</tr>
<tr>
<td>Reading Coaches</td>
<td>$29,483,100</td>
</tr>
<tr>
<td>Student Health and Fitness</td>
<td>$26,297,500</td>
</tr>
<tr>
<td>Other items</td>
<td></td>
</tr>
</tbody>
</table>
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

December 18, 2019
# Average Daily Membership vs Weighted Pupil Units Weightings as of FY 2019-20

<table>
<thead>
<tr>
<th>Students:</th>
<th>Students with Special Needs:</th>
<th>Add-ons for personalized instruction:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>Handicapped 1.74 to 2.57</td>
<td>Gifted and talented 0.15</td>
</tr>
<tr>
<td>Grades 1-3</td>
<td>Speech 1.90</td>
<td>Academic Assistance 0.15</td>
</tr>
<tr>
<td>Grades 4-8</td>
<td>Homebound 2.10</td>
<td>Limited English Proficiency 0.20</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>Career &amp; Tech 1.29</td>
<td>Pupils in Poverty 0.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dual Credit Enrollment 0.15</td>
</tr>
</tbody>
</table>
AVERAGE DAILY MEMBERSHIP AND WEIGHTED PUPIL UNITS
81 Regular School Districts

Proviso 1.3 Add-on Weights
Additional 84,908 WPU's

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

December 18, 2019
Total EFA Funding – State and Local Share, FY 2018-19

Base Student Cost (BSC) x Weighted Pupil Units (WPU) = Total EFA
$2,485 x 991,411 = $2,463,656,335

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

Example -
Abbeville: $2,485 x 3,979.35 = $9,888,684.75
Charleston: $2,485 x 61,570.06 = $153,001,599.10
Local Required Support – Index of Taxpaying Ability

Local Share x Index of Taxpaying Ability = 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 WPUs
- 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

<table>
<thead>
<tr>
<th>Exemption Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$100K Residential School Operating Exemption (Tier I) (capped)</strong></td>
<td>$249,069,750</td>
</tr>
<tr>
<td>• Exempts first $100K of appraised value in owner occupied properties</td>
<td></td>
</tr>
<tr>
<td><strong>$50K Homestead Exemption (Tier II) (partially capped)</strong></td>
<td>$219,844,602</td>
</tr>
<tr>
<td>• Exempts first $50K of appraised value in owner occupied properties for owners who are 65 and older, totally and permanently disabled, or blind</td>
<td></td>
</tr>
<tr>
<td>• School operating portion capped at $80.9M</td>
<td></td>
</tr>
<tr>
<td>• All other portions are a dollar-for-dollar match</td>
<td></td>
</tr>
<tr>
<td><strong>Homestead Exemption Fund (Act 388) (formula)</strong></td>
<td>$773,434,411</td>
</tr>
<tr>
<td>• Exempts any appraised value not already exempt in owner occupied properties from school operating millage</td>
<td></td>
</tr>
<tr>
<td>• Increased annually by population and inflation</td>
<td></td>
</tr>
<tr>
<td>• Includes the $2.5M Minimum requirement</td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturer’s Depreciation Reimbursement (dollar-for-dollar)</strong></td>
<td>$83,927,859</td>
</tr>
<tr>
<td>• Exempts manufacturer’s property with depreciated value from 20% to 10%</td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturer’s Exemption (14.2857% of Assessed Value) (dollar-for-dollar up to $83M)</strong></td>
<td>$6,476,615</td>
</tr>
<tr>
<td>• Exempts manufacturer’s property value as created in the Roads Bill (phased-in over six years)</td>
<td></td>
</tr>
<tr>
<td><strong>Merchants Inventory (capped)</strong></td>
<td>$40,557,257</td>
</tr>
<tr>
<td>• Exempts merchant inventory in stock from property tax</td>
<td></td>
</tr>
</tbody>
</table>
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

December 18, 2019

South Carolina Revenue and Fiscal Affairs Office
Local Revenues
TOTAL REVENUE FROM LOCAL SOURCES
Excludes Local Bond Proceeds

Current Property Taxes, $3,882 M
Service Revenue & Charges, $292 M
Miscellaneous, $245 M

Total, $4,420 M

FY 2017-18

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

December 18, 2019
LOCAL REVENUE PER PUPIL FY 2017-18
Excluding Bonds

Source: SC Dept. of Education, Statement of Revenues

December 18, 2019
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 create 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.
Chart School

• 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
<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>General Funds/EFA*</td>
<td>$1,822,608,440</td>
</tr>
<tr>
<td>EIA</td>
<td>$133,763,712</td>
</tr>
<tr>
<td>Lottery</td>
<td>None</td>
</tr>
<tr>
<td>Property Tax Relief</td>
<td>None</td>
</tr>
<tr>
<td>Local Revenues</td>
<td>None</td>
</tr>
<tr>
<td>Federal Revenues</td>
<td>$10,866,887</td>
</tr>
</tbody>
</table>
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

December 18, 2019
How does education funding compare to the total budget?
STATE APPROPRIATIONS FOR K-12 EDUCATION

(Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EFA</td>
<td>EFA - Employer Contributions</td>
<td>Non EFA/EIA Teacher Pay Increase</td>
<td>EIA</td>
<td>Aid to School Districts - Retiree Insurance</td>
<td>Buses and Operations</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Includes SDE General Fund and EIA Appropriations only.
S.C. Revenue and Fiscal Affairs 187
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.
How do school districts spend what they receive?
EXPENDITURES PER PUPIL

FY 2017-18

Expenditures Per Pupil, $14,627

- Instruction, $6,166
- Administration and Operations, $5,074
- Land Purchase & Facility Construction, $1,695
- Debt Service, $1,440
- Other Services, $251
- General, Specialized, Career & Tech., Adult Ed., etc.
- Admin., Food Service, Guidance, Finance, Library, Operations, etc.
- Community Services, District Transfers, etc.

Source: SC Dept. of Education, Statement of Revenues and Expenditures
S.C. Revenue and Fiscal Affairs 188F
December 18, 2019
EXPENDITURES PER PUPIL BY CATEGORY

Percent of Total

- Instruction: 42.2%
- Admin./Oper: 34.7%
- Land: 11.6%
- Debt Svc: 9.8%
- Other: 1.7%

Source: SC Dept. of Education, Statement of Revenues and Expenditures
S.C. Revenue and Fiscal Affairs 188E
December 18, 2019
ASSESSED VALUE PER DISTRICT AS A PERCENT OF TOTAL STATE, FY 2018-19

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

December 18, 2019