

Education Funding Model

Status Report – May 9, 2019

Presented to

The Honorable Henry McMaster, Governor

The Honorable Harvey Peeler, President of the Senate

The Honorable Jay Lucas, Speaker of the House of Representatives



Acknowledgements

While this document was developed and is being presented by the Revenue and Fiscal Affairs Office (RFA), it contains and reflects the efforts and contributions of many other individuals who are involved with public education, its policies, and funding on a daily basis. RFA staff spent many hours researching and analyzing the data and preparing this report, but this analysis would not have been possible without the support and assistance of those individuals who provided data and expert insight. Their efforts and cooperation are very much appreciated. Of all the individuals who contributed to this report, a special note of appreciation is extended to Ms. Nancy Williams, Chief Finance Officer, at the South Carolina Department of Education.

This report and accompanying material may be found at <http://rfa.sc.gov/econ/educ/model>

Any and all comments from interested parties are welcomed and may be emailed to EdFund@rfa.sc.gov. While this report attempts to identify data and policy issues for follow-up, any comments to improve or guide this analysis are especially welcomed. Please note that all correspondence is considered public information.

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Executive Summary

Introduction

This report describes the approach, presents known data, and outlines the next steps to enable Revenue and Fiscal Affairs (RFA) to complete the education funding model and accompanying goals. The premise of this model is that *students drive the need for services*, and different students may require different services. This model attempts to 1) identify those services and 2) estimate the cost of providing those services.

The key factors affecting this model are:

- number of students
- number of teachers and student-teacher ratios
- teacher salaries

This approach differs from the current practice of budgeting, which is based on formulas, accounting codes, and specific programs. As currently structured, the Base Student Cost only covers a portion of the total cost of education, and this model attempts to quantify the full cost in a single number.

Equity

The report highlights the importance of equity and how state appropriations and the vast differences in taxable property value among the local school districts impact each district's ability to fund education services.

Expenditure Baseline

A baseline for this model was developed using actual expenditures for FY 2016-17 reported by the 81 local school districts to the State Department of Education. The model attempts to define a basic educational program common to each local public school district (Basic Program). Expenditures for this Basic Program were calculated by excluding accounting transfers, debt service, federal funding, non-statewide programs, and local salary programs from the districts' total expenditures. Spending in FY 2016-17 for the Basic Program was determined to be \$6,226.7 million or \$8,650 per student (funded by state and local dollars).

This model further sub-divides expenditures into three primary categories:

- Instruction – averaging \$6,060 per pupil
- Facilities and Transportation – averaging \$1,531 per pupil
- District Services – averaging \$692 per pupil

Others services, averaging \$367 per pupil, make up the remaining expenditures. This category includes pupil service activities such as athletics that are outside the model.

Charts showing how each district compares to the statewide average expenditures for the Basic Program are included in the report.

Model – Budgeting Methodology

The budget model attempts to explain and define the costs for the three primary expenditure categories in the Basic Program by estimating the cost for various sub-categories within each group. For example, Instruction is divided into Instruction, Instructional Support, Health and Social Services, Vocational and Career, Technology, and School Administration. The cost of instruction in the model is based on the cost of a teacher and the number of teachers required to serve students. Data are presented to show the number of teachers and the various student-teacher ratios by district. Notably, student-teacher ratios are not “class-size,” and more data are needed to examine this difference.

As data are verified, the model will show the amount of state and local funding that is supporting the expenditures for the Basic Program and how changes to the current system may affect those figures.

Teacher Salaries

Identifying or targeting a competitive salary for teachers requires more discussion as the analysis involves a number of variables. This report identifies and presents data on these variables, which include the market demand for a particular job, government vs private sector, and number of days worked.

The report further examines differences in teacher salaries based upon the state minimum teacher salary scale by education level to various other annual salaries.

Policy Decisions and Data

The two major tasks stemming from this report involve data and policy decisions.

- The report provides a significant amount of analysis, but further work is needed to verify the underlying data and identify and collect additional or missing data.
- The report also identifies a number of policy decisions that would impact the model and cost estimates. *Feedback from stakeholders is critical on these key issues so the model can incorporate these assumptions or goals.* This feedback is also expected to set priorities for funding.

Special Note

This report presents an extensive amount of data and attempts to organize it in a manner so key cost drivers and differences in spending can be better understood.

Status of Education Funding Model- May 9, 2019

Approach

- The basic theme for this model is that *students drive the need for services and resources*. Some students require only basic services, while others require additional or enhanced services and resources. For the purposes of this report, these resources can be categorized into three main areas:

Instruction - Cost for direct and indirect instruction and resources in the classroom setting

Facilities and Transportation - Cost for the school site to house, transport, feed, and secure students

District Services - Cost for district-wide services to support the schools in a district

- This model attempts to identify, categorize, and estimate the cost of these various levels of services and resources that are being provided currently, which are later described in this report as the Basic Program.
- The report presents additional data regarding the funding resources at the state and local level and how allocations affect equity.

Status of Model

- Created a baseline or reference point using actual expenditures and revenues for FY 2016-17 and grouped expenditures into major categories.
- Created a model to identify and estimate the resources that aligned to the expenditures.
- Experienced data issues and need more time to find appropriate data, resolve differences in classification, and verify reporting.
- Identified key policy issues that would affect the model and need feedback from stakeholders.

Next Steps

- Review initial report with key stakeholders.
- Obtain, verify, and finalize data.
- Receive feedback on key policy issues affecting model.
- Provide update on September 12, 2019.

Purpose

- Develop a new model to guide state appropriations and local expenditures for education

Currently, state appropriations for education are identified by separate accounting lines, and the budget process for those items does not adequately explain the underlying factors driving the total cost of education services and the variance among the local school districts. Also, funding for similar programs is spread over different line items, and these accounting items do not provide a comprehensive measure of resources disbursed or expended.

In this proposed model, the general approach is to identify and quantify the demand for services that students need and estimate the cost for providing those services. As part of this effort, a baseline on these services and costs is established based on actual FY 2016-17 appropriations and expenditures. A substantial amount of time and effort has been devoted to gathering and organizing the relevant data in order to categorize and measure those services and estimate costs at the state and district level, and more work will be required to review this data and consider adjustments to the model. At this stage of the process, however, the primary goal of this report is to present a framework to all stakeholders and allow time for interested parties to understand the approach and review the data, assumptions, and the basic foundation for estimating costs.

Furthermore, the continued development of this model is dependent upon significant policy decisions, which are best addressed by the key stakeholders.

- Improve efficiency, transparency, accountability, and affordability

At each possible point in designing the methods for estimating, budgeting, disbursing, and reporting, efforts have been made to include information to help improve the efficiency, transparency, accountability, and affordability of a new model. These factors are outlined later in this report, but are largely dependent upon input from stakeholders.

Key Factors in Developing Model

The request for this report outlined three key factors to consider in developing a model for education funding: equity, 21st century economy & education, and flexibility & accountability.

Equity

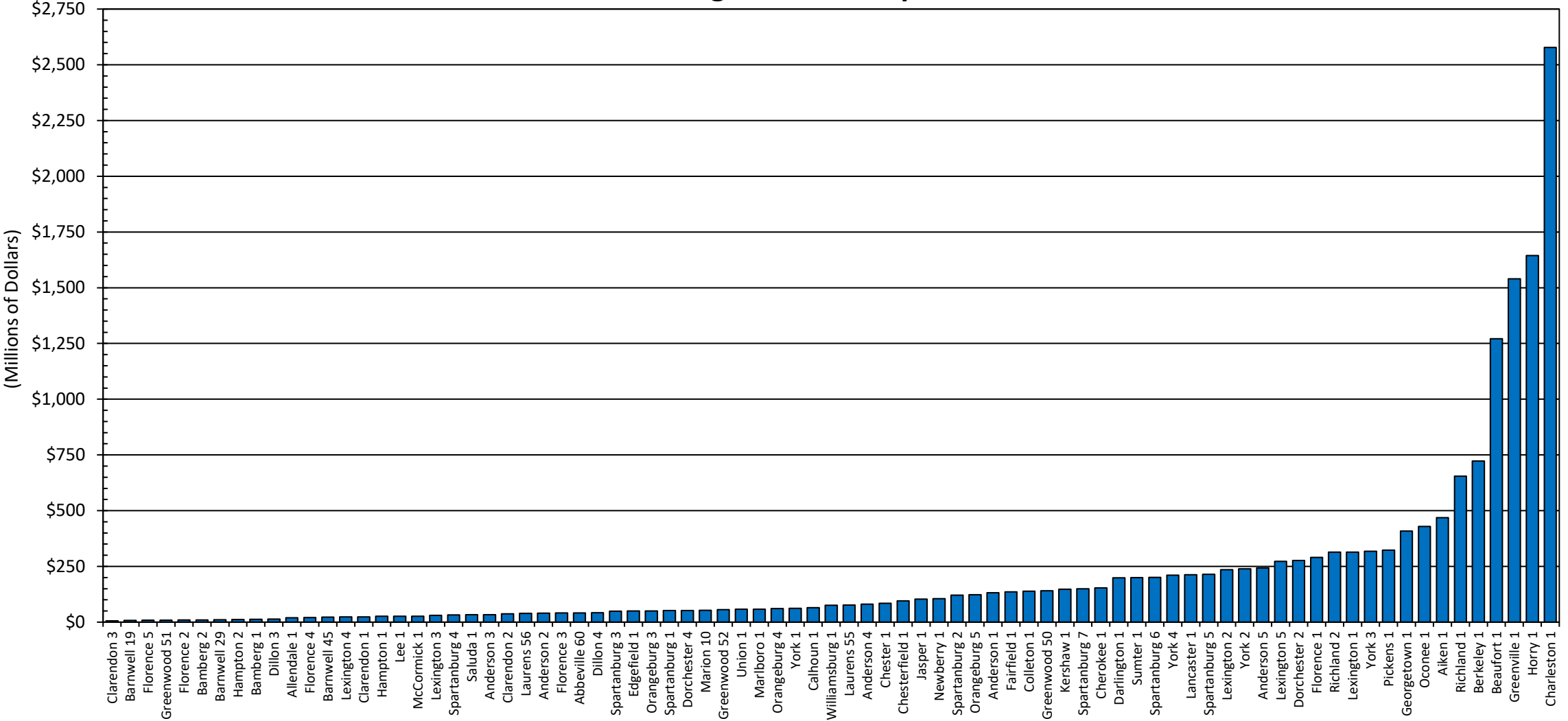
- “ensure more equitable distribution”

Equity in funding and the impact upon students and taxpayers is an important consideration in this model. School funding is predominately based on state appropriations and local tax base. While differences in state appropriations may be more noticeable, the disparities among the local property tax base are less obvious but more significant. Several charts are included to help identify the degree of disparity in the local property tax base which show:

- The range in total assessed property value from the school districts with the lowest tax to the highest is over 1,300 percent.
- The value of one mil ranges from \$18,000 to \$2,600,000 between the lowest and highest values.
- Since 1974, 16 percent of the total tax base has shifted from the lowest 75 percent of districts to the highest 25 percent of districts. The wealthiest twenty local districts account for 76 percent of the total tax base statewide.

TOTAL ASSESSED VALUE BY SCHOOL DISTRICT- TAX YEAR 2017

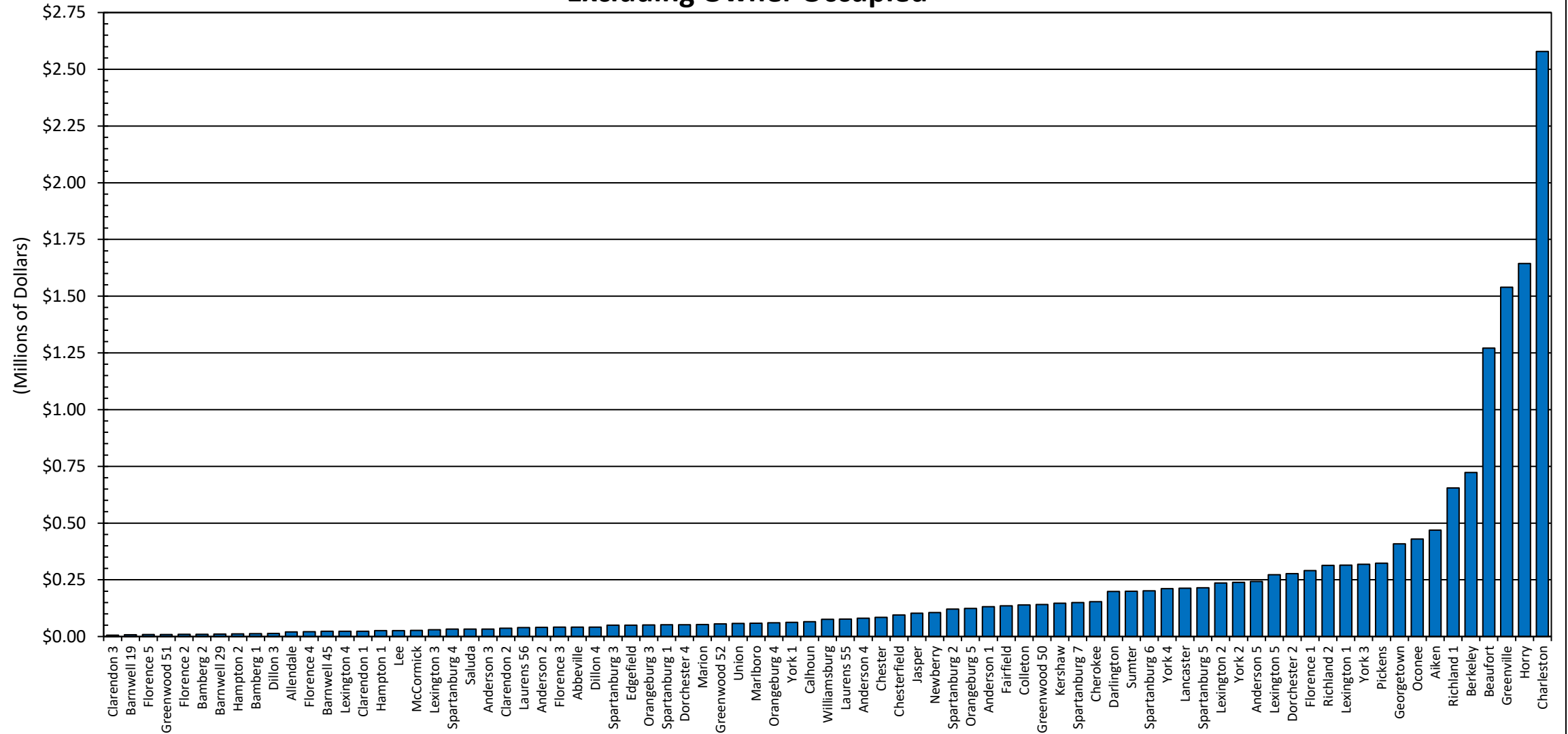
Excluding Owner Occupied



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

ESTIMATED VALUE OF A MILL BY SCHOOL DISTRICT - TAX YEAR 2017

Excluding Owner Occupied

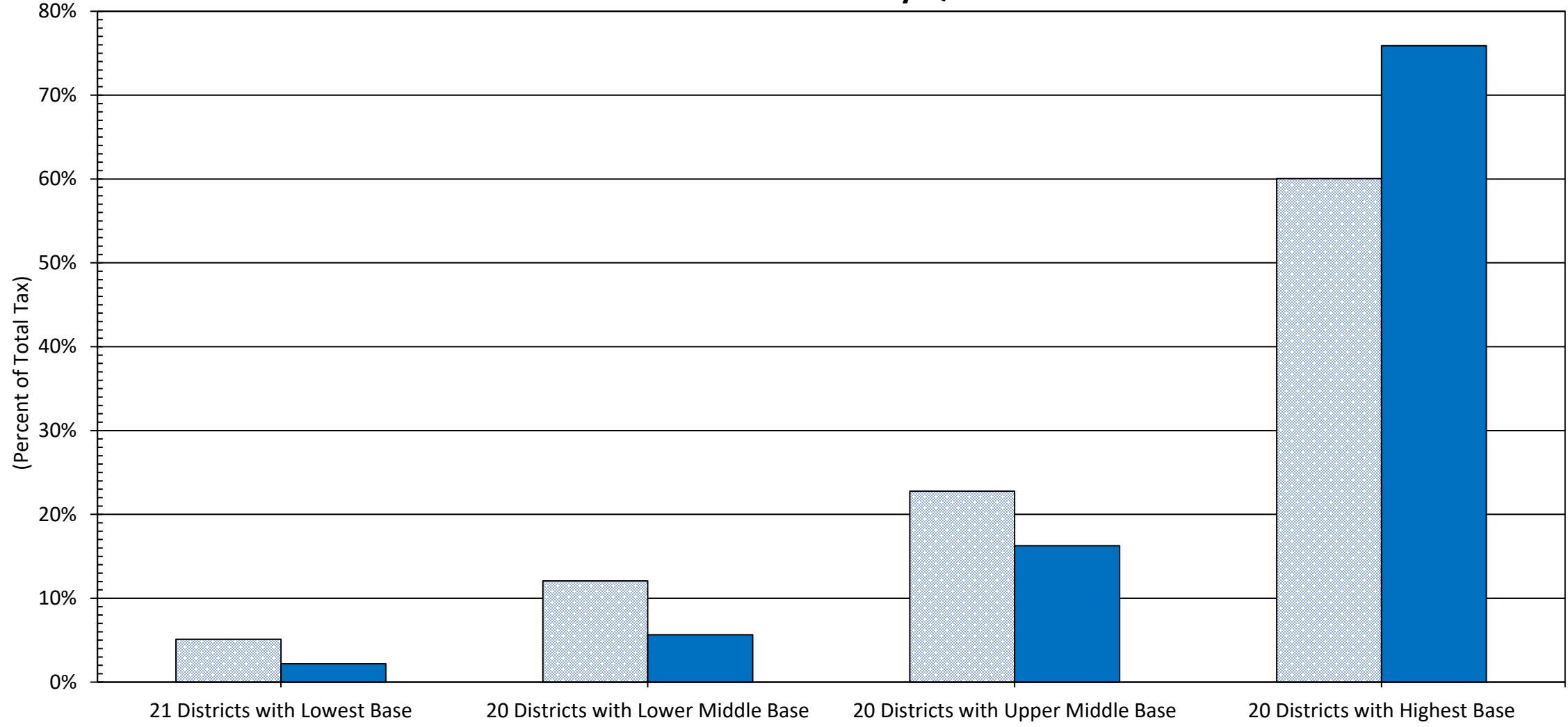


Note: Includes fee-in-lieu property

Data Source: S.C. Department of Revenue Index of Taxpaying Ability RFA/229B

SHIFT IN PROPERTY TAX BASE BY SCHOOL DISTRICT RANKS BETWEEN 1974 AND 2017

Percent of Total Tax Base by Quartile



Note: All property including owner occupied and fee-in-lieu
 Data Source: S.C. Department of Revenue Index of Taxpaying Ability RFA/246

■ TY 1974 ■ TY 2017

Key Factors in Developing Model (Continued)

21st Century Economy & Education

- “meet the requirements of a 21st century economy and 21st century education”

This model attempts to incorporate key factors driving local education expenditures in the budgeting process so the impacts on local expenditures and accountability can be identified and measured more easily.

Key Policy Issue – What standards or programs should be included or amended to align model with goals for providing a 21st century education?

Flexibility & Accountability

- “offer more spending flexibility”

The model incorporates formulas for estimating the costs for specific services that can be grouped and/or appropriated by larger categories, but input is needed from all stakeholders regarding the degree of flexibility and the specific items affecting flexibility that need to be addressed. This model anticipates that as more items are grouped into larger categories for basic services, more flexibility will be offered. But at the same time, as additional resources are provided for additional services, less flexibility might be needed.

Key Policy Issue – What specific state laws or regulations should be considered in determining district flexibility?

Limitations and Items Not Addressed in This Report

- Due to the data and time limitation, this report focuses on K-12 education resources for the 81 regular local school districts and excludes the S.C. Public Charter School District and Special School Districts.
 - Long-term funding implications of student growth in the S.C. Public Charter School District may be considered in subsequent analyses. (See Appendix for a chart on the history of student growth.)
- This report also focuses on the larger expenditure categories common throughout the 81 regular districts and excludes other education and district programs such as 4-year-old kindergarten and adult education.

List of Abbreviations and Terms

ADM – Average Daily Membership (student count)

CPI – Consumer Price Index

EFA – Education Finance Act

EIA – Education Improvement Act

FY – Fiscal Year

In\$ite- S.C. Department of Education expenditure categories

Per Pupil – expenditures divided by regular district ADMs

SDE – S.C. Department of Education

TY – Tax Year

WPU – Weighted Pupil Unit (students weighted by EFA category)

List of Items Specifically Requested by Topic

I. Current Status

Item (a) - A review of current state, federal, and local appropriations, revenues, and expenditures for the operation of public schools in the state and other documents that support the options or recommendations in its [RFA's] report

II. Budgeting Issues

Item (b) - Options or recommendations for simplifying and streamlining state appropriations for public education

Item (c) - Recommendations for consolidating existing current line item appropriations into fewer line items by major education programs

Item (d) - Options for improving the alignment of appropriations and revenues with local school district expenditures by major education programs

III. Accountability

Item (e) - Options for standards or measures of fiscal accountability for funding categories as recommended by the South Carolina Department of Education and options for standards or measures of student performance accountability as recommended by the South Carolina Education Oversight Committee

Item (f) - Examples of reports that improve simplicity and transparency in reviewing and monitoring state and local funding and revenues, local school district expenditures, and accountability measures at the state and local level

IV. Competitive Workforce

Item (h) - A recommendation to create and maintain a competitive work force of teachers by examining the teacher salary structure and providing options to increase the minimum teacher salary to \$35,000 or more

V. Consolidation

Item (i) - Options or incentives for encouraging consolidation or shared services among local districts

VI. Long-term Focus

Item (g) - Methods to simplify estimating or projecting future education funding needs

Item (j) - Options to phase-in a higher percentage of state funding than is outlined in the Education Finance Act

Item (k) - Recommendations to phase in any funding changes over time and to estimate the cost to hold harmless local school districts during a transition to a new funding model

Section I - Current Status of Education Funding

I. Current Status of Education Funding

Item (a) - review of current state, federal, and local appropriations, revenues, and expenditures for the operation of public schools in the state and other documents that support the options or recommendations in its [RFA's] report.

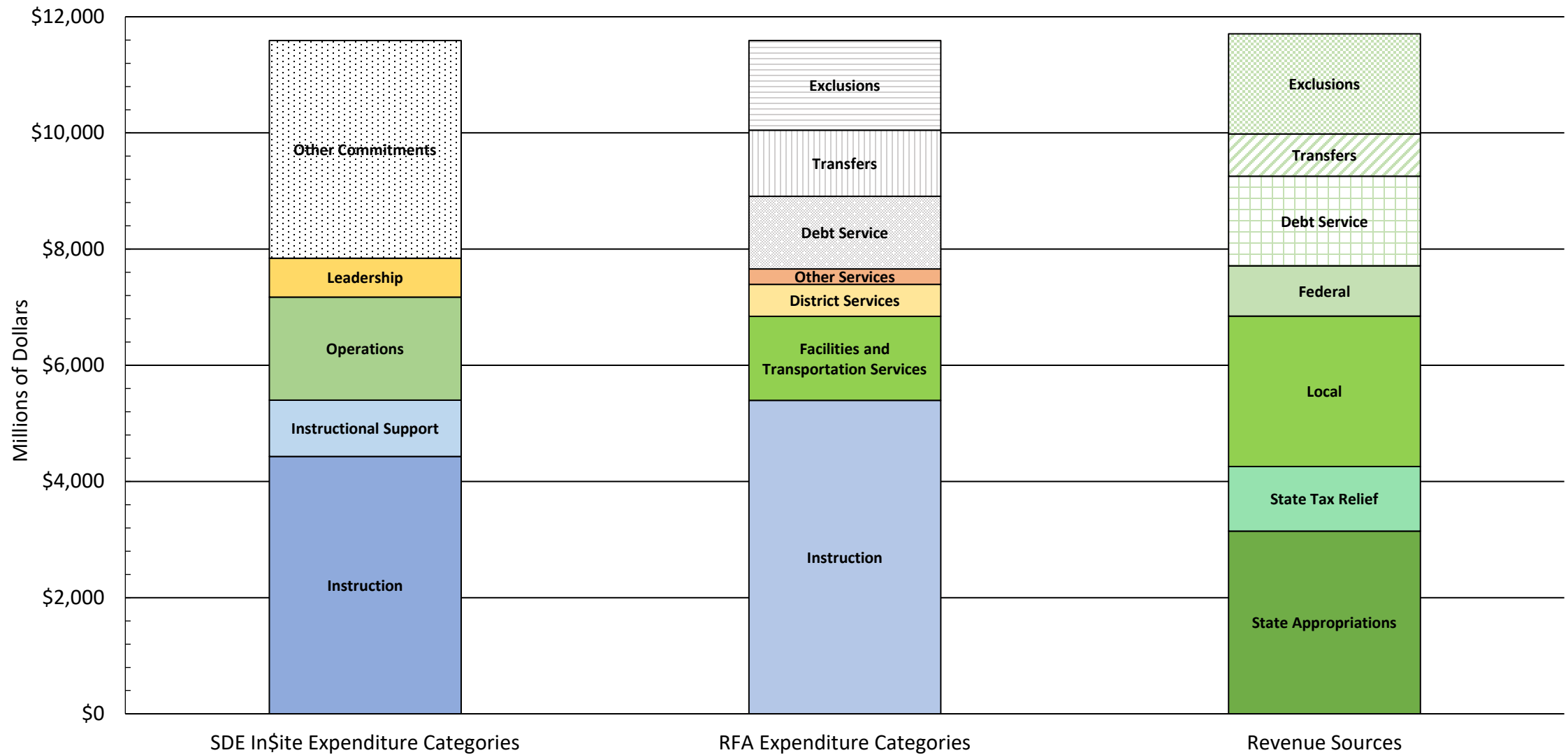
Status of Model

- The model uses the audited school district data reported to the S.C. Department of Education on the Statement of Revenues and Expenditures for FY 2016-17 to determine a baseline of school district expenditures and revenue sources.
- In FY 2016-17, total expenditures by the 81 regular school districts equaled \$11,589.3 million and averaged \$16,099 per student.
- Adjustments were made to total expenditures in an attempt to define common expenditures for the model and identify a common or Basic Program.
 - a. The first step was to subtract inter-fund transfers, exclusions (non-statewide programs such as adult education and pre-kindergarten), and debt service from total expenditures. These changes resulted in adjusted total expenditures of \$7,658.6 million and an average of \$10,639 per pupil.

Total Expenditures – Transfers – Exclusions – Debt Service = Adjusted Total Expenditures

- FY 2016-17 detailed expenditures, revenues, and the proposed categories can be found at <http://rfa.sc.gov/econ/educ/model>

TOTAL EXPENDITURES AND REVENUE SOURCES, FY 2016-17 Before Adjustments



Data Source: S.C. Dept. of Education; calculations by S.C. Revenue and Fiscal Affairs Office RFA/247

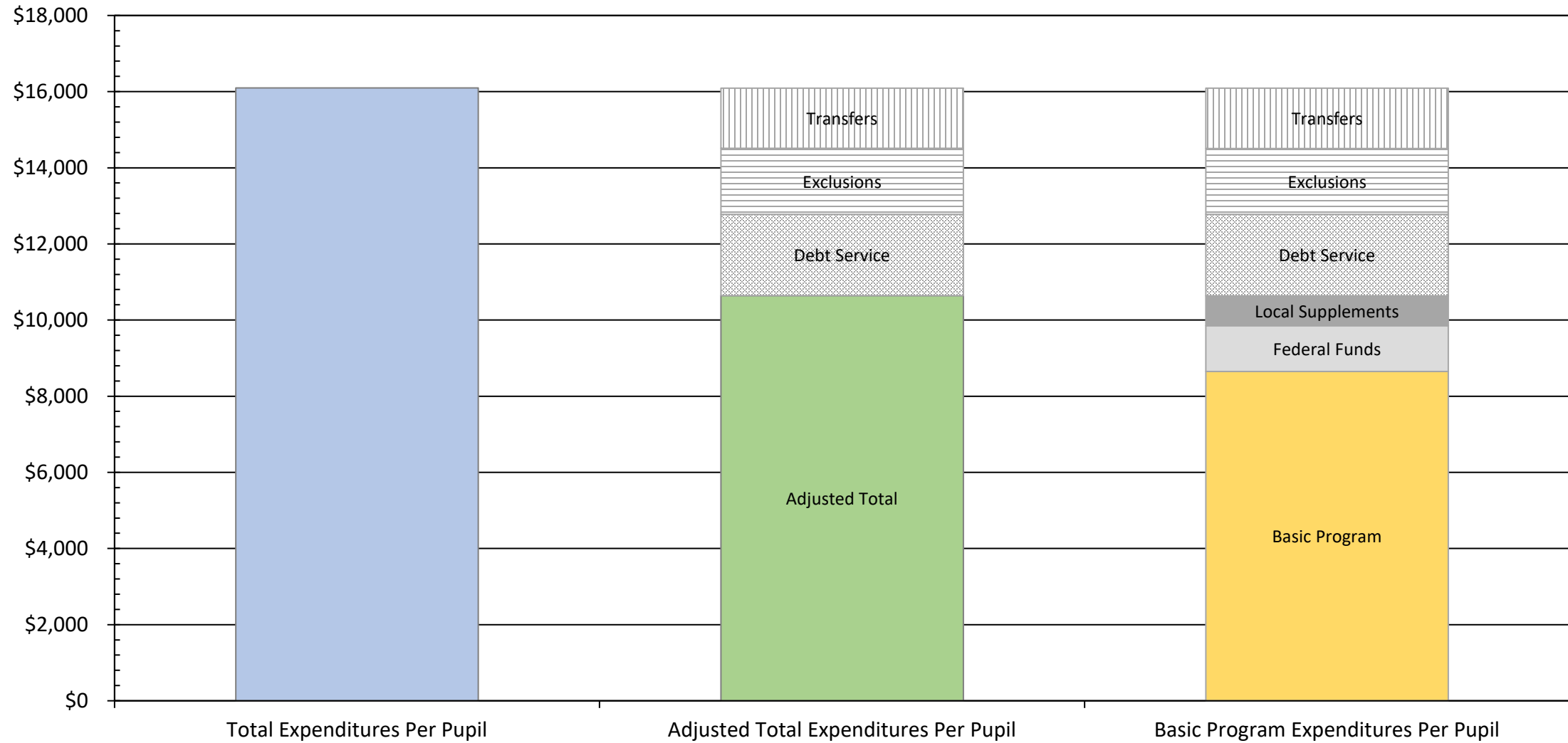
Total Expenditures and Revenues - RFA Expenditure Categories

- The analysis then removes federal funds and local initiatives (primarily teacher salary supplements) to determine expenditures for the basic education program across all districts. Basic Program expenditures are calculated at \$6,226.7 million, an average of \$8,650 per student or 81.3 percent of the adjusted total expenditures, and serve as the basis for developing the model. Other services, primarily pupil service activities such as athletics, are excluded from the model.

Adjusted Total Expenditures - Federal Funding - Local Salary Supplement Programs = **Basic Program**

	Total Expenditures - 81 Regular Districts	Total Expenditures - Per Pupil	Federal Funding	Local Salary Programs	Basic Program Expenditures	Basic Program Per Pupil
Total	\$11,589,286,021	\$16,099	\$882,127,621	\$1,070,715,840	\$9,636,442,560	\$13,386
Transfers	\$1,138,302,667	\$1,581	\$0	\$0	\$0	
Exclusions From Model	\$1,251,858,348	\$1,739	\$13,949,748	\$123,790,860	\$1,114,117,740	
Debt Service	\$1,540,521,504	\$2,140	\$0	\$0	\$1,540,521,504	
Adjusted Total	\$7,658,603,502	\$10,639	\$868,177,873	\$563,695,492	\$6,226,730,137	\$8,650
TOTAL - Instruction	\$5,395,307,651	\$7,495	\$547,798,189	\$484,750,946	\$4,362,758,516	\$6,060
TOTAL - Facilities and Transportation	\$1,446,102,007	\$2,009	\$320,379,684	\$23,609,205	\$1,102,113,118	\$1,531
TOTAL - District Services	\$553,353,408	\$769	\$0	\$55,335,341	\$498,018,067	\$692
TOTAL - Other Services	\$263,840,436	\$367	\$0	\$0	\$263,840,436	\$367
ADJUSTED TOTAL	\$7,658,603,502	\$10,639	\$868,177,873	\$563,695,492	\$6,226,730,137	\$8,650

FY 2016-17 EXPENDITURES PER PUPIL Total, Adjusted Total, and Basic Program



Data Source: S.C. Dept. of Education; calculations by S.C. Revenue and Fiscal Affairs Office RFA/248

Instruction Expenditures Categories

- The largest education expenditure category used in this report is Instruction, which totaled \$4,362.8 million and averaged \$6,060 per student for the basic program.

	Total Expenditures - 81 Regular Districts	Total Expenditures Per Pupil	Basic Program	Basic Program Per Pupil	Examples of Services
TOTAL - Instruction	\$5,395,307,651	\$7,495	\$4,362,758,516	\$6,060	
<i>Instruction</i>	\$4,066,421,387	\$5,649	\$3,200,481,843	\$4,446	<i>Classroom</i>
<i>Instructional Support</i>	\$369,022,722	\$513	\$298,399,485	\$415	<i>Guidance, Library, etc.</i>
<i>Vocational</i>	\$168,180,479	\$234	\$151,362,431	\$210	<i>Career Education</i>
<i>Health and Social Workers</i>	\$139,723,511	\$194	\$125,751,160	\$175	<i>School Nurses</i>
<i>IT (estimated at 85% of total IT)</i>	\$159,543,550	\$222	\$143,589,195	\$199	<i>Classroom Technology</i>
<i>School Administration</i>	\$492,416,002	\$684	\$443,174,402	\$616	<i>Principals and school staff</i>

What student services do expenditures for instruction support?

The model attempts to determine how students drive the cost for instructional expenditures.

- How many teachers, guidance counselors, school nurses, principals, and other staff are needed to support the students?*
- What is the demand for career and technology education resources?*
- What are the classroom technology costs?*

Teachers and Instructional Staff – Regular 81 School Districts

Positions in South Carolina Average Teacher Salary:	48,414
Positions Eligible for Teacher Supply Funds:	52,593
Positions Eligible for EIA Salary Supplement:	54,594

Categorization of Certified Professionals as used in this report:

Includes all Instructional Staff eligible for Teacher Supply Funds or EIA Salary Supplement

Classroom	45,032	Enhanced Instruction	4,032	Other Instruction	4,355
Kindergarten (05)*#	2,431	Special Education – Resource (07)*#	2,727	Guidance Counselors (11) #	2,072
Classroom (08)* #	39,841	Special Education – Itinerant (03) *#	118	Career Specialists (23) #	293
Retired Teachers (09) #	367	Speech Therapist (17)*#	903	Library / Media Specialists (10) #	1,080
Special Education - Self-Contained (06)*#	2,393	Occupational / Physical Therapists (37)	273	Psychologists (85)	542
		Orientation/Mobility Instructor (38)	2	ROTC Instructors (18) #	367
		Audiologists (39)	8		
				Health and Social	1,469
				School Nurse (36)	1,288
				Social Workers (40)	181

(Details may not add to totals due to rounding of FTEs)

Notes – All positions are included in state minimum salary scale. Prekindergarten (Child Development) (04)# teachers are not included in this section of the report. Figures reflect only staff in the regular 81 school districts. Career Specialists (23) are excluded from EIA salary supplement group.*

**--- Included in calculation of Average Teacher Salary*

#-- Eligible for Teacher Supply Funds

Facilities and Transportation Expenditures Categories

- The second largest education expenditure category is Facilities and Transportation, which totaled \$1,102.1 million and averaged \$1,531 per student.

	Total Expenditures - 81 Regular Districts	Total Expenditures Per Pupil	Basic Program	Basic Program Per Pupil
TOTAL - Facilities and Transportation	\$1,446,102,007	\$2,009	\$1,102,113,118	\$1,531
<i>Food Services</i>	\$410,138,088	\$570	\$91,939,069	\$128
<i>School Facilities</i>	\$747,970,507	\$1,039	\$745,789,842	\$1,036
<i>Security and Safety</i>	\$51,901,359	\$72	\$51,901,359	\$72
<i>Technology Infrastructure</i>	\$0	\$0	\$0	\$0
<i>Transportation</i>	\$236,092,053	\$328	\$212,482,848	\$295

What student services do expenditures for facilities and transportation support?

Further data and input are needed to better classify the current expenditures and determine appropriate cost drivers.

- How do facilities expenditures for maintenance versus electricity differ across districts?*
- What is currently being spent for technology infrastructure? Current coding of expenditures does not separate these expenses.*
- What services are needed to provide security?*

District Services Expenditures Categories

- The third category presented is District Services, which totaled \$498.0 million and averaged \$692 per student.

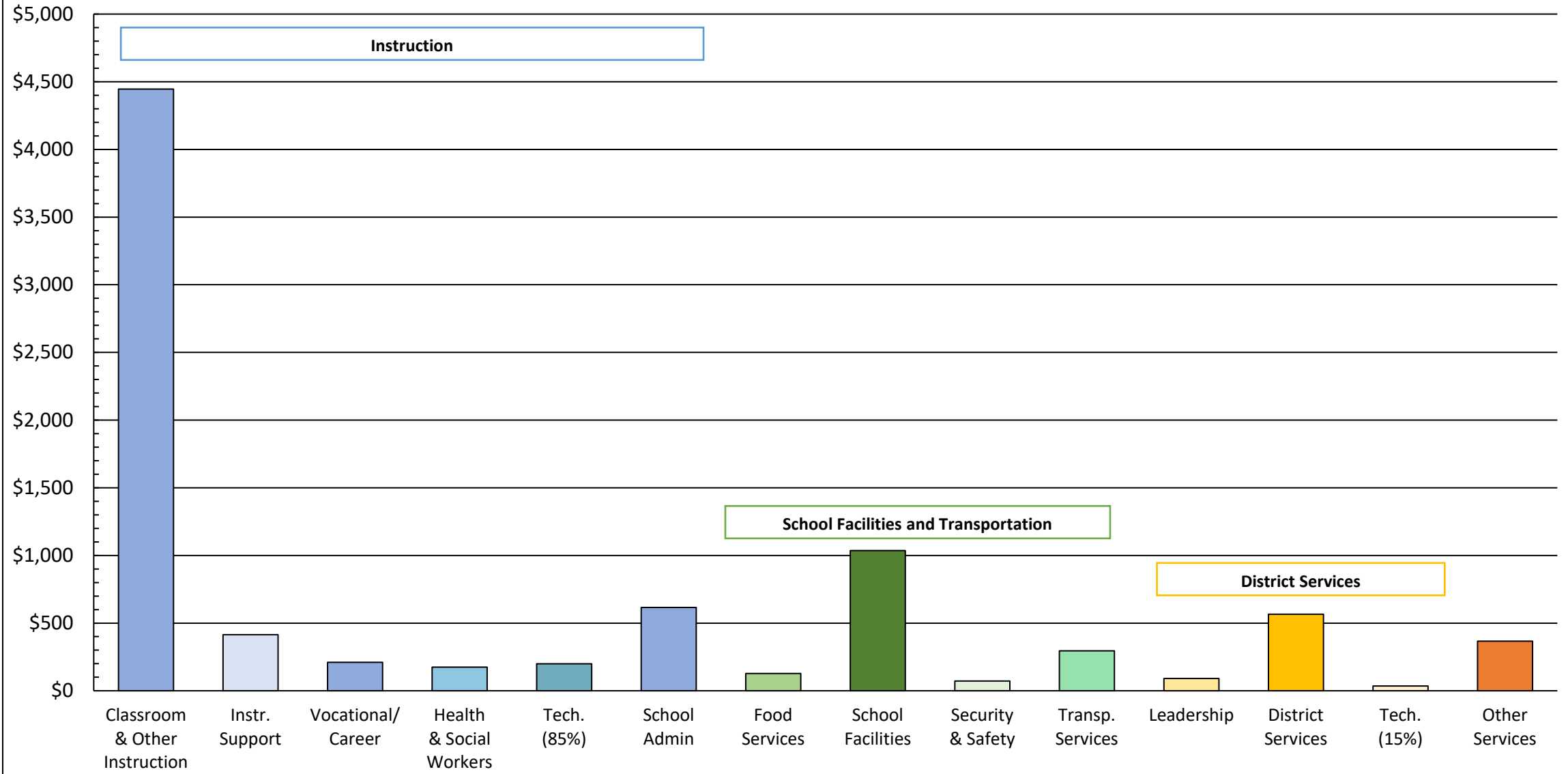
	Total Expenditures - 81 Regular Districts	Total Expenditures Per Pupil	Basic Program	Basic Program Per Pupil
TOTAL - District Services	\$553,353,408	\$769	\$498,018,067	\$692
<i>Leadership</i>	\$72,720,853	\$101	\$65,448,768	\$91
<i>District Services</i>	\$452,477,811	\$629	\$407,230,030	\$566
<i>IT (estimated at 15% of total IT)</i>	\$28,154,744	\$39	\$25,339,270	\$35

What student services do expenditures for district services support?

Further data and input are need to better classify the current expenditures and determine appropriate cost drivers.

- Are differences in coding affecting comparisons of district expenditures?*

BASIC PROGRAM EXPENDITURES PER PUPIL BY RFA CATEGORIES, FY 2016-17

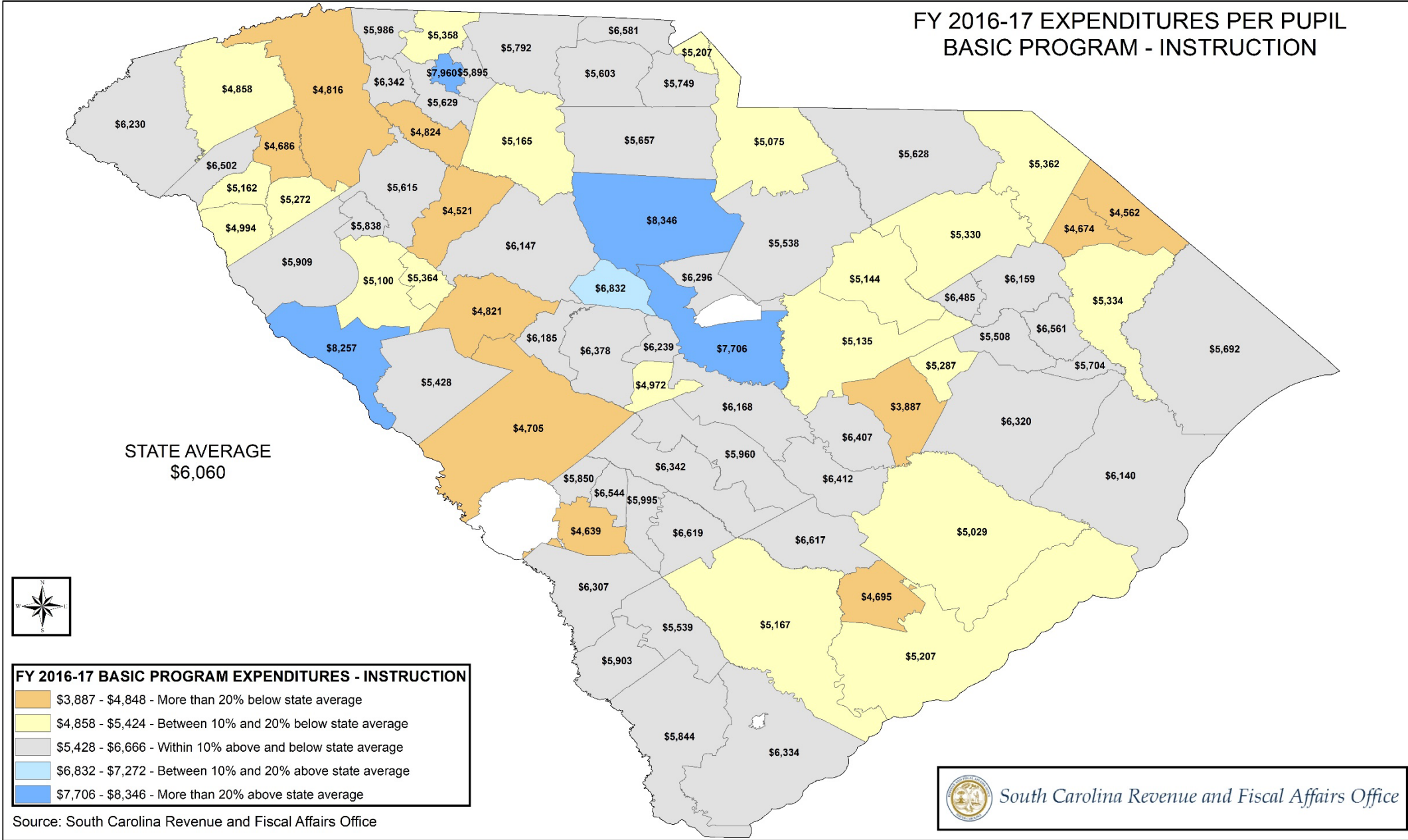


Data Source: S.C. Dept. of Education; calculations by S.C. Revenue and Fiscal Affairs Office RFA/248

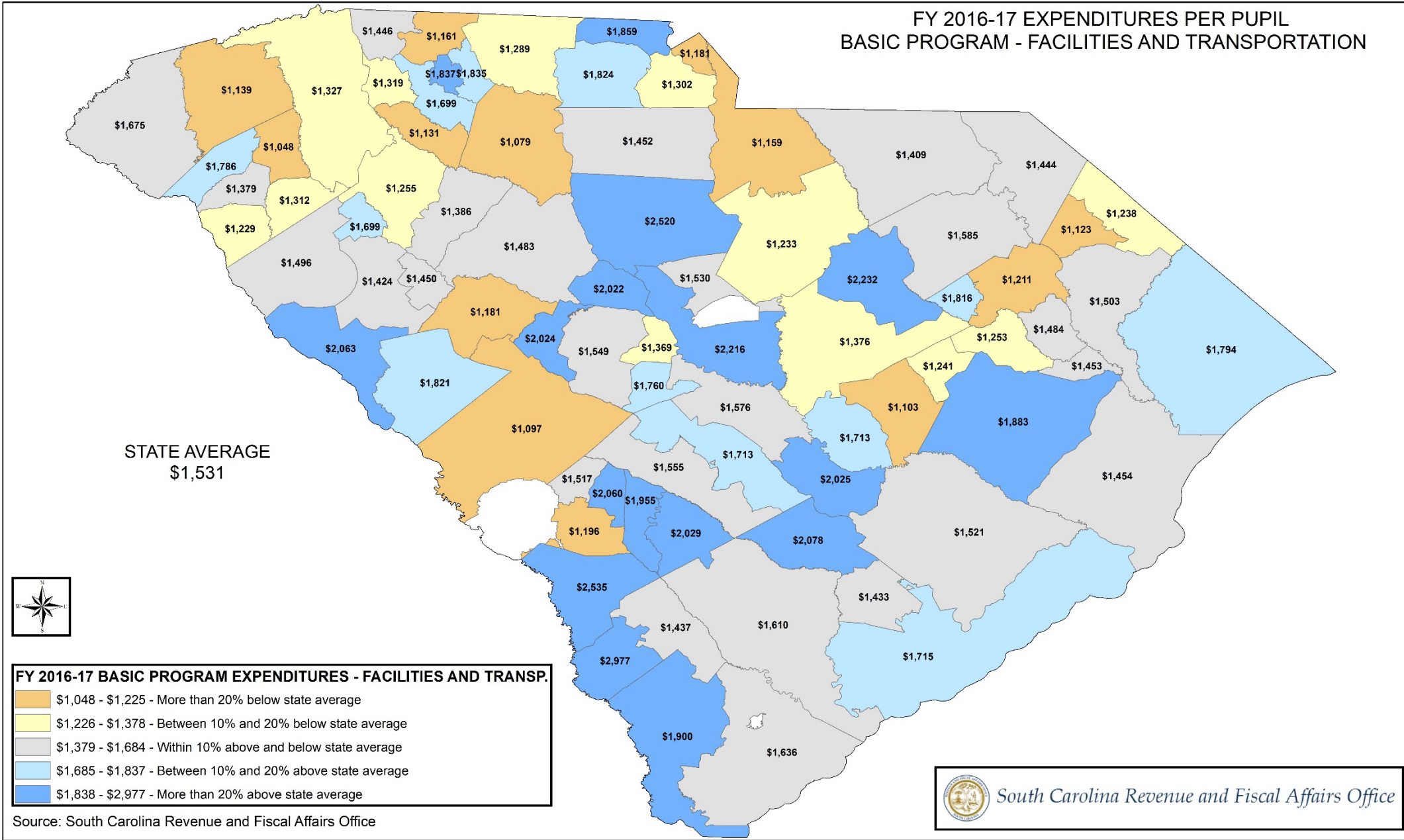
FY 2016-17 Expenditures by District for the Basic Program

- The following maps present the differences in district expenditures per pupil for the Basic Program in Instruction, Facilities and Transportation, and District Services categories based on the data as reported.
- Expenditures vary widely by district both in total and per pupil, even when federal funding and local salary supplements are excluded to determine the basic program.
- Differences in coding of expenditures may contribute to these differences and will require further assistance to ensure accurate comparisons.
- FY 2016-17 detailed expenditures and revenues by the proposed categories for each district can be found at: <http://rfa.sc.gov/econ/educ/model>

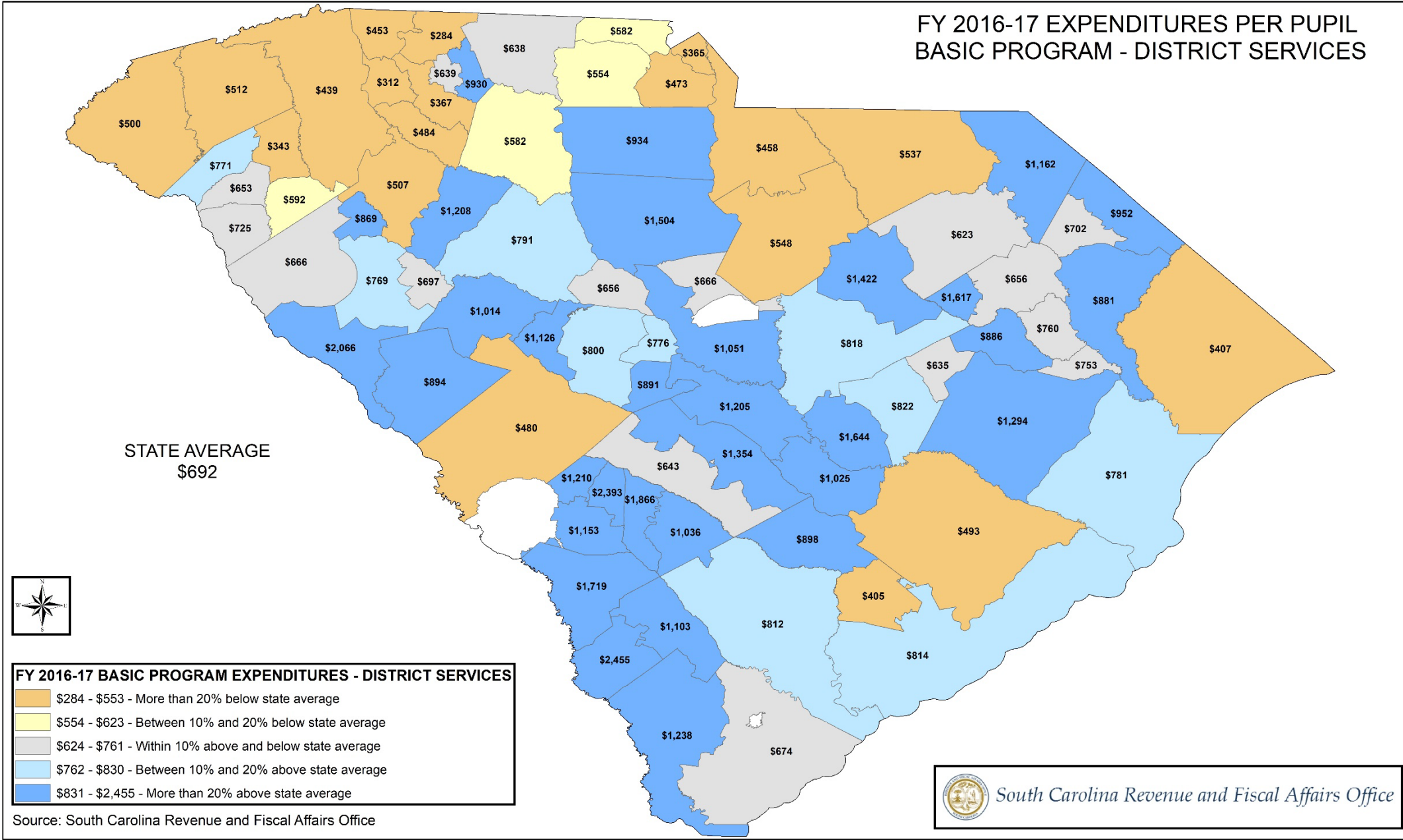
FY 2016-17 EXPENDITURES PER PUPIL BASIC PROGRAM - INSTRUCTION



FY 2016-17 EXPENDITURES PER PUPIL
BASIC PROGRAM - FACILITIES AND TRANSPORTATION



FY 2016-17 EXPENDITURES PER PUPIL BASIC PROGRAM - DISTRICT SERVICES



Current Status of Education Funding (Summary)

Next Steps

1. Are the data reported by the expenditure and revenue categories correctly categorized and accurate?

Key Policy Issues

- *Are the Instruction, Facilities and Transportation, and District Services categories comprised of the appropriate spending items?*
- *What types of expenses should be funded by the state, state and local, or local?*

Section II - Budgeting Issues

II. Budgeting Issues

Item (b) - Options or recommendations for simplifying and streamlining state appropriations for public education.

Item (c) - Recommendations for consolidating existing current line item appropriations into fewer line items by major education programs.

Item (d) - Options for improving the alignment of appropriations and revenues with local school district expenditures by major education programs.

Status of Model

This section uses the education categories previously identified, creates a model to explain the key factors driving those expenditures, and realigns current state appropriations to correspond to those categories.

Proposed

(Broader areas based upon specific services that can be measured or evaluated)

Instruction

- Cost for direct and indirect instruction and resources in the classroom setting

Facilities and Transportation

- Cost for the school site to house, transport, feed, and provide security

District Services

- Cost for district-wide services

Current

(Examples of current line item appropriations)

Education Finance Act

Employer Contributions

EIA Teacher Salary Supplement

Retiree Insurance

Property Tax Relief Funds (School District Portion)

Example –Proposed Major Categories and Proposed Budgeting Components

Proposed Major Categories	Subcategories – Budgeting Components	Total Expenditures
A. Instruction		\$4,362,758,516
	<i>Classroom and Other Instruction</i>	\$3,200,481,843
	<i>Instructional Support</i>	\$298,399,485
	<i>Vocational/Career</i>	\$151,362,431
	<i>Health and Social Workers</i>	\$125,751,160
	<i>Technology (85% of total IT)</i>	\$143,589,195
	<i>School Administration</i>	\$443,174,402
B. Facilities and Transportation		\$1,102,113,118
	<i>Food Services</i>	\$91,939,069
	<i>School Facilities</i>	\$745,789,842
	<i>Security and Safety</i>	\$51,901,359
	<i>Technology Infrastructure (TBD)</i>	\$0
	<i>Transportation Services</i>	\$212,482,848
C. District Services		\$498,018,067
	<i>Leadership</i>	\$65,448,768
	<i>District Services</i>	\$407,230,030
	<i>Technology (15% of total IT)</i>	\$25,339,270
Total Basic Program Expenditures		\$5,962,889,701

Model Part A. - Estimated Cost of a Teacher

Status of Model

The primary resource to educate students is a teacher. This part of the model attempts to identify the total cost of a teacher under the Basic Program.

State Cost of a Teacher in FY 2016-17

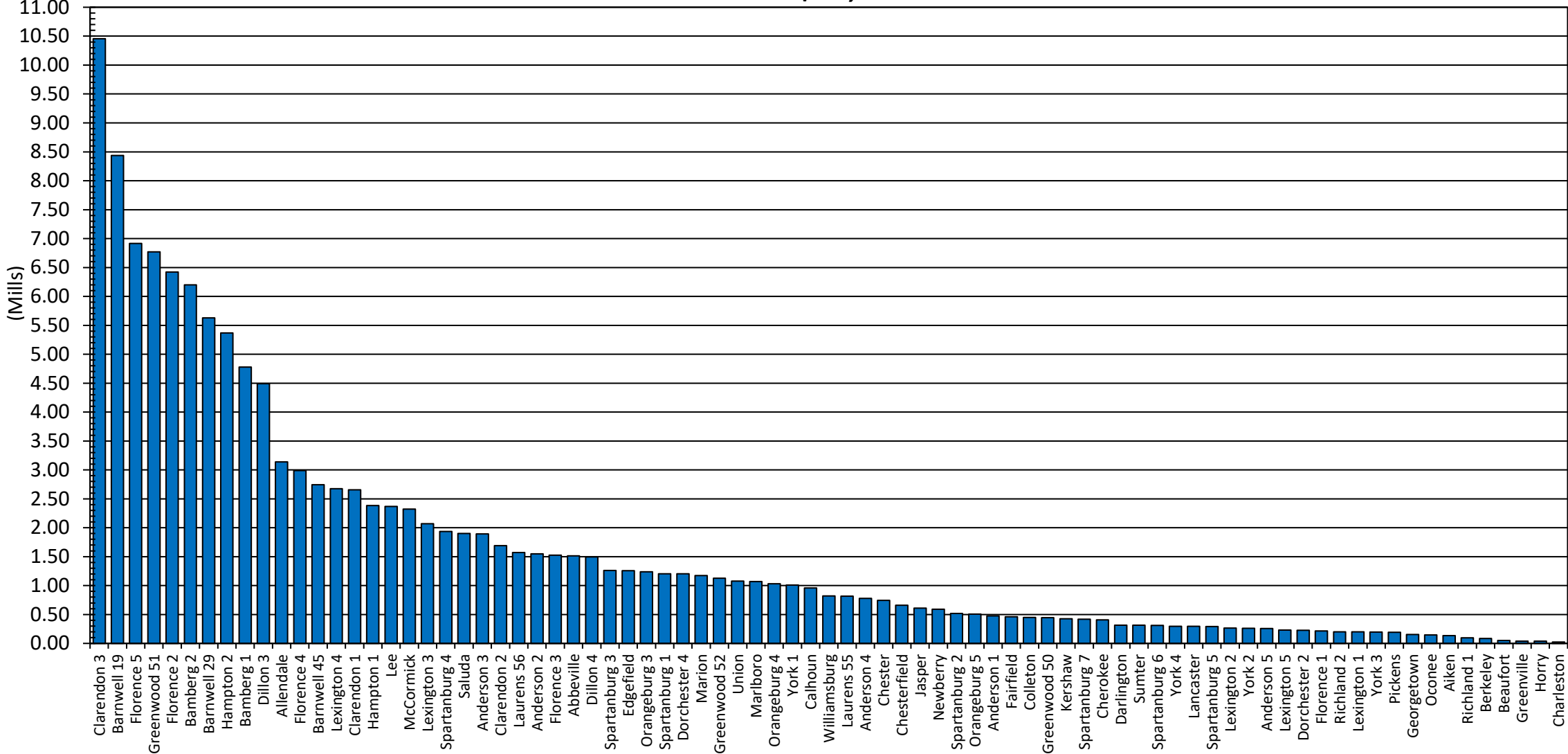
Average Salary on South Carolina Minimum Teacher Salary Schedule	\$45,163	
Employer Contribution Cost (24.50%)	\$11,065	
State Health Insurance (Composite Average)	\$6,357	
Professional Development/Training (Average per Teacher)	?	
Average Total State Cost of a Teacher		\$62,585

Key Policy Issues

- *What costs should be included in estimating the cost of a teacher for the basic program?*
- *Should state appropriations be used to help fund salaries or employer contributions for local district decisions above the basic program?*

MILLAGE RATE EQUIVALENT TO ONE TEACHER - TY 2017

Dollar Value of \$62,585



Data Source: S.C. Department of Revenue Index of Taxpaying Ability; Calculations by S.C. Revenue and Fiscal Affairs RFA/229C

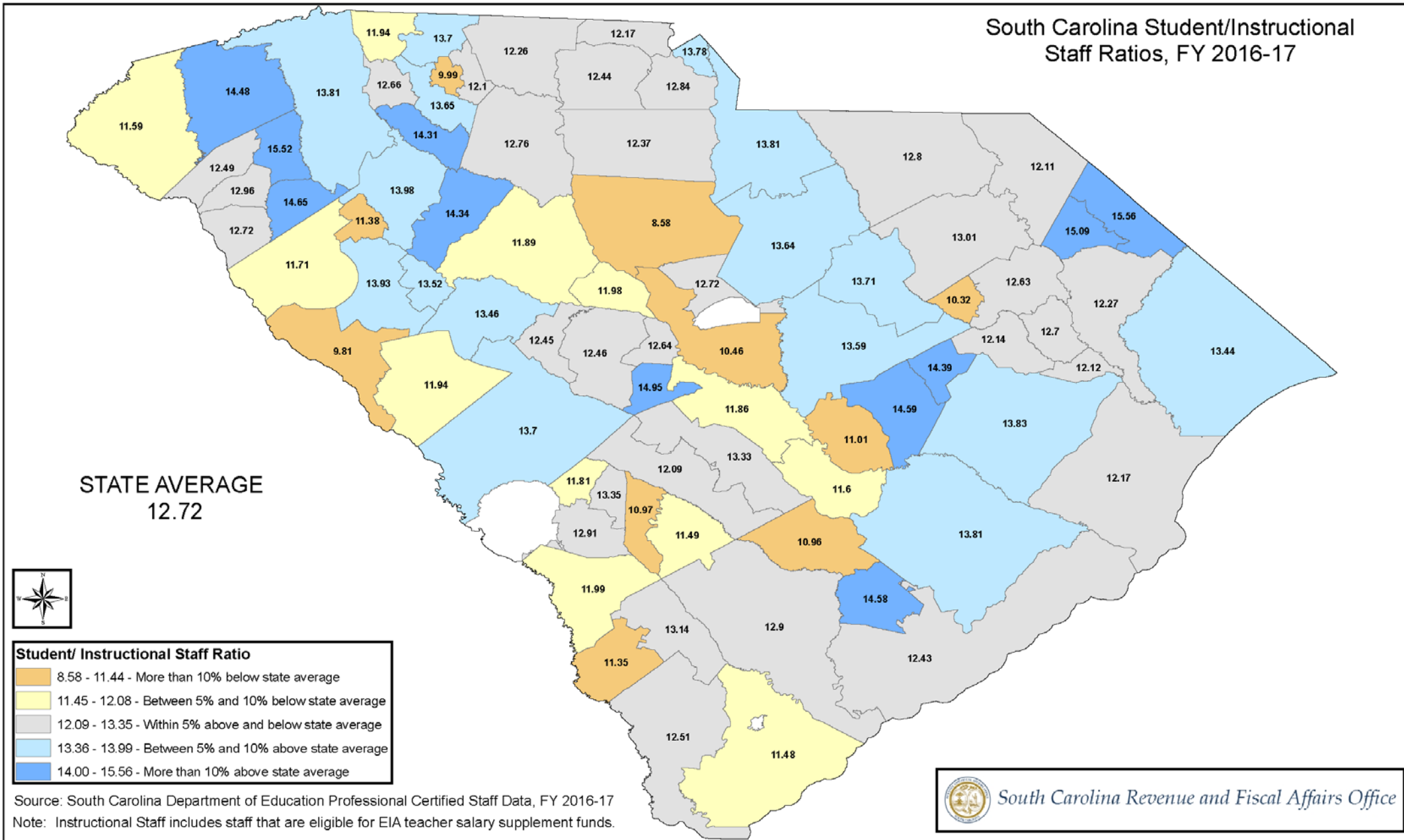
Model Part B. - Estimated Total Cost Based on Number of Teachers Needed to Provide Services

Status of Model

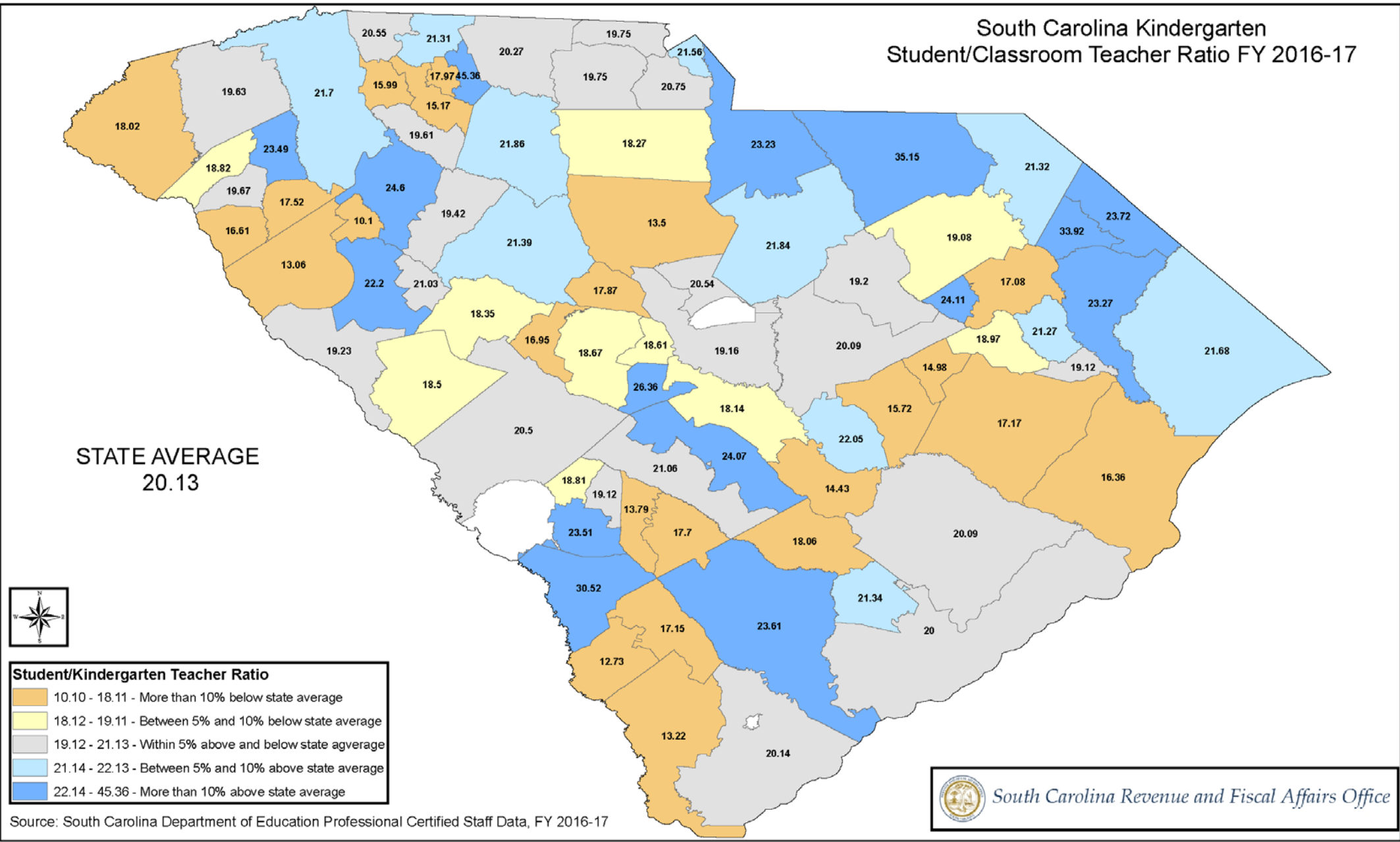
- This part of the model attempts to estimate the number of teachers and funding required to accommodate student needs.
- Currently, this model estimates the cost of Instruction to be \$4,112.9 million, which underestimates the cost when compared to actual expenditures of \$4,362.8 million for the Basic Program. However, further data and analysis are needed regarding classroom and other services for students, and this estimate is expected to change.
- This model is also attempting to estimate the cost of options such as lower student-teacher ratios in the core areas for grades 1-5, but sufficient data are not yet available.
- The ratios of instructional staff per student (ADM) on an average basis statewide were calculated, and the following maps show the ratios by district:

All Instructional Staff	12.7 : 1	<i>(Includes: all certified staff eligible for EIA teacher salary supplement)</i>
Kindergarten Teachers	20.1 : 1	<i>(Includes: Kindergarten (05) teachers)</i>
Classroom Teachers (1-12)	15.5 : 1	<i>(Includes: Classroom (08), Retired (09), and Special Education – Self Contained (06) teachers)</i>
- These ratios reflect all instructional staff supported by state appropriations compared to the number of students in a district, but further data are needed to determine class sizes and other considerations. Additionally, adjustments for positions that are funded largely by federal dollars may be necessary in subsequent analyses.

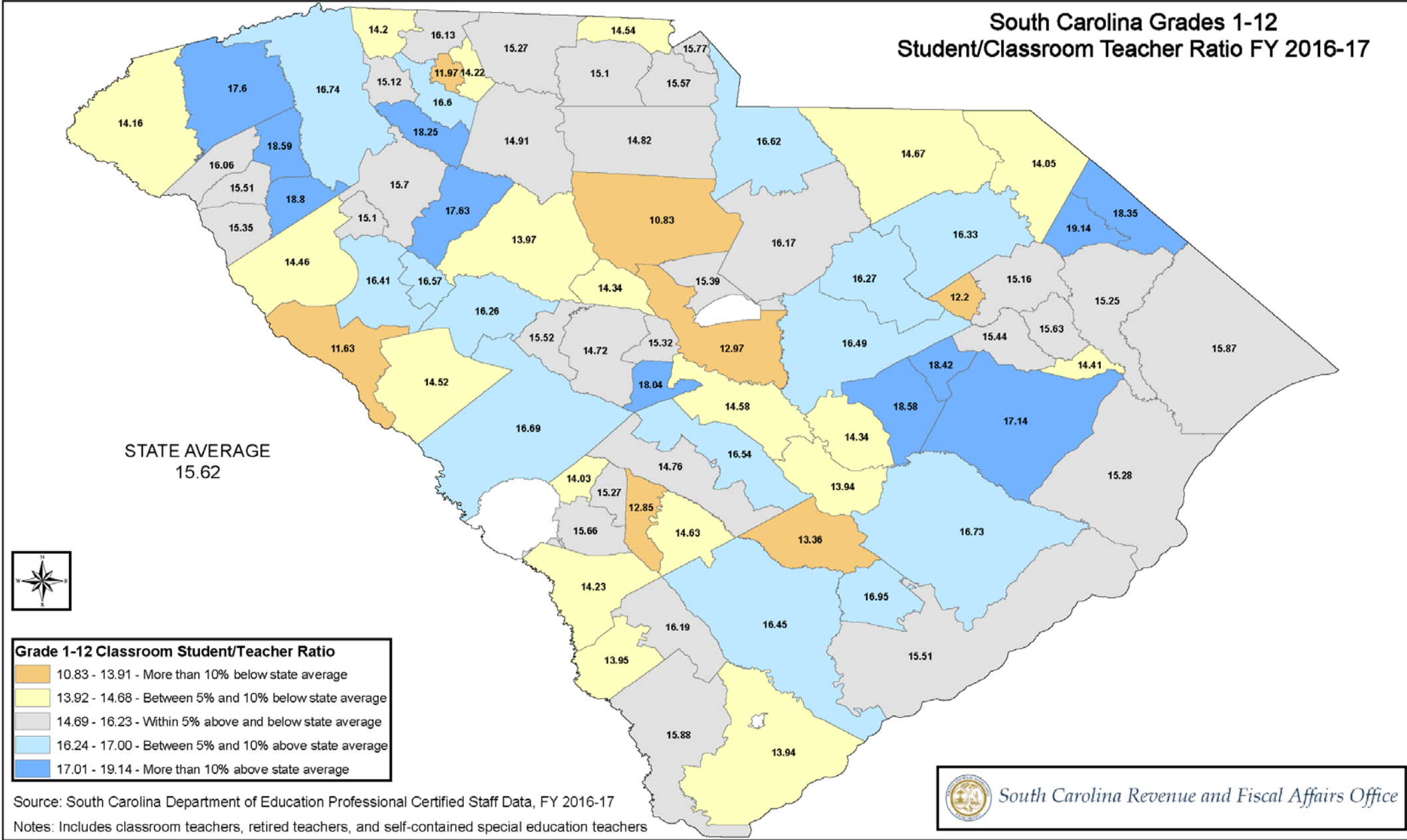
South Carolina Student/Instructional Staff Ratios, FY 2016-17



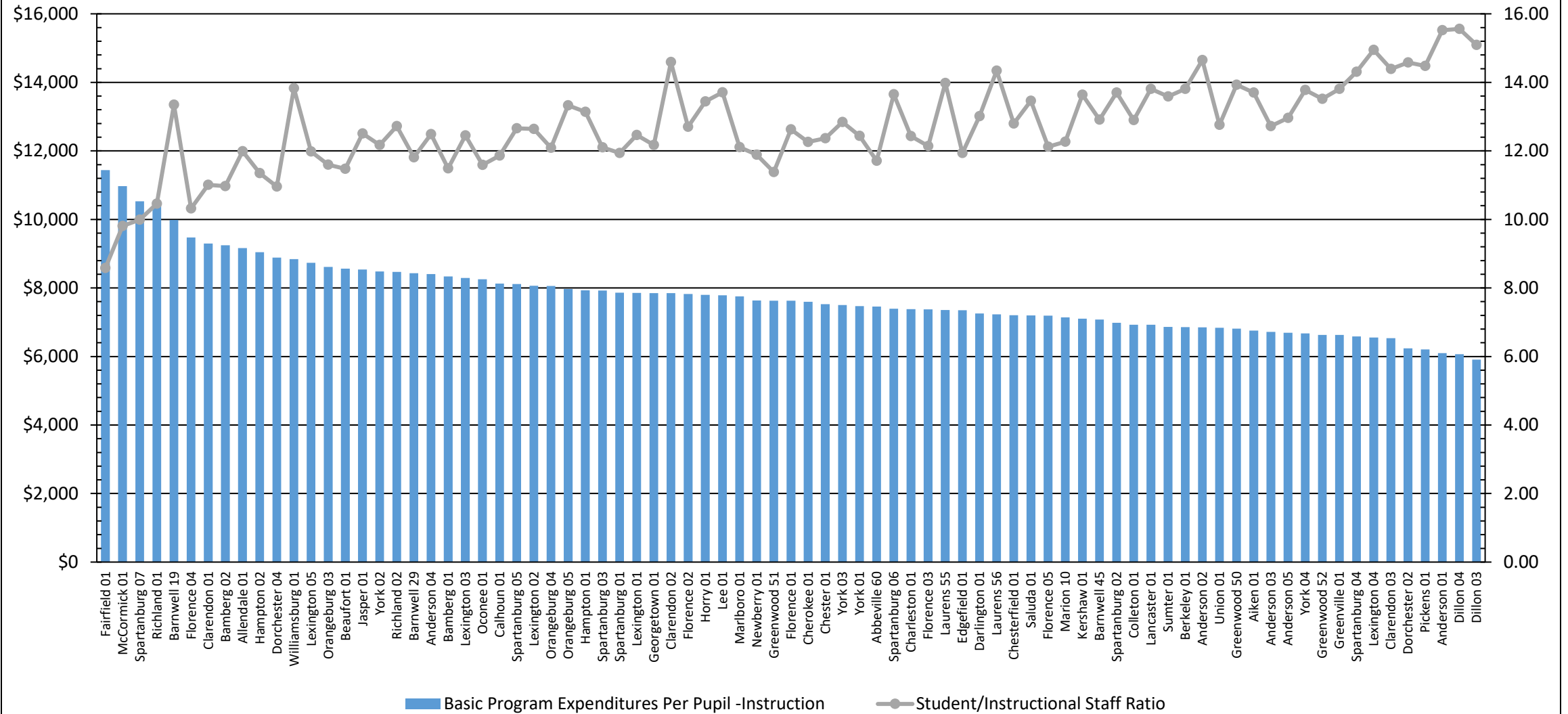
South Carolina Kindergarten Student/Classroom Teacher Ratio FY 2016-17



South Carolina Grades 1-12 Student/Classroom Teacher Ratio FY 2016-17



FY 2016-17 BASIC PROGRAM EXPENDITURES PER PUPIL FOR INSTRUCTION COMPARED TO STUDENT/INSTRUCTIONAL STAFF RATIO



Note: Instructional staff includes all positions eligible for EIA salary supplement.
Data Source: S.C. Dept. of Education; calculations by S.C. Revenue and Fiscal Affairs Office RFA/253

Budgeting Worksheet for Subcategories - Instruction

	Headcount/ Service Need	Student/ Teacher Ratio	Estimated # of Teachers	Avg. Cost / Teacher	Estimated Total Cost		
I. Classroom							
Kindergarten	48,774	20:1	2,420	\$62,585	\$151,455,700		
Aides	?	?	?	?	?		
<i>OPTION - Adjust ratio for poverty impact in Core Subject Areas</i>							
<i>Non-poverty Affected</i>							
<i>Poverty Affected</i>							
Classroom - Grades 1-12 (Classroom (08) & Retired Teachers (09))	671,105	17:1	40,208	\$62,585	\$2,516,417,680	*Additional data required to determine class sizes and student/teacher ratios in core subject areas.	
<i>OPTION - Adjust ratio for poverty impact in Core Subject Areas</i>							
<i>Non-poverty Affected</i>							
<i>Poverty Affected</i>							
Special Education (Self Contained)	?	?	2,393	\$62,585	\$149,765,905		
I. Subtotal - Classroom					\$2,817,639,285		
II. Enhanced Instruction*							
Special Education (Itinerant and Resource)	?		2,609	\$62,585	\$163,284,265	*Additional data required to determine service needs for Enhanced Instruction.	
Speech Therapists	?		903		?		
Audiologists	?		10		?		
Occupational/Physical Therapists	?		281		?		
II. Subtotal - Enhanced Instruction					\$163,284,265		

Example - Budgeting Option: Fund a Lower Student/Teacher Ratio for Students Affected by Poverty

Kindergarten Teacher Ratios, FY 2016-17 - Example

District	Actual Counts							Kindergarten Students in Poverty			Kindergarten Students in Non Poverty			Total Estimated	
	Total ADM	Pupils in Poverty	% Poverty	Kindergarten ADM	Kindergarten Teachers	Aides	Kindergarten Ratio	Estimated ADM	Assume 15:1 Student/Teacher Ratio	Number of Teachers Needed	Estimated ADM	Assume 20:1 Student/Teacher Ratio	Number of Teachers Needed	Total Teachers Needed	Actual - Estimated
ABBEVILLE 60	2,919	2,325	79.66%	222	14		16	177	15	12	45	20	2	14	(0)
AIKEN 01	24,016	17,537	73.02%	1,821	79		23	1,330	15	89	491	20	25	113	(34)
ALLENDALE 01	1,149	1,132	98.52%	98	3		33	96	15	6	1	20	0	6	(3)
ANDERSON 01	9,631	5,748	59.68%	677	26		26	404	15	27	273	20	14	41	(15)
ANDERSON 02	3,688	2,596	70.38%	250	12		21	176	15	12	74	20	4	15	(3)
ANDERSON 03	2,504	2,037	81.35%	172	9		19	140	15	9	32	20	2	11	(2)
ANDERSON 04	2,812	1,937	68.89%	198	9		22	136	15	9	62	20	3	12	(3)
ANDERSON 05	12,438	8,787	70.65%	983	43		23	695	15	46	289	20	14	61	(18)
BAMBERG 01	1,327	1,048	78.98%	91	4		23	72	15	5	19	20	1	6	(2)
BAMBERG 02	669	653	97.66%	65	4		16	64	15	4	2	20	0	4	(0)
BARNWELL 19	627	598	95.35%	47	2		24	45	15	3	2	20	0	3	(1)
BARNWELL 29	873	752	86.11%	60	3		20	51	15	3	8	20	0	4	(1)
BARNWELL 45	2,142	1,794	83.75%	170	6		28	142	15	9	28	20	1	11	(5)
BEAUFORT 01	20,916	14,331	68.52%	1,564	72		22	1,071	15	71	492	20	25	96	(24)
BERKELEY 01	32,962	24,065	73.01%	2,439	111		22	1,781	15	119	658	20	33	152	(41)
CALHOUN 01	1,648	1,501	91.07%	147	7		21	133	15	9	13	20	1	10	(3)
CHARLESTON 01	46,468	29,261	62.97%	3,825	180		21	2,409	15	161	1,416	20	71	231	(51)
CHEROKEE 01	8,569	6,917	80.72%	673	30		22	543	15	36	130	20	6	43	(13)
CHESTER 01	5,040	4,180	82.94%	394	19		21	326	15	22	67	20	3	25	(6)
CHESTERFIELD 01	6,980	5,778	82.78%	530	15		37	439	15	29	91	20	5	34	(19)
CLARENDON 01	741	728	98.30%	48	2		24	47	15	3	1	20	0	3	(1)
CLARENDON 02	2,799	2,582	92.23%	198	10		20	183	15	12	15	20	1	13	(3)
CLARENDON 03	1,191	829	69.61%	86	5		17	60	15	4	26	20	1	5	(0)
COLLETON 01	5,486	4,898	89.28%	386	15		26	345	15	23	41	20	2	25	(10)
DARLINGTON 01	9,822	8,171	83.19%	706	33		21	587	15	39	119	20	6	45	(12)

Example - Estimated Impact to Target or Lower Student to Classroom Teacher Ratios

Number of Students: 719,879
 Average Cost per Teacher: \$62,585

Classroom Ratio	Estimated Number of Teachers Needed	Estimated Cost of Classroom Teachers	Cost Per Student	Incremental Changes at Each Level		
				Additional Teachers*	Additional Cost*	Additional Cost per Student*
20	35,994	\$2,252,681,361	\$3,129			
19	37,888	\$2,371,243,538	\$3,294	1,894	\$118,562,177	\$165
18	39,993	\$2,502,979,290	\$3,477	2,105	\$131,735,752	\$183
17	42,346	\$2,650,213,366	\$3,681	2,353	\$147,234,076	\$205
16	44,992	\$2,815,851,701	\$3,912	2,647	\$165,638,335	\$230
15	47,992	\$3,003,575,148	\$4,172	2,999	\$187,723,447	\$261

*Assumes no district is at or below the targeted ratio.

Note: Subject to revision based upon additional data and determination of student service needs or other student/teacher ratio goals for poverty or core subject areas.

Budgeting Worksheet for Subcategories - Instruction (Continued)

	Headcount/ Service Need	Student/ Teacher Ratio	Estimated # of Service Providers	Avg. Cost	Estimated Total Cost for Basic Program	
III. Other Instruction						
Psychologists	?		2,420	\$62,585	\$151,455,700	
Guidance Counselors*	719,879	347:1	2,072	\$62,585	\$129,676,120	
Career Specialists	210,583	719:1	293	\$62,585	\$18,337,405	
Library/Media *	719,879	665:1	1,082	\$62,585	\$67,716,970	
ROTC Instructors	?	1.8/HS	367	\$62,585	\$22,968,695	
III. <i>Subtotal - Other Instruction</i>					\$390,154,890	
IV. Health and Social Services						
Nurses	719,879	527:1	1,367	\$62,585	\$85,553,695	
Social Workers	?		198	\$62,585	\$12,391,830	
IV. <i>Subtotal - Health and Social Services</i>					\$85,553,695	
V. Technology (Instruction)						
Technology - 85%	719,879			\$168	\$120,941,149	
V. <i>Subtotal - Technology (Instruction)</i>					\$120,941,149	
VI. Vocational/Career						
Vocational and Career Education	103,590			?	\$130,970,398	
VI. <i>Subtotal - Vocational/Career</i>					\$130,970,398	
VII. School Administration						
Administrators/Principals		2.6/School	3,126	?	?	
Administrative Staff			?	?	?	
VII. <i>Subtotal - School Administration</i>					\$391,969,239	
Total Instruction (Based upon teachers/service need)					\$4,112,904,751	*Subject to change with additional data

Budgeting Worksheet for Subcategories – Facilities and Transportation

Status of Model

This part of the model is still under development. As a decision point to engage discussion on appropriate comparisons, the estimated total cost and average per school are presented below. School Facilities expenses are a large part of total Facilities and Transportation expenditures, most of which are supported by local funds.

	Average per School Site	Estimated Total Cost for Basic Program
Food Services	\$76,616	\$91,939,069
School Facilities	\$621,492	\$745,789,842
Security and Safety	\$43,251	\$51,901,359
Transportation Services	\$177,069	\$212,482,848
Technology Infrastructure	TBD	TBD
Total Facilities and Transportation	\$918,428	\$1,102,113,118

Data Issues

- What are the detailed school facilities expenditures? How much is spent on operating costs, such as electricity, compared to maintenance?
- Are security and safety expenditures also included in other expenditure categories?
- What are districts spending for technology infrastructure?

Key Policy Issue

- *What expenditures for facilities and transportation are state, local, or state and local?*

Budgeting Worksheet for Subcategories - District Services

Status of Model

This part of the model is still under development. As a decision point to engage discussion on appropriate comparison, the estimated total cost and average per district are presented below.

	Average Cost per District	Estimated Total Cost for Basic Program
Leadership	\$808,009	\$65,448,768
District Services	\$5,027,531	\$407,230,030
Technology - District Services (15%)	\$312,830	\$25,339,270
Total District Services	\$6,148,371	\$498,018,067

Data Issues

- Are there differences in reporting of district expenditures across the categories?

Key Policy Issue

- *What services can or should be shared and how can the state identify and encourage best practices for providing district services?*

Example - Budgeting Worksheet: Estimated Total Cost and State / Local Funding Share of Basic Program for FY 2016-17

Based upon current funding for Basic Program

Proposed Major Categories	Subcategories - Budgeting Components	Total Funding	Estimated State Funding	Estimated Local Funding
A. Instruction		\$4,362,758,516	\$3,842,063,586	\$520,694,930
	Classroom and Enhanced Instruction	\$3,200,481,843		
	Other Instruction	\$298,399,485		
	Vocational/Career	\$151,362,431		
	Health and Social Workers	\$125,751,160		
	Technology (85%)	\$143,589,195		
	School Administration	\$443,174,402		
B. Facilities and Transportation		\$1,102,113,118	\$60,759,030	\$1,041,354,088
	Food Services	\$91,939,069		
	School Facilities	\$745,789,842		
	Security and Safety	\$51,901,359		
	Technology Infrastructure	\$0		
	Transportation Services	\$212,482,848		
C. District Services		\$498,018,067	\$353,959,866	\$144,058,201
	Leadership	\$65,448,768		
	District Services	\$407,230,030		
	Technology (15%)	\$25,339,270		
Total Basic Program Expenditures		\$5,962,889,701	\$4,256,782,482	\$1,706,107,219

Example - Budgeting Detail Option: Appropriations by Local School District

District	ADM	Property Tax Index	Classroom		Other Instructional		Health and Student Services		Technology		Vocational/Career		School Administration		Total Appropriations
			Number of Teachers	Appropriations	Number of Teachers	Appropriations	Number of Teachers	Appropriations		Appropriations		Appropriations	Number of Administrators	Appropriations	
Abbeville 60	2,919		2,697												
Aiken 01	24,016		22,195												
Allendale 01	1,149		1,051												
Anderson 01	9,631		8,950												
Anderson 02	3,688		3,438												
Anderson 03	2,504		2,332												
Anderson 04	2,812		2,614												
Anderson 05	12,438		11,455												
Bamberg 01	1,327		1,236												
Bamberg 02	669		604												
Barnwell 19	627		580												
Barnwell 29	873		814												
Barnwell 45	2,142		1,972												
Beaufort 01	20,916		19,352												
Berkeley 01	32,962		30,523												
Calhoun 01	1,648		1,502												
Charleston 01	46,468		42,642												
Cherokee 01	8,569		7,896												
Chester 01	5,040		4,646												
Chesterfield 01	6,980		6,450												
Clarendon 01	741		692												
Clarendon 02	2,799		2,601												
Clarendon 03	1,191		1,105												
Colleton 01	5,486		5,098												
Darlington 01	9,822		9,116												
Dillon 03	1,584		1,473												

Budgeting Issues (Summary)

Next Steps

1. Need additional information to separate some line item appropriations such as employer contributions and retiree insurance into the various education programs.
2. Provide justification of the total expenditures by major education categories by estimating the cost.
3. Need additional data to determine service needs for exceptional students and methodology for allocating resources to students.

Key Policy Issues - II. Budgeting Issues

- *What spending flexibility should districts have with regard to budgeted expenditures?*
- *To which specific education categories should Property Tax Relief funds be allocated?*
- *Under this model, funding for the additional EFA add-on weights will be reallocated in the following manner:*
 - *Poverty – lower class size*
 - *Should other current EFA add-ons be addressed? If so, how should these services be measured and allocated?*
(Other current add-ons: Academic Assistance, Gifted and Talented, Limited English Proficiency, and Dual Credit Enrollment)
- *Is dual-credit enrollment a public education or a technical college expense?*

Section III. - Accountability, Flexibility, & Transparency

III. Accountability, Flexibility, & Transparency

Item (e) - Options for standards or measures of fiscal accountability for funding categories as recommended by the South Carolina Department of Education and options for standards or measures of student performance accountability as recommended by the South Carolina Education Oversight Committee.

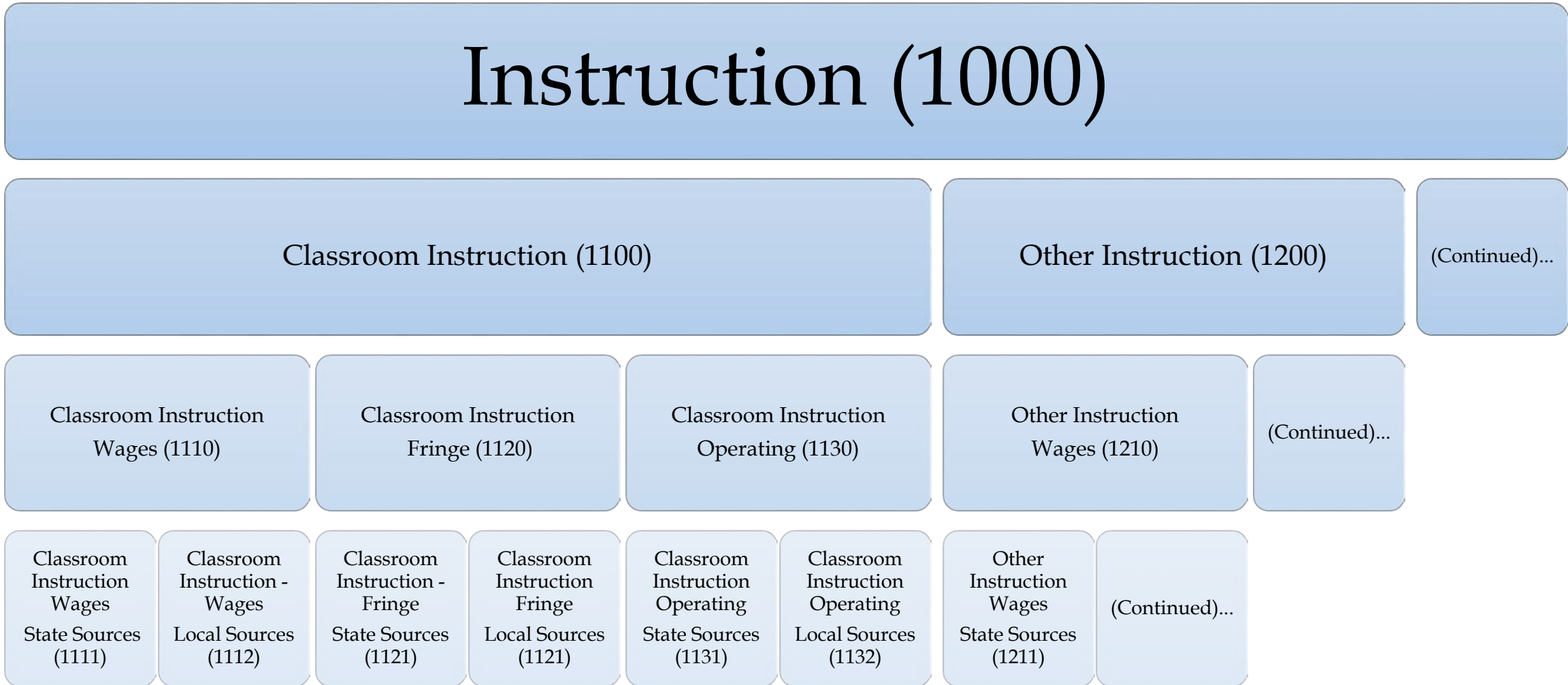
Item (f) - Examples of reports that improve simplicity and transparency in reviewing and monitoring state and local funding and revenues, local school district expenditures, and accountability measures at the state and local level.

Status of Model

This part of the model is still under development. Further discussions with stakeholders regarding performance metrics and accountability measures are needed to provide a framework for reporting.

Example - Reporting Options for Fiscal Accountability

The level of reporting detail will depend upon the metrics and measures determined for fiscal accountability and transparency.



Education Oversight Committee Recommended Metrics for Student Performance and Accountability

The South Carolina Education Oversight Committee (EOC) provided input regarding options for measuring student performance. *The complete response provided by the S.C. Education Oversight Committee is attached in the Appendix.*

- The EOC provided a detailed listing of metrics for consideration at the state, district, and school level.
- The metrics are based upon the existing accountability system that evaluates the performance of our public education system using multiple indicators as required by both federal and state laws. The metrics also include those specifically identified in Section 59-18-1950 of the South Carolina Code of Laws enacted with Act 94 (H.3969) of 2017. Furthermore, all metrics, where available, should be disaggregated by race, socioeconomic status, and other subgroups such as students with disabilities and English language learners to ensure that South Carolina is addressing the educational needs of all students.
- At the state and district levels, the metrics focus on the goal of creating a 21st century workforce as defined by the *Profile of the South Carolina Graduate*.
- At the school level (primary, elementary, middle, and high schools), the EOC would recommend evaluating school performance against the same indicators reported on the annual school report cards. These indicators focus on preparing students with the skills and opportunities to succeed in a 21st century economy.
- While the state currently collects financial data at the district level, the EOC acknowledges that a financial data system at the school-level must be created. The EOC cannot overemphasize the importance of having financial data at the school level where accountability for student performance can be best measured.

Accountability, Flexibility, & Transparency (Summary)

Next Steps

1. Meet with stakeholders to discuss and identify general and specific flexibility items and metrics for accountability.

Key Policy Issues

- *What are the accountability expectations of the stakeholders?*
- *How much flexibility should be given regarding allocation of state funding?*
- *What is the timing for implementation of modifications to accounting systems and reporting given the substantial changes under consideration?*

Section IV – Competitive Workforce of Teachers

IV. Competitive Workforce of Teachers

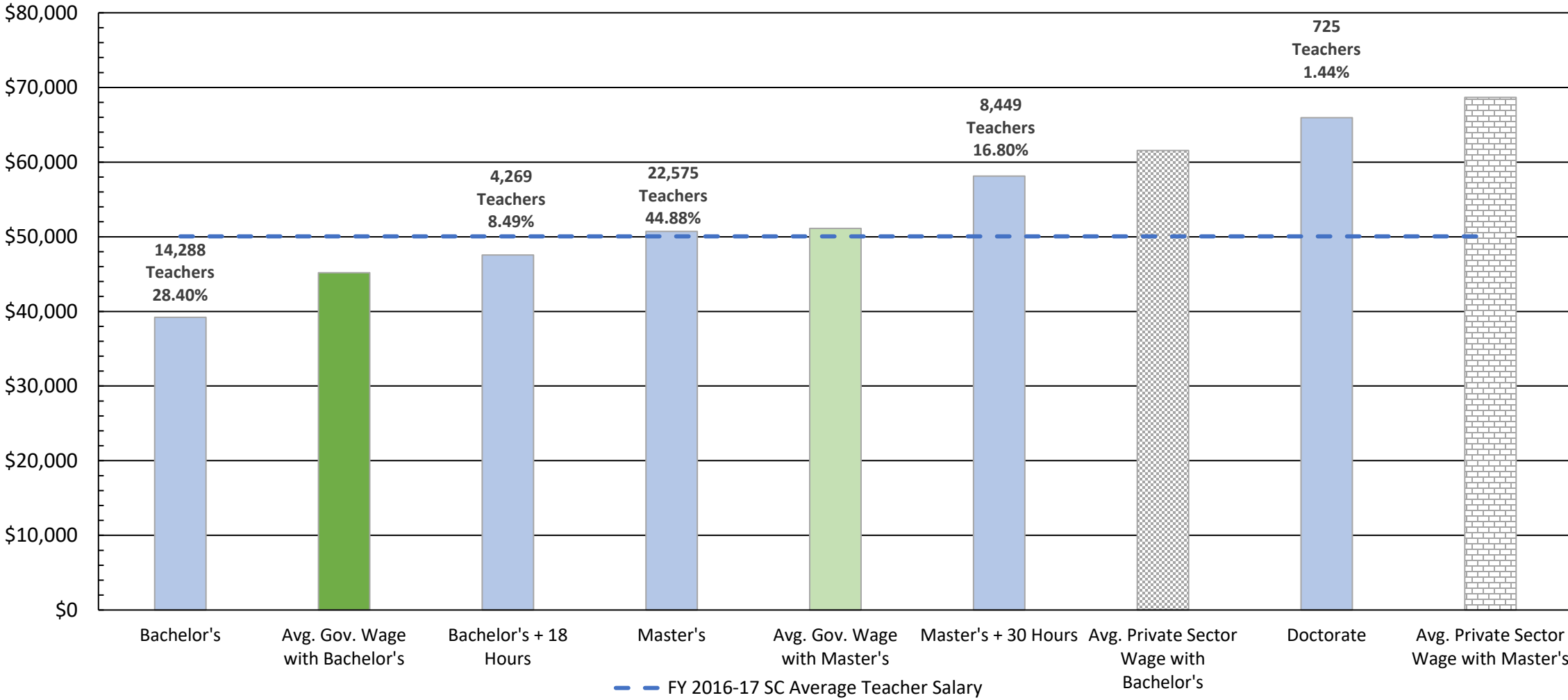
Item (h) - A recommendation to create and maintain a competitive workforce of teachers by examining the teacher salary structure and providing options to increase the minimum teacher salary to \$35,000 or more

Status of Model

- Defining a competitive salary for teachers is difficult as there are varying opinions as to what the standard for comparison should be. Further analysis is needed regarding the factors driving differences in salaries among professions, which include:
 - Working conditions such as differences in 190 working days for teachers compared to 240 days for many other professions.
 - Economic demand driving higher salaries for workers in professions such as engineering or IT and private sector versus government employees.
 - Policy issues resulting from differences in the salary scale by years of experience and education level.
 - Differences in total compensation packages including benefits.
- The average teacher salary in South Carolina for FY 2016-17 was \$50,050 and was \$69 under the estimated Southeastern average salary of \$50,119. Since 1985, the South Carolina average has varied above and below the Southeastern average. However, comparing teachers' salaries to other professions in South Carolina may be more appropriate. (See Appendix for chart)
- The following charts outline actual teacher salaries by education level compared to wages for all government and private sector employees in South Carolina. The average teacher salary is above the average wage for all government employees with a bachelor's degree but below average wage for government employees with a master's degree and private sector workers with a bachelor's degree or master's degree. When teachers' salaries are compared to wages for other professions on a daily wage rate, the average daily rate for teachers (190 contract days) is higher than the average daily rate for all government employees with a bachelor's degree or master's degree and private sector employees with a bachelor's degree (240 working days).

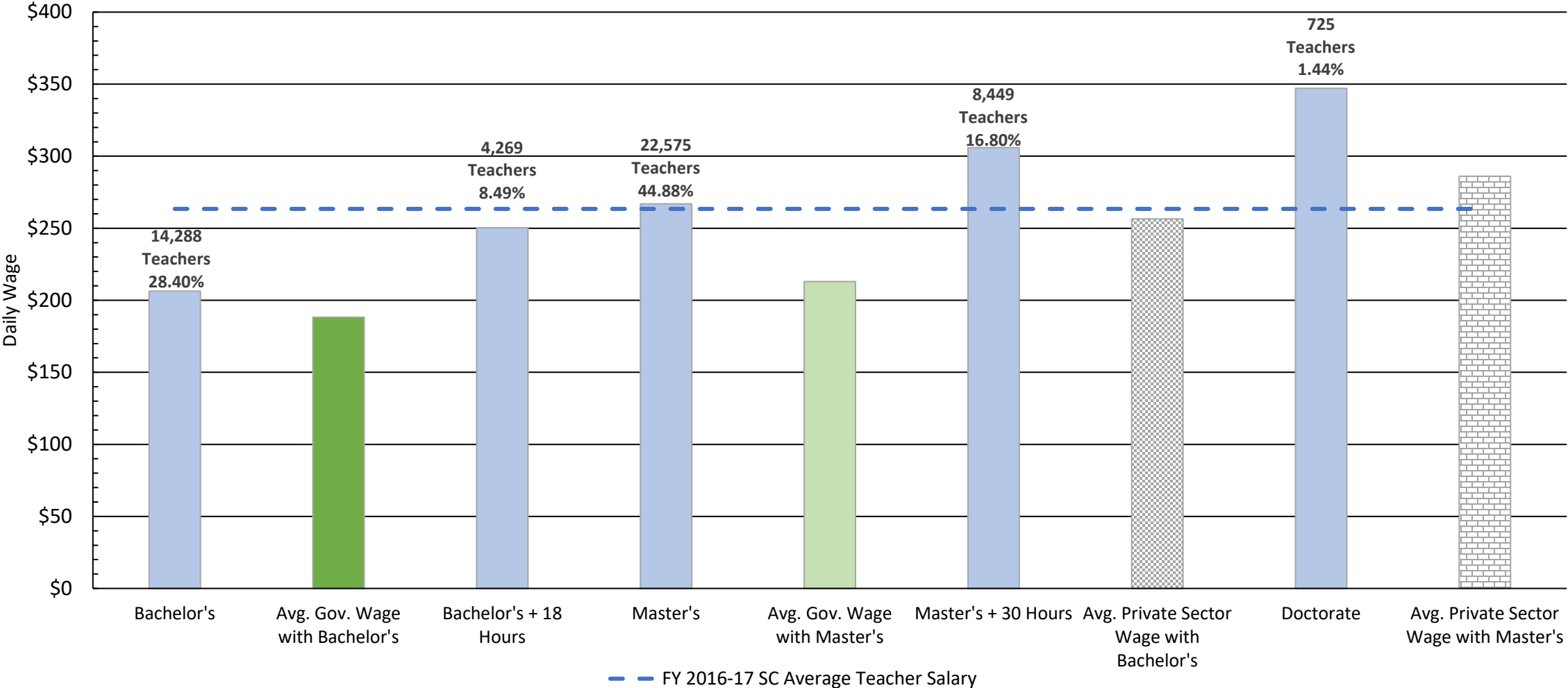
Note: For this section, all actual teacher counts and salaries include special district teachers for consistency with state reporting.

FY 2016-17 SOUTH CAROLINA ACTUAL AVERAGE TEACHER SALARY BY DEGREE VS. 2017 AVERAGE WAGE FOR GOVERNMENT AND PRIVATE SECTORS BY DEGREE



Note: Includes regular and special district teachers in positions coded as pre-kindergarten, kindergarten, classroom, special education, and speech therapists.
 Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Dept. of Education Professional Certified Staff Data RFA/244

FY 2016-17 AVERAGE DAILY WAGE FOR TEACHERS BY DEGREE VS. 2017 AVERAGE DAILY WAGE FOR GOVERNMENT AND PRIVATE SECTORS BY DEGREE

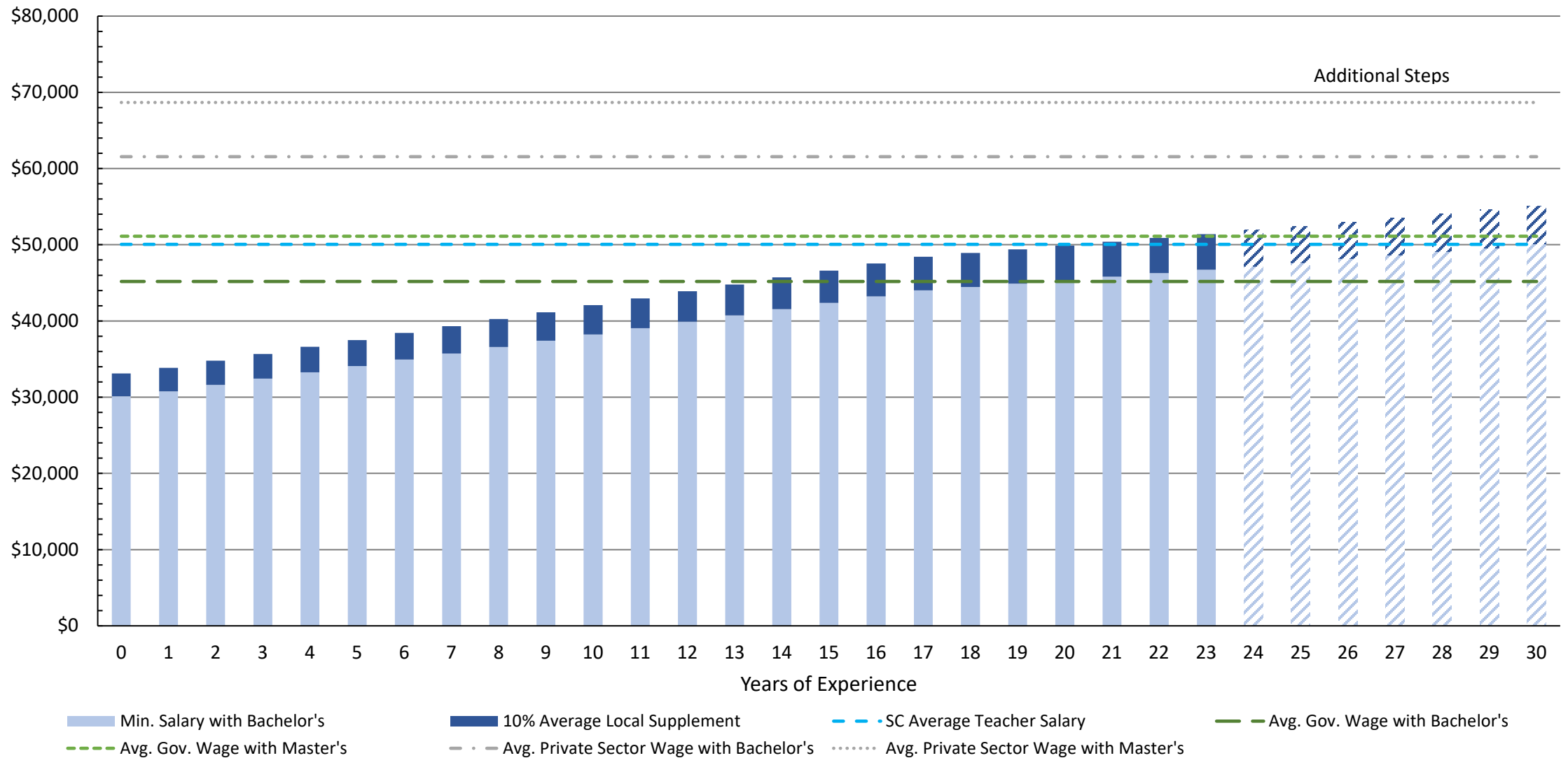


Note: Includes regular and special district teachers: pre-K, kindergarten, classroom, special education, and speech therapists. Based upon 190 teaching contract days and 240 all occupation working days.
Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Dept. of Education Professional Certified Staff Data RFA/244

Status of Model (Continued)

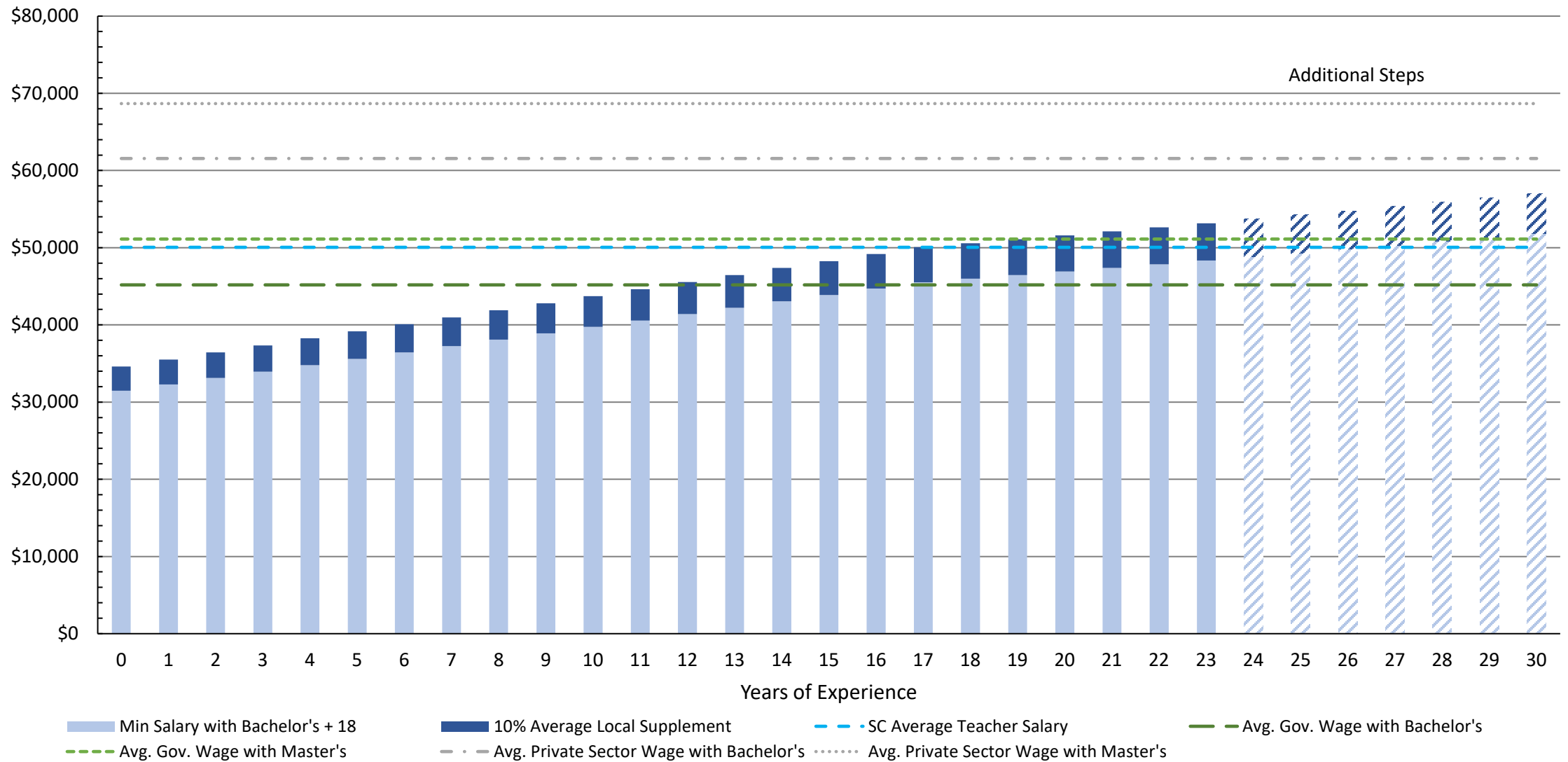
- Determining competitiveness of teacher salaries solely based upon the state “average” teacher salary, however, is problematic as the current state minimum teacher salary has a wide range of potential salaries. The average salary for the degree held by the teacher varies greatly.
- The average years of experience also varies greatly by education level. The average is 13 years, but bachelor’s degree teachers averaged only 7.4 years of experience, while doctorate degree teachers averaged the most with an average of 18.9 years of experience. (See Appendix for chart)
- The following charts outline the salary schedule at each education level and compare the schedule to the average wages by education level in South Carolina. The charts also show how extending the schedule from the current twenty-three years to thirty years would impact the salary range.
- Without a local supplement, the state minimum salary scales for teachers with a bachelor’s degree or bachelor’s degree plus 18 graduate hours never reach the state average.
- The last chart compares how the average salary on the schedule for teachers at each education level would increase if the schedules are extended to thirty years. The average actual salary statewide as of FY 2016-17, including the local supplement, would increase from \$50,050 to approximately \$52,726.
- This section focuses on annual compensation issues regarding the minimum salary schedule and does not reflect all of the data or issues presented in the previous section. Furthermore, this analysis does not address issues related to working conditions such as class size, planning time, or additional duties.

FY 2016-17 STATE TEACHER SALARY - BACHELOR'S DEGREE AND LOCAL SUPPLEMENT BY YEARS OF SERVICE TO AVERAGE WAGE IN SOUTH CAROLINA



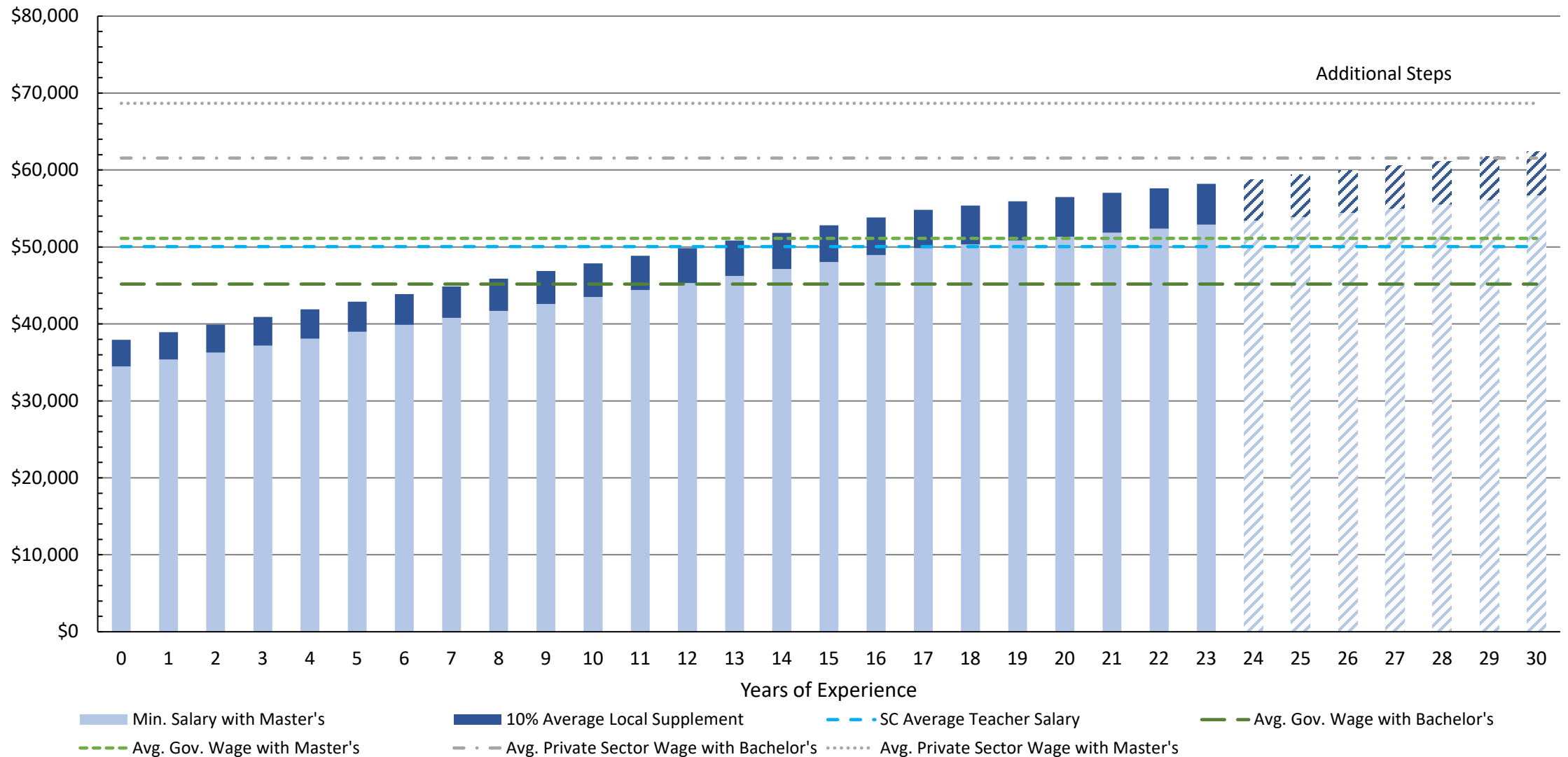
Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Revenue and Fiscal Affairs Office RFA/244

FY 2016-17 STATE TEACHER SALARY - BACHELOR'S DEGREE + 18 HOURS & LOCAL SUPPLEMENT BY YEARS OF SERVICE TO AVERAGE WAGE IN SOUTH CAROLINA



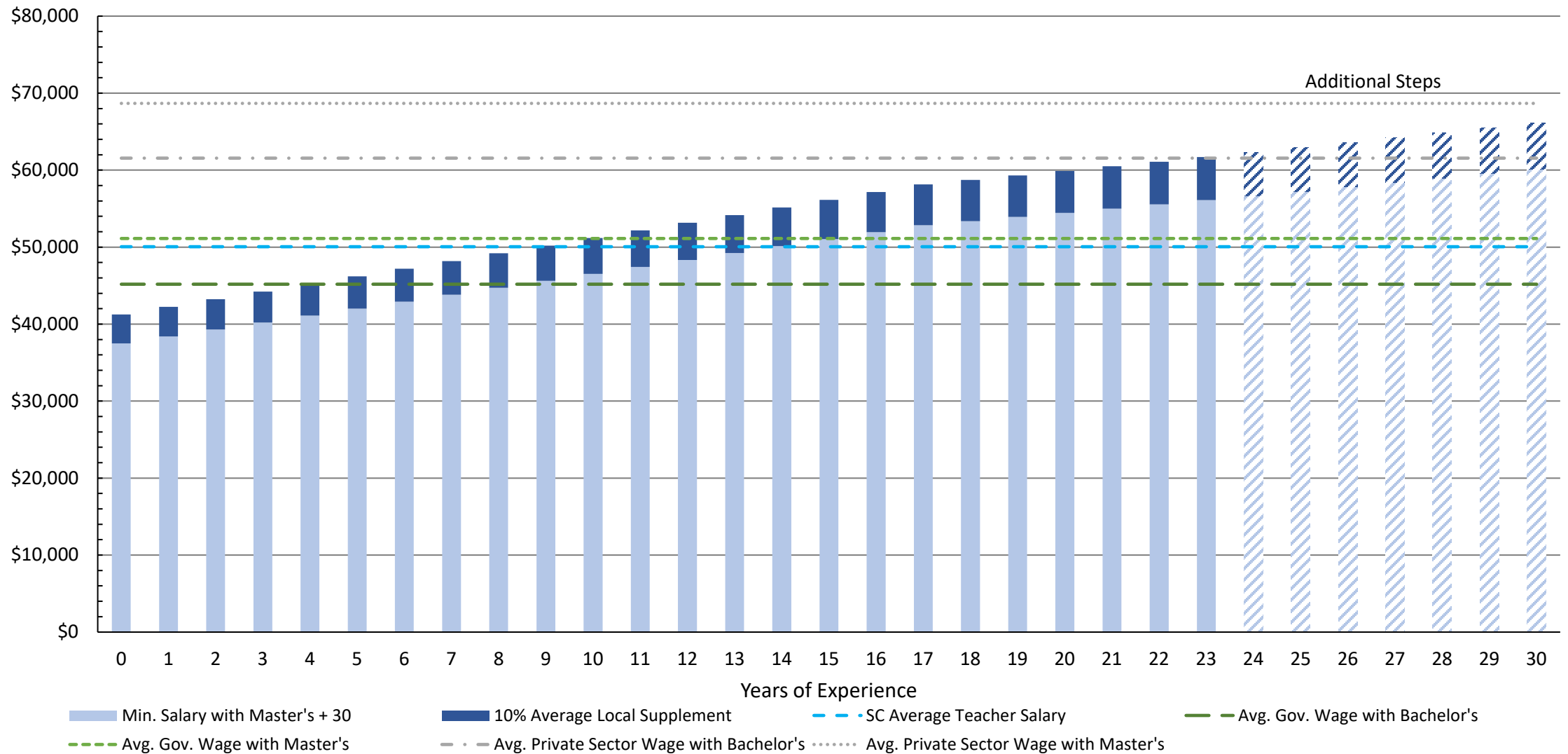
Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Revenue and Fiscal Affairs Office RFA/244

FY 2016-17 STATE TEACHER SALARY - MASTER'S DEGREE AND LOCAL SUPPLEMENT BY YEARS OF SERVICE TO AVERAGE WAGE IN SOUTH CAROLINA



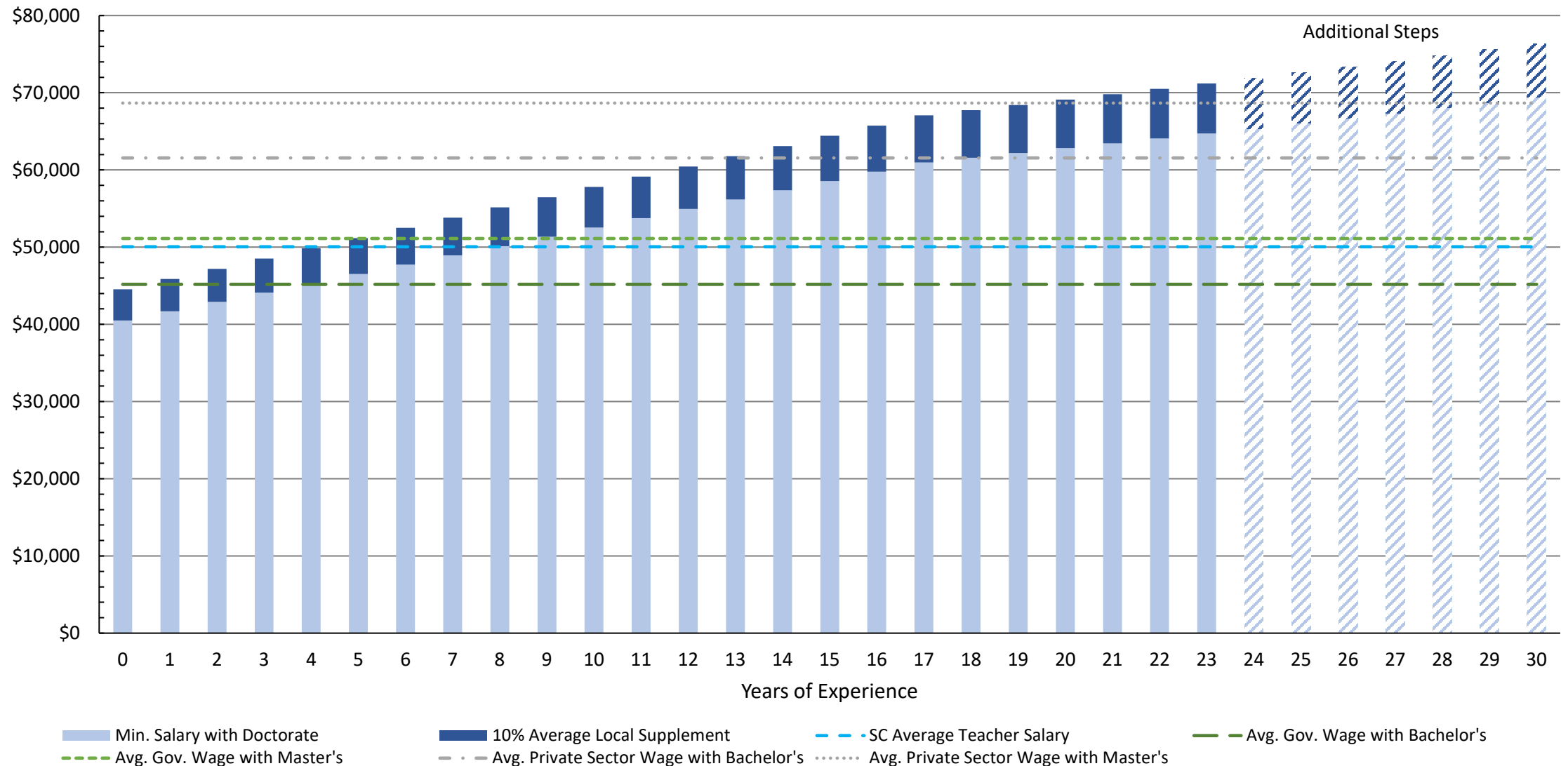
Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Revenue and Fiscal Affairs Office RFA/244

FY 2016-17 STATE TEACHER SALARY - MASTER'S DEGREE + 30 HOURS & LOCAL SUPPLEMENT BY YEARS OF SERVICE TO AVERAGE WAGE IN SOUTH CAROLINA



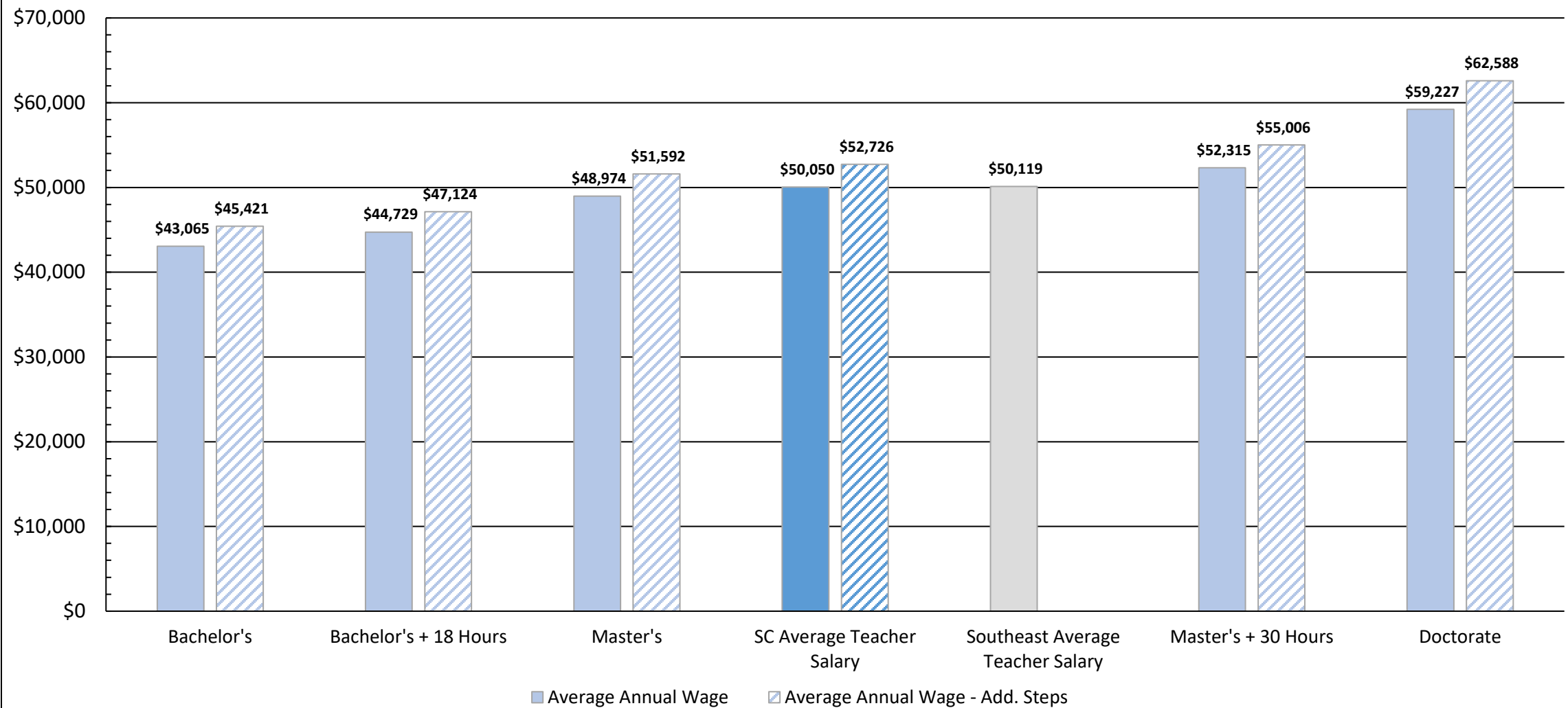
Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Revenue and Fiscal Affairs Office RFA/244

FY 2016-17 STATE TEACHER SALARY - DOCTORATE DEGREE AND LOCAL SUPPLEMENT BY YEARS OF SERVICE TO AVERAGE WAGE IN SOUTH CAROLINA



Data Source: U.S. Census Bureau, American Community Survey 2017, Public Use Microdata Sample; S.C. Revenue and Fiscal Affairs Office RFA/244

**FY 2016-17 CAREER AVERAGE TEACHER SALARY BY DEGREE
 COMPARED TO ESTIMATED CAREER AVERAGE TEACHER SALARY WITH ADDITIONAL STEPS
 10% Local Salary Supplement Included**



Data Source: S.C. Revenue and Fiscal Affairs Office RFA/244

Competitive Workforce of Teachers (Summary)

Next Steps

1. Incorporate feedback from stakeholders into analysis of teacher salary costs and projections.

Key Policy Issues

- *What is an appropriate measure for determining a competitive wage for teachers compared to other professions? Total salary, salary per day, average hourly wage?*
- *Should the state minimum salary schedule be extended beyond twenty-three years? How many years?*
- *The current state minimum salary schedule has different salaries based upon level of education. The salary difference between the lowest and highest classes is forty percent, while years of experience is not weighted as heavily. Is the difference in salary schedule among class of teachers acceptable or does it need to be adjusted?*
- *What occupational wage categories, other than the average state wage, should be used for comparing average teacher salaries in S.C.?*
- *Should options be included to address potential costs for changes to working conditions, such as more planning or free time?*

Section V – Consolidation of Districts

V. Consolidation of Districts

Item (i) - Options or incentives for encouraging consolidation or shared services among local districts

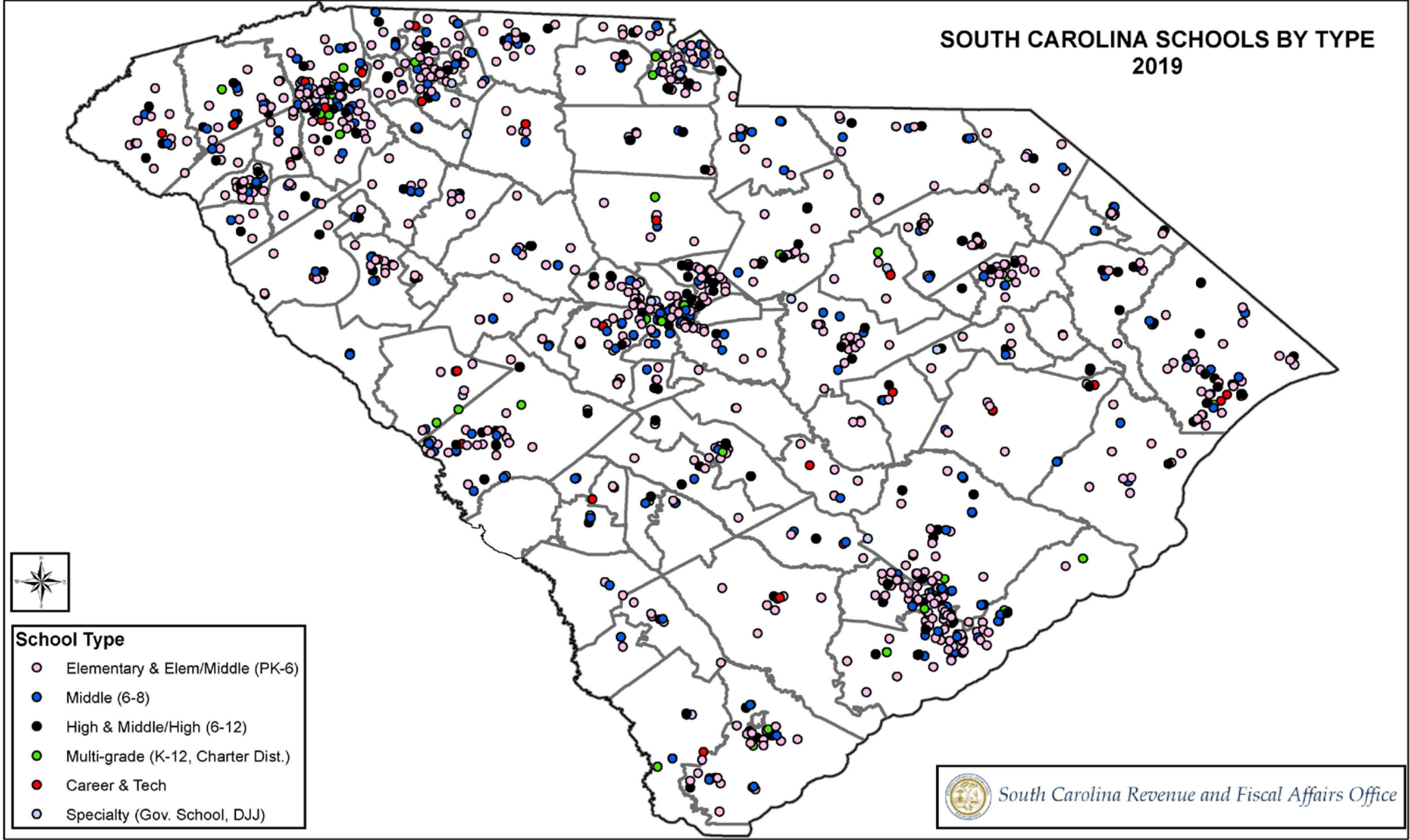
Status of Model

This section of the report is still under development. Data are being collected and reviewed for accuracy before an analysis can be conducted.

Analyses to be conducted:

1. Ranking of Total Expenditures for District Services and Per Pupil Expenditures for District Services by ADM
2. Compare Total Expenditures for Districts for groups of smaller districts to larger districts with a similar ADM total
3. Calculate ratio of Total Expenditures for District Services to Instruction Expenditures
4. Calculate ratio of total employees to certified instructional staff

The following charts show the distribution of schools around the state by type and examples of analyses to be conducted.



Examples – Comparison of District Services Expenditures by District Size

The following example shows one potential option for future comparisons of districts:

	ADM	Total District Services	Basic Program District Services	Total District Services Per Pupil	Basic Program District Services Per Pupil
Districts with 1,000 – 2,000 Students					
District A	1,150	\$2,550,173	\$2,233,770	\$2,218	\$1,942
District B	1,650	\$2,370,047	\$2,083,904	\$1,436	\$1,263
District C	1,960	\$3,184,573	\$2,896,026	\$1,625	\$1,478
Group 1 (Districts D & E) SIMILAR COST	2,000	\$3,006,726	\$2,750,567	\$1,503	\$1,375

Districts with 10,000 – 15,000 Students					
District F	10,520	\$6,825,159	\$5,820,949	\$649	\$553
Group 2 (Districts G & H) HIGHER COST	11,140	\$10,243,795	\$8,896,568	\$920	\$799
Group 3 (Districts I & J) HIGHER COST	12,530	\$16,267,578	\$14,317,822	\$1,298	\$1,143
District K	12,760	\$7,620,771	\$6,313,366	\$597	\$495

* Examples developed from actual districts. Groups reflect total of districts in a county not currently consolidated.

Consolidation of Districts - Summary

Next Steps

1. Develop analyses of district expenditures and comparisons

Key Policy Issue

- *What other types of analysis of district consolidation should be conducted?*

Section VI – Long-term Focus

VI. Long-Term Focus

Item (g) - Methods to simplify estimating or projecting future education funding needs

Item (j) - Options to phase-in a higher percentage of state funding than is outlined in the Education Finance Act

Item (k) - Recommendations to phase in any funding changes over time and to estimate the cost to hold harmless local school districts during a transition to a new funding model

Status of Model

Items (g), (j), and (k) each relate to a long-term view of measuring, increasing, or transitioning education funding.

This report outlines a format that attempts to include the key variables affecting education expenses and funding, the expected growth in revenue, and the cost of implementing top priorities.

The details for items (j) and (k) needed to complete a long-term view will depend on the policy decisions and priorities.

Example - Three-Year Fiscal Outlook for Education Funding

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
BUDGET FACTORS				
Estimated Number of Students	720,316			
Budgeted Number of Teachers	TBD			
Total Number of Teachers	TBD			
Average S.C. Teacher Salary	TBD			
STATE REVENUES				
Estimated General Fund Revenue Growth*		\$274,500,000	\$339,300,000	\$317,100,000
One-third (one-fourth, one-half?) of Total Growth		\$91,500,000	\$113,100,000	\$105,700,000
Estimated Growth in EIA Revenue		\$34,700,000	\$36,200,000	
Estimated Growth in Property Tax Relief Trust Fund (School Portion)		\$33,488,000	\$33,748,000	\$35,002,000
STATE APPROPRIATIONS				
Enrollment Growth (Cost to Maintain Class Size, Employer Contributions)		\$?		
Teacher Salaries				
(a) One Percent Salary Increase		\$?		
(b) Additional Year on Salary Schedule for All Classes		\$?		
Other Education Programs		\$?		
Hold-harmless Provision		\$?		
Higher Percentage of State Funding		\$?		

Long-Term Focus (Summary)

Next Steps

1. Incorporate final analysis of model with updated data and feedback from stakeholders into long-term projections

Key Policy Issues

- *What other factors should be considered in long-term planning for education?*
- *What is the priority order for implementing any changes to funding among equity, teacher salaries, classroom size, or other goals?*

Next Steps - Timeline

- Briefings with individual stakeholders – in person meetings and online survey (May 2019)
- Receive feedback on policy decisions from stakeholders (May 2019)
- Verify expenditure and revenue details of key budget and worksheet categories (May – June 2019)
- Verify teacher and student count data (May – June 2019)
- Determine budgeting and needed resources of special education services in conjunction with federal funding requirements (May – June 2019)
- Finalize detailed analysis and impact (July – August 2019)
- Update Report (September 12, 2019)
- Prepare Budget Worksheet for FY 2020-21 Appropriation Act process (October 2019)
- Amend In\$ite and other fiscal reporting codes (Fall 2019)
- Expand analysis to school level (Summer 2020)

Appendix

APPENDIX

Additional Charts and Data

Summary of Current Funding Items vs. Model

1. Summary of Assumptions and Details in Current Funding Items to Model

Students and Teachers

2. Average Daily Membership – Regular School Districts and S.C. Public Charter District
3. South Carolina – Number Of Teachers, National Education Association Teacher Definition
4. South Carolina Student/Teacher Ratio, National Education Association Teacher Definition
5. South Carolina and Southeastern Average Teacher Salary Since FY 1989-90
6. FY 2016-17 Average Years of Teaching Experience by Degree

FY 2016-17 Expenditures and Revenues

7. Total Expenditures and Revenues for Instruction – FY 2016-17
8. Total Expenditures and Revenues for Facilities and Transportation – FY 2016-17
9. Total Expenditures and Revenues for District Services – FY 2016-17
10. Basic Program Expenditures for Instruction – FY 2016-17
11. Basic Program Expenditures for Facilities and Transportation – FY 2016-17
12. Basic Program Expenditures for District Services – FY 2016-17

Property Taxes

13. School District Property Tax Relief, FY 1995-96 to FY 2021-22
14. Total Millage Rate Increase Limitation on School Districts Since 2008- TY 2017
15. Constitutional General Obligation Debt Limitation – TY 2017, 8 Percent of Assessed Value in School District
16. Estimated Debt Service Millage Rate to Fund a \$20 Million Facility – TY 2017, Based on School Debt Millage

Summary of Assumptions and Details in Current Funding Items to Model

Current

Education Finance Act

- Base Student Cost of \$ 2,485 for FY 2018-19
- 26:1 Student Teacher Ratio
- 1 Superintendent, 1 Ass't Superintendent per 6,000 students
- 5 Secretaries per 6,000 students
- 1 Fiscal Officer per 6,000 students
- 1 Program Consultant per 750 students
- 1 – Principal, Secretary, Attendance, Librarian for 375 students
- 1 – Ass't Principal, Library Aide, Guidance if over 500 students
- Weights for students determine funding

Employer Contributions

- Social Security taxes, Health Insurance, Retirement
- (Average 70 on all employees, approximately 105,000)

Teacher Salary Supplement

- State supplement to EFA portion of State Minimum Salary

Property Tax Relief Funds

- Fixed, Formula, and Dollar for Dollar reimbursements

Model

Instruction

- Average cost of \$ 6,060 per pupil for basic program
- Salary and Employer Contribution for Certified Educators
- 50,000 Certified Personnel, Student Teacher Ratio 16:1
- May include other school staff and data issues are resolved
- No student weights; Funding determined by services

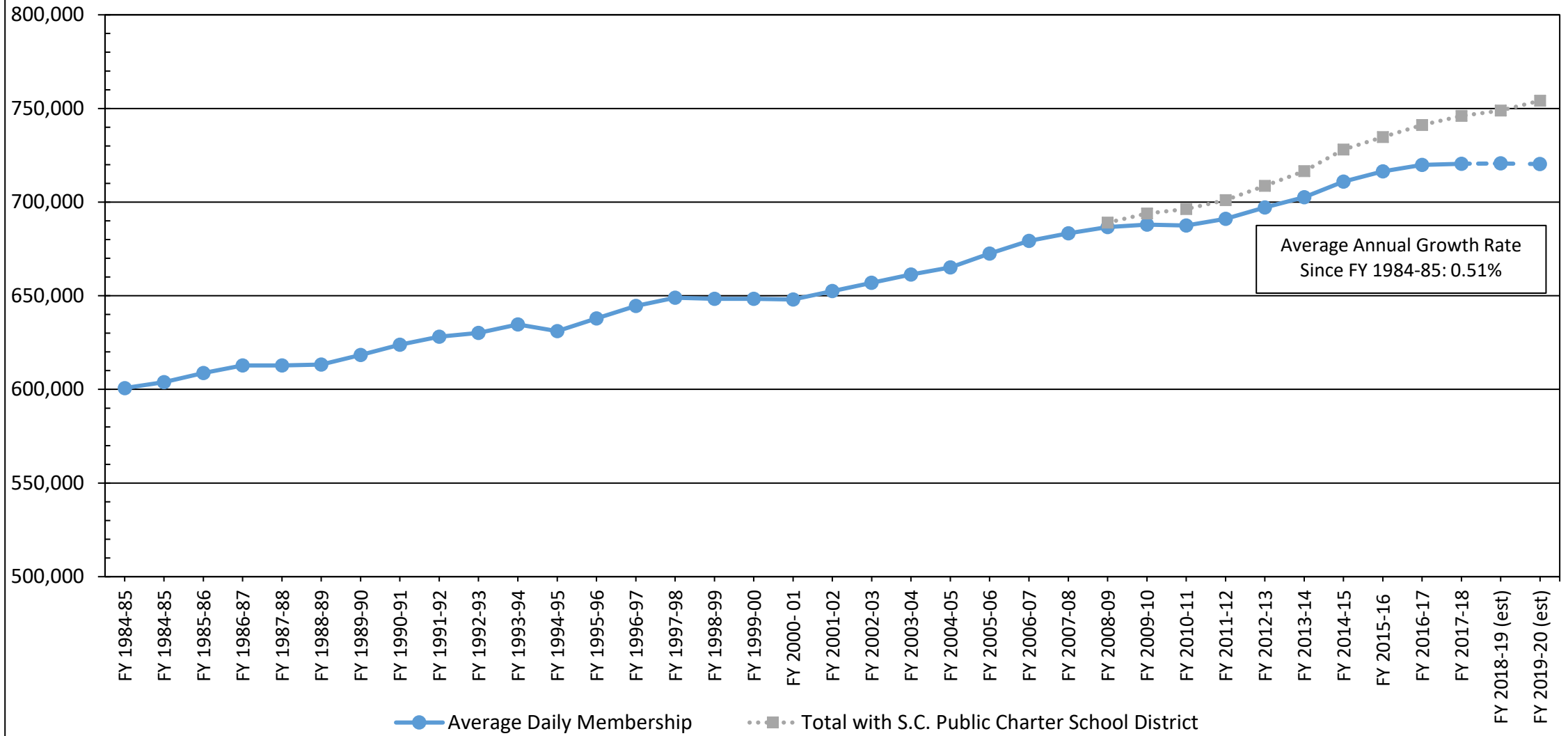
Facilities and Transportation

- School facilities, food services, transportation, and security
- Average cost of \$1,531 per pupil for basic program

District Services

- District Leadership, Operations, and Technology
- Average cost of \$692 per pupil for basic program

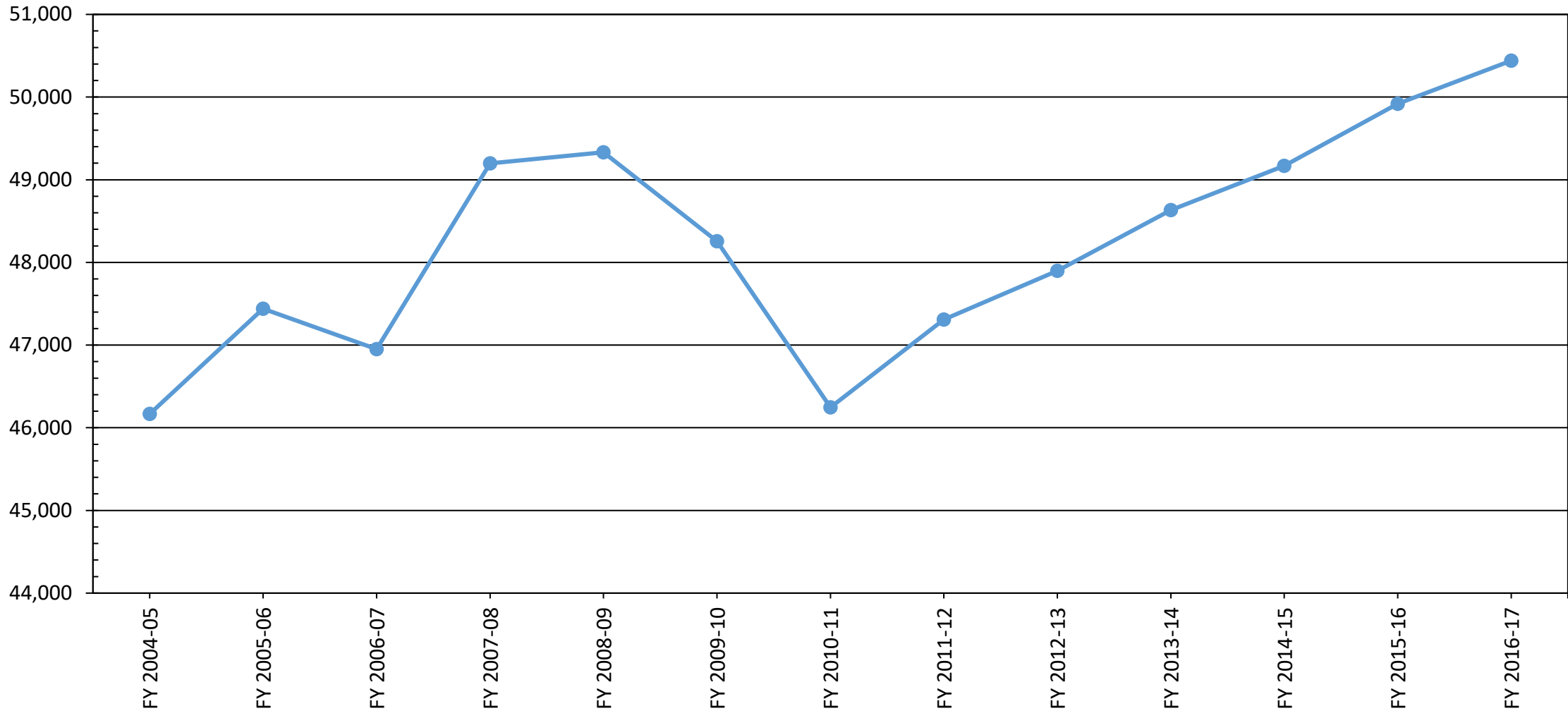
AVERAGE DAILY MEMBERSHIP Regular School Districts and S.C. Public Charter District



Data Source: S.C. Revenue and Fiscal Affairs Office RFA/189

*

SOUTH CAROLINA - NUMBER OF TEACHERS National Education Association Teacher Definition



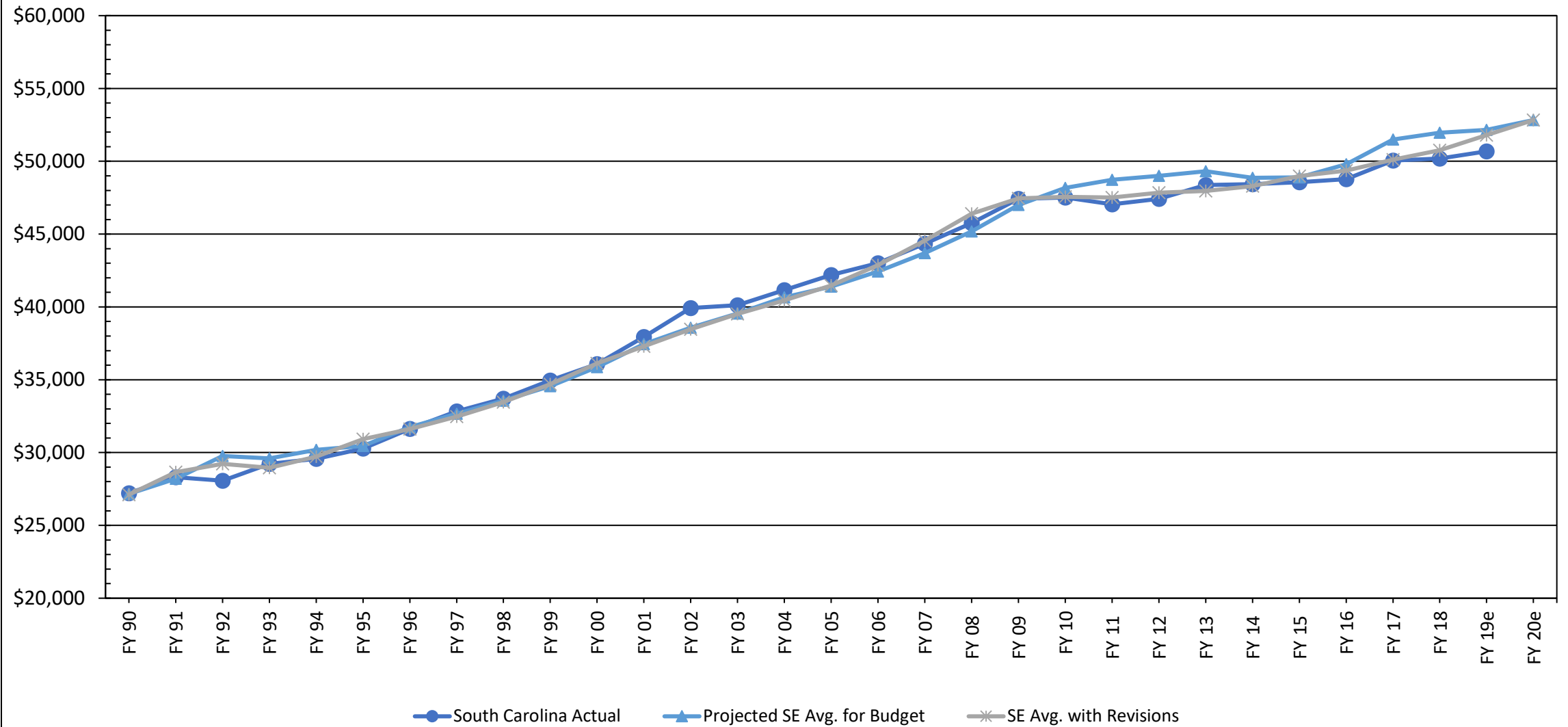
Data Source: National Education Association (NEA), FY 2006-07 figure is an estimate by NEA RFA/252

SOUTH CAROLINA STUDENT/TEACHER RATIO National Education Association Teacher Definition



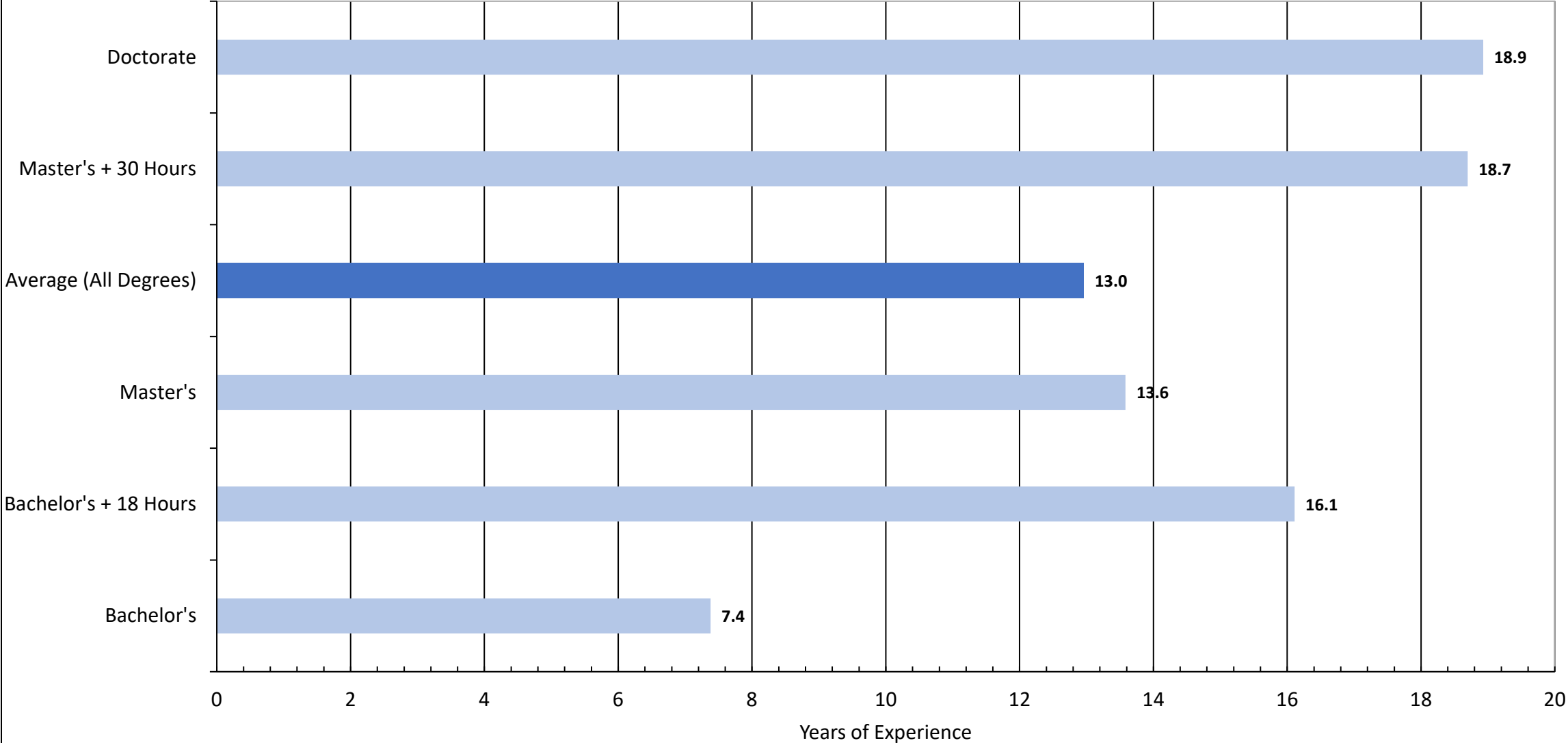
Data Source: National Education Association (NEA), FY 2006-07 figure is an estimate by NEA; S.C. Department of Education 135-day average daily membership RFA/252

SOUTH CAROLINA AND SOUTHEASTERN AVERAGE TEACHER SALARY Since FY 1989-90



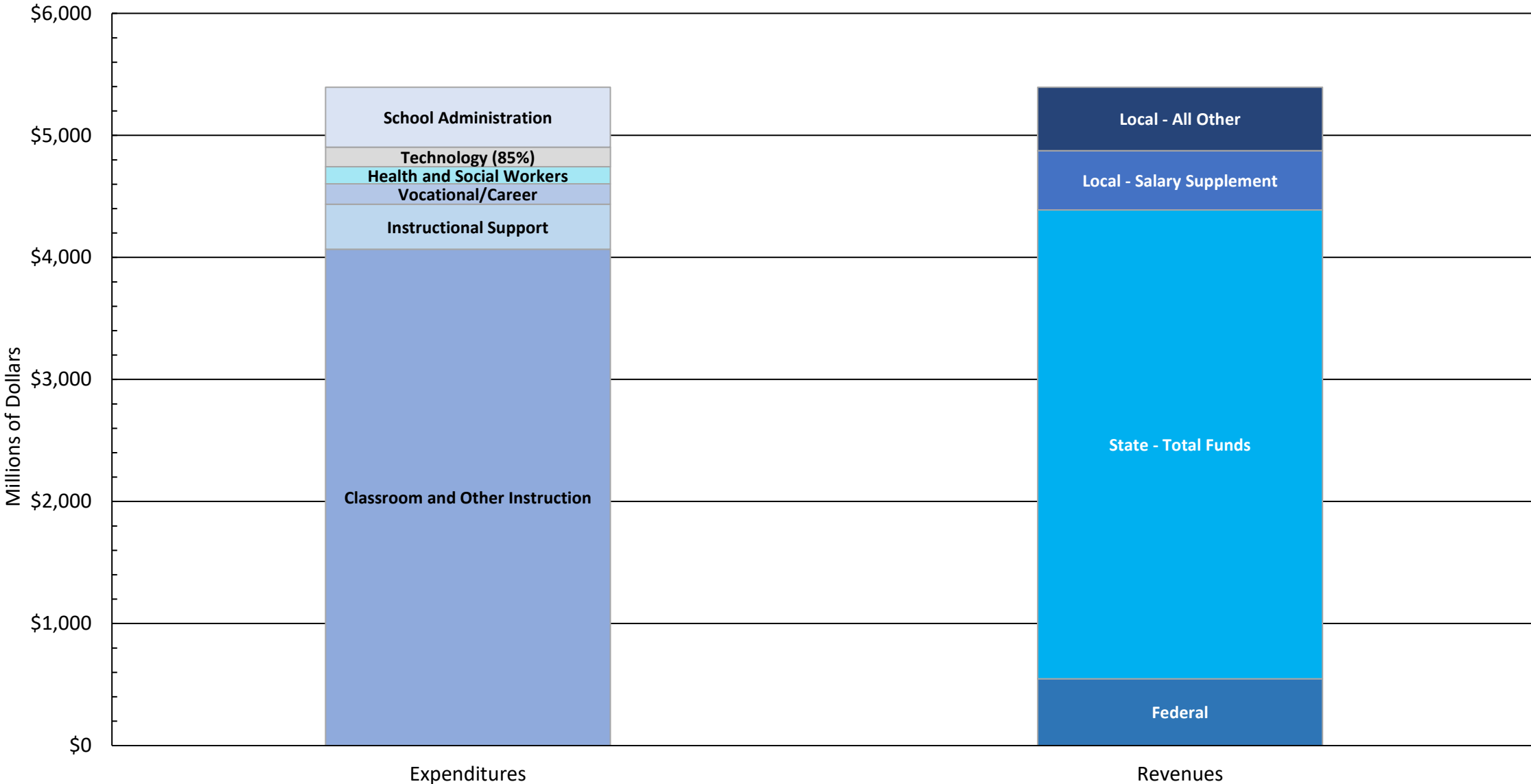
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/244

FY 2016-17 AVERAGE YEARS OF TEACHING EXPERIENCE BY DEGREE



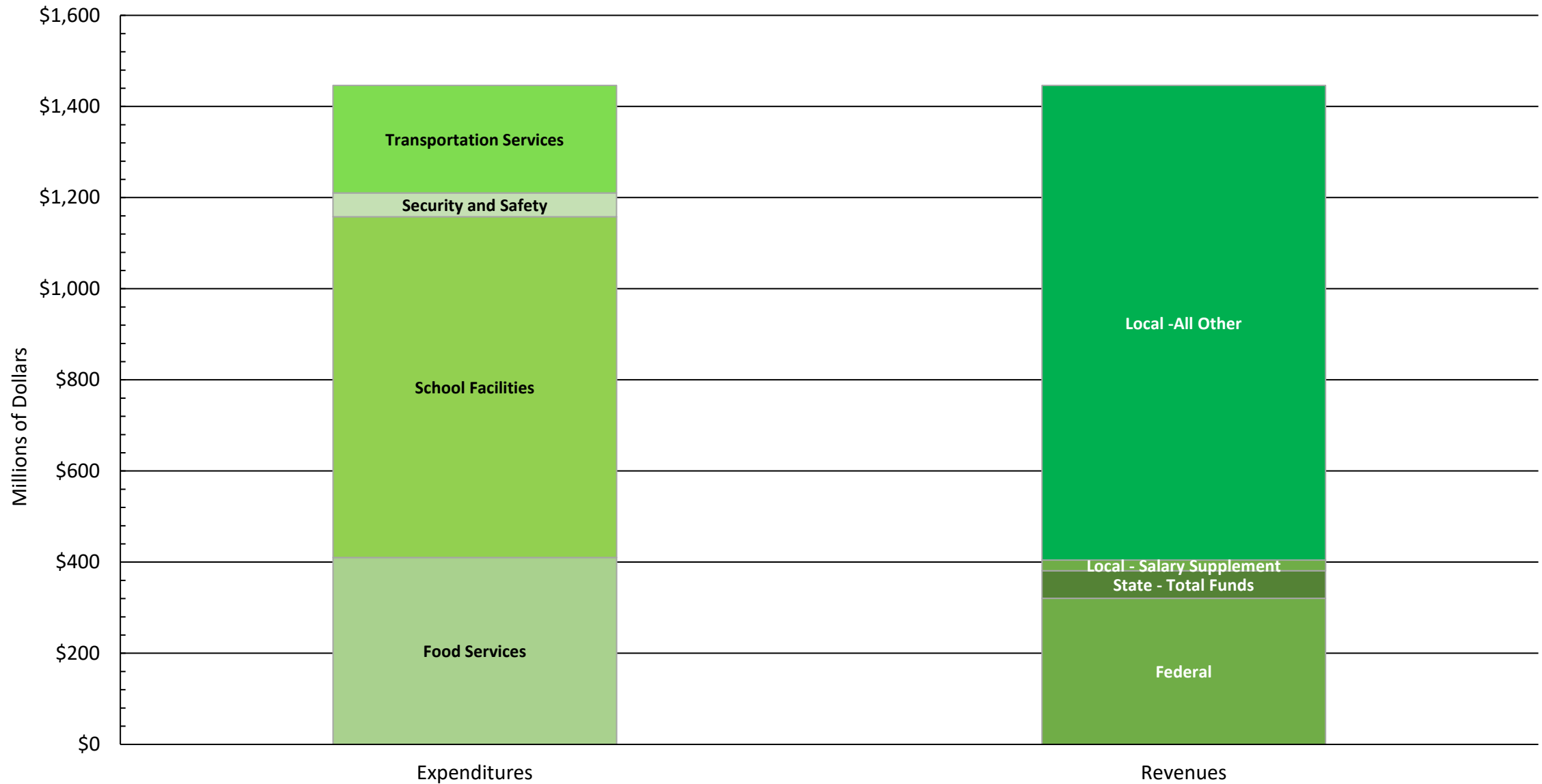
Data Source: S.C. Dept. of Education Professional Certified Staff Data; S.C. Revenue and Fiscal Affairs Office RFA/244

TOTAL EXPENDITURES AND REVENUES FOR INSTRUCTION - FY 2016-17



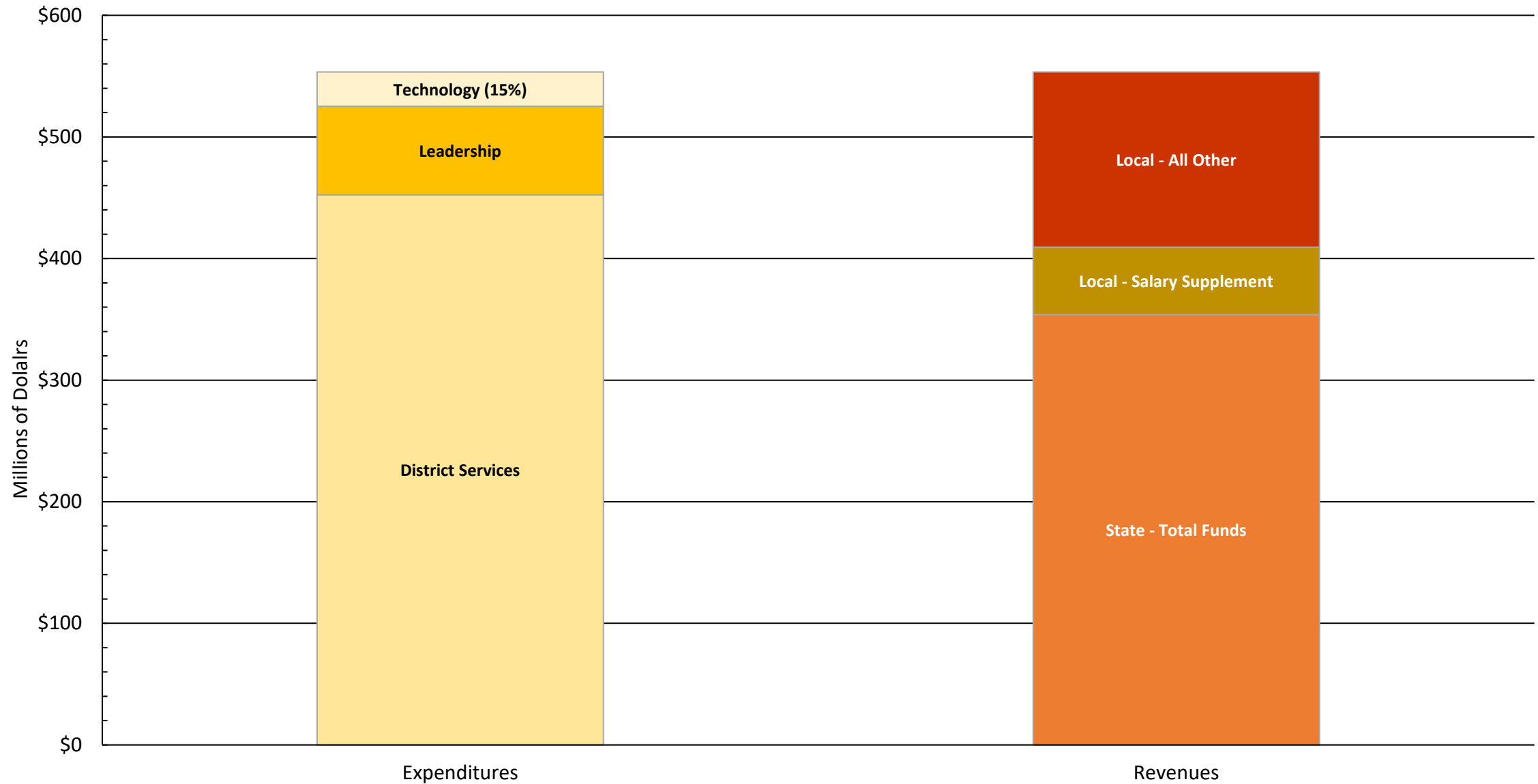
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/248

TOTAL EXPENDITURES AND REVENUES FOR FACILITIES AND TRANSPORTATION - FY 2016-17



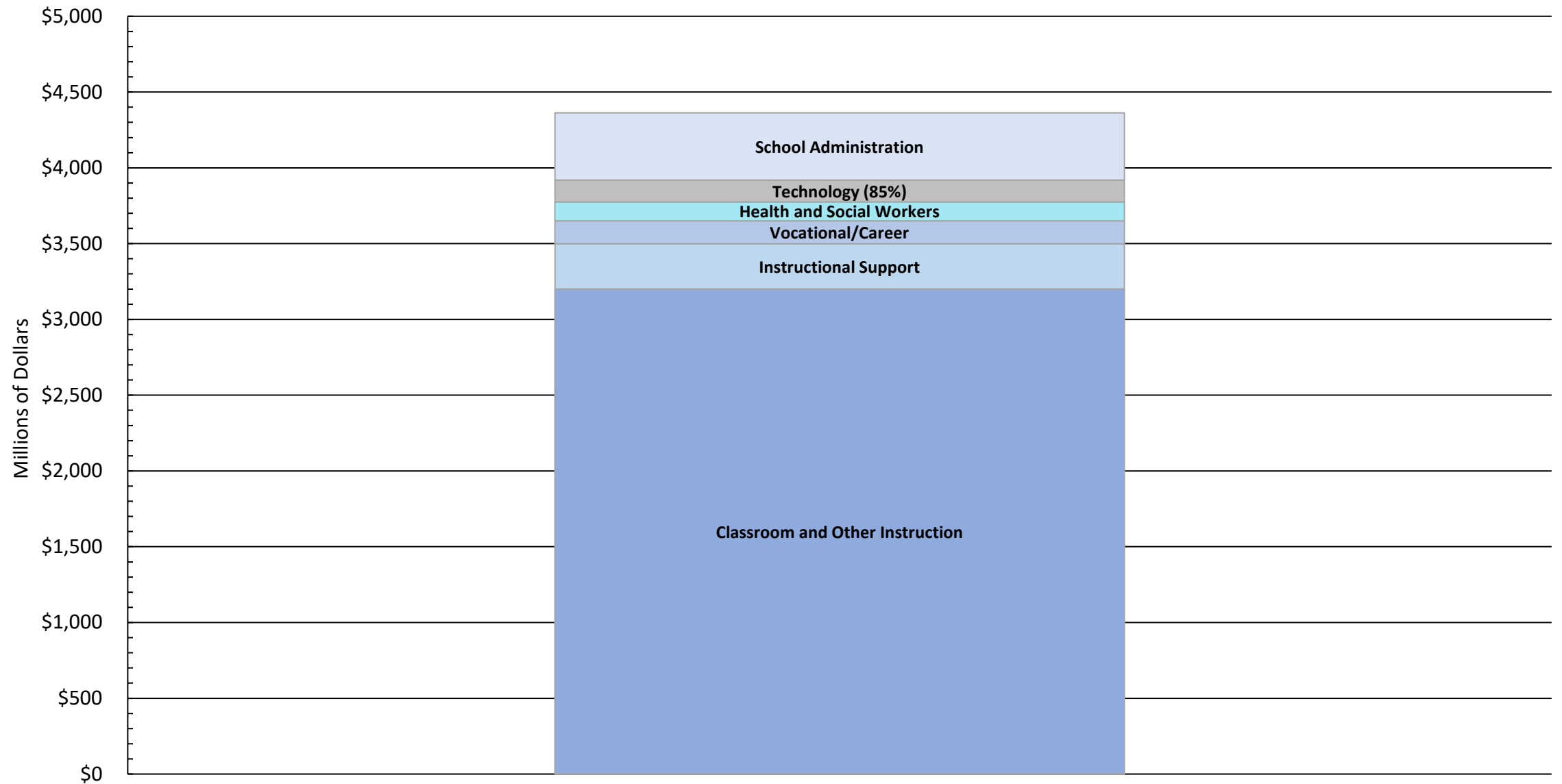
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/248

TOTAL EXPENDITURES AND REVENUES FOR DISTRICT SERVICES - FY 2016-17



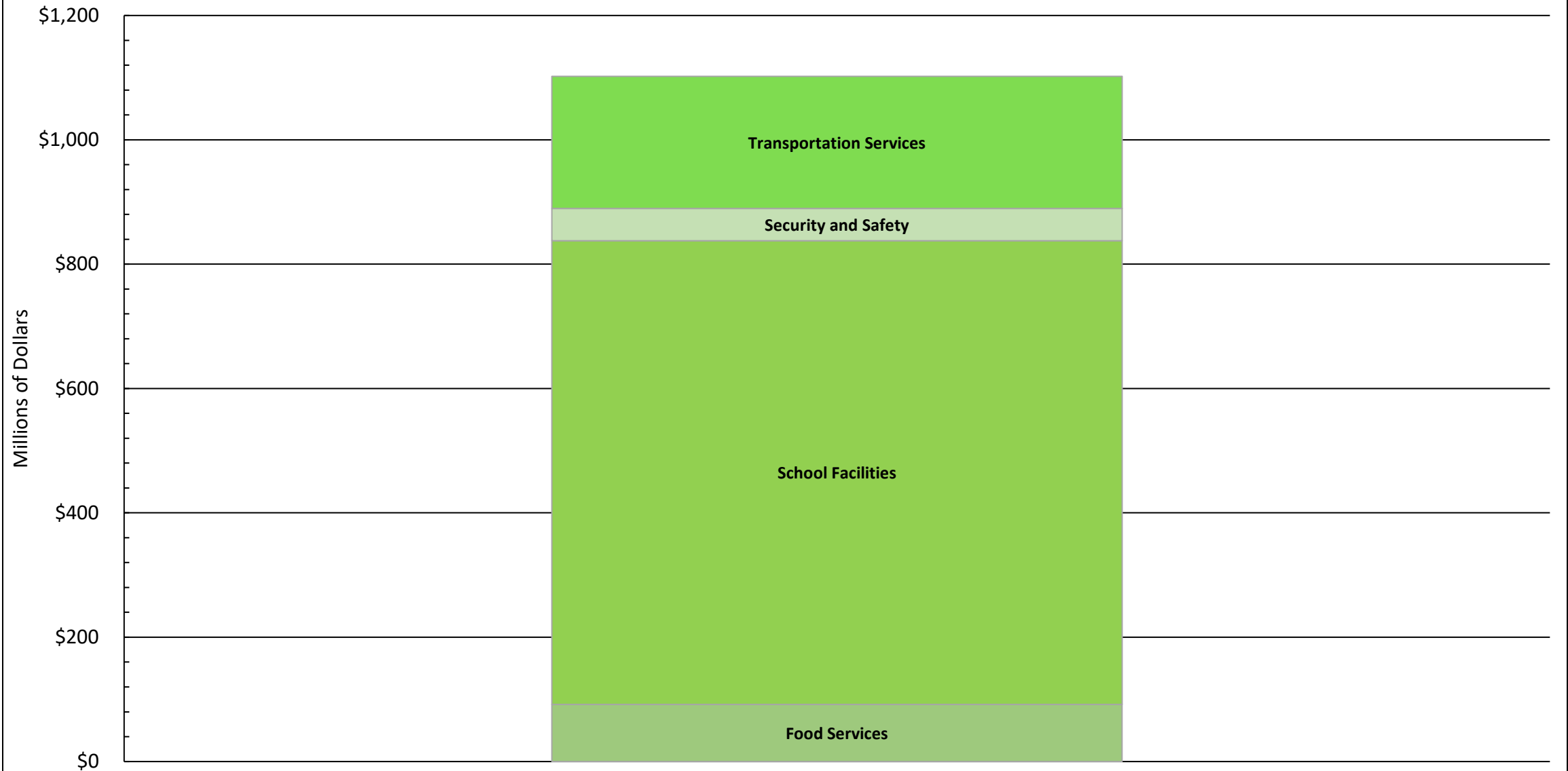
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/248

BASIC PROGRAM EXPENDITURES FOR INSTRUCTION - FY 2016-17



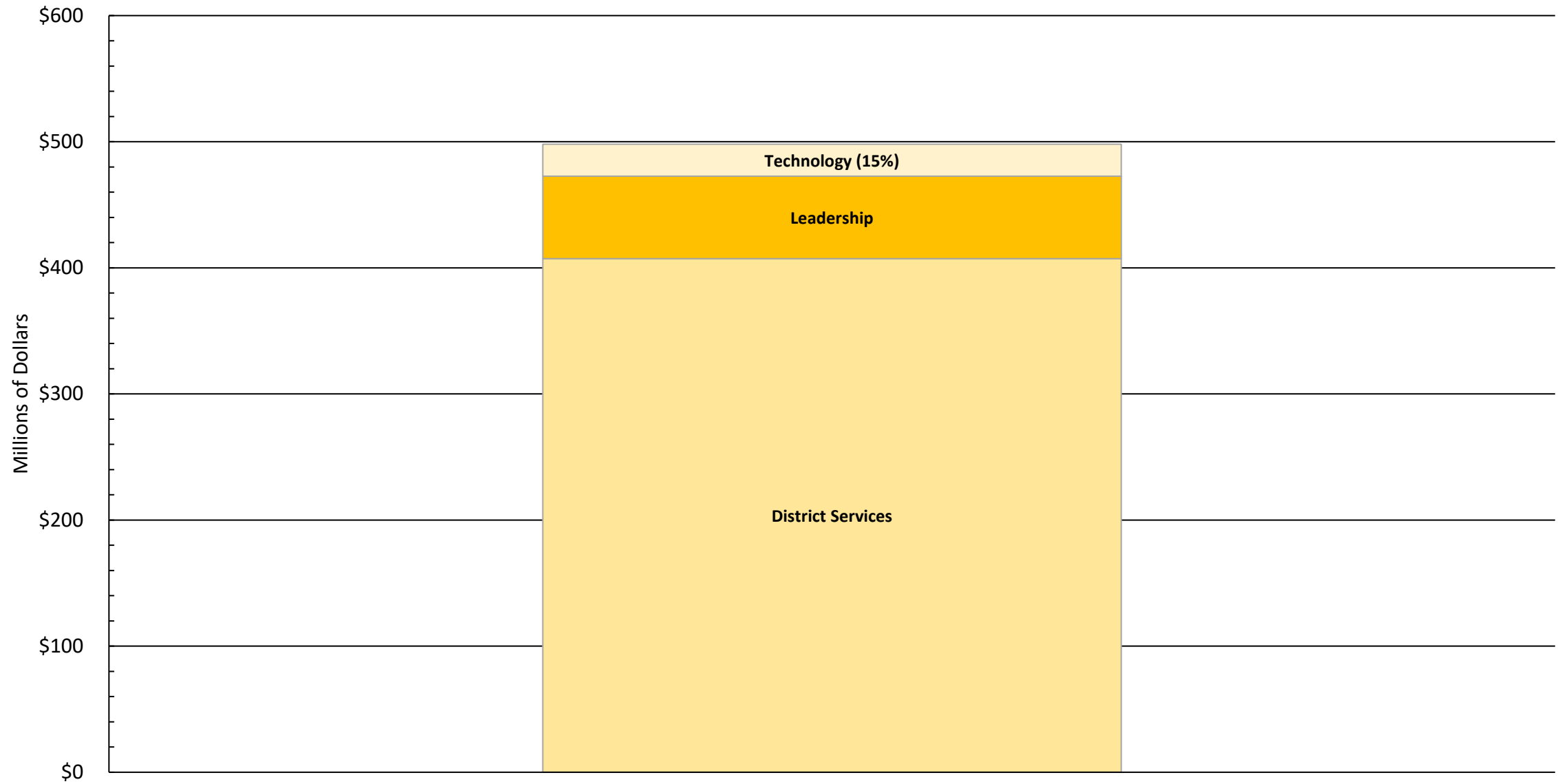
Data Source: S.C. Dept. of Education; calculations by S.C. Revenue and Fiscal Affairs Office RFA/248

BASIC PROGRAM EXPENDITURES FOR FACILITIES AND TRANSPORTATION - FY 2016-17



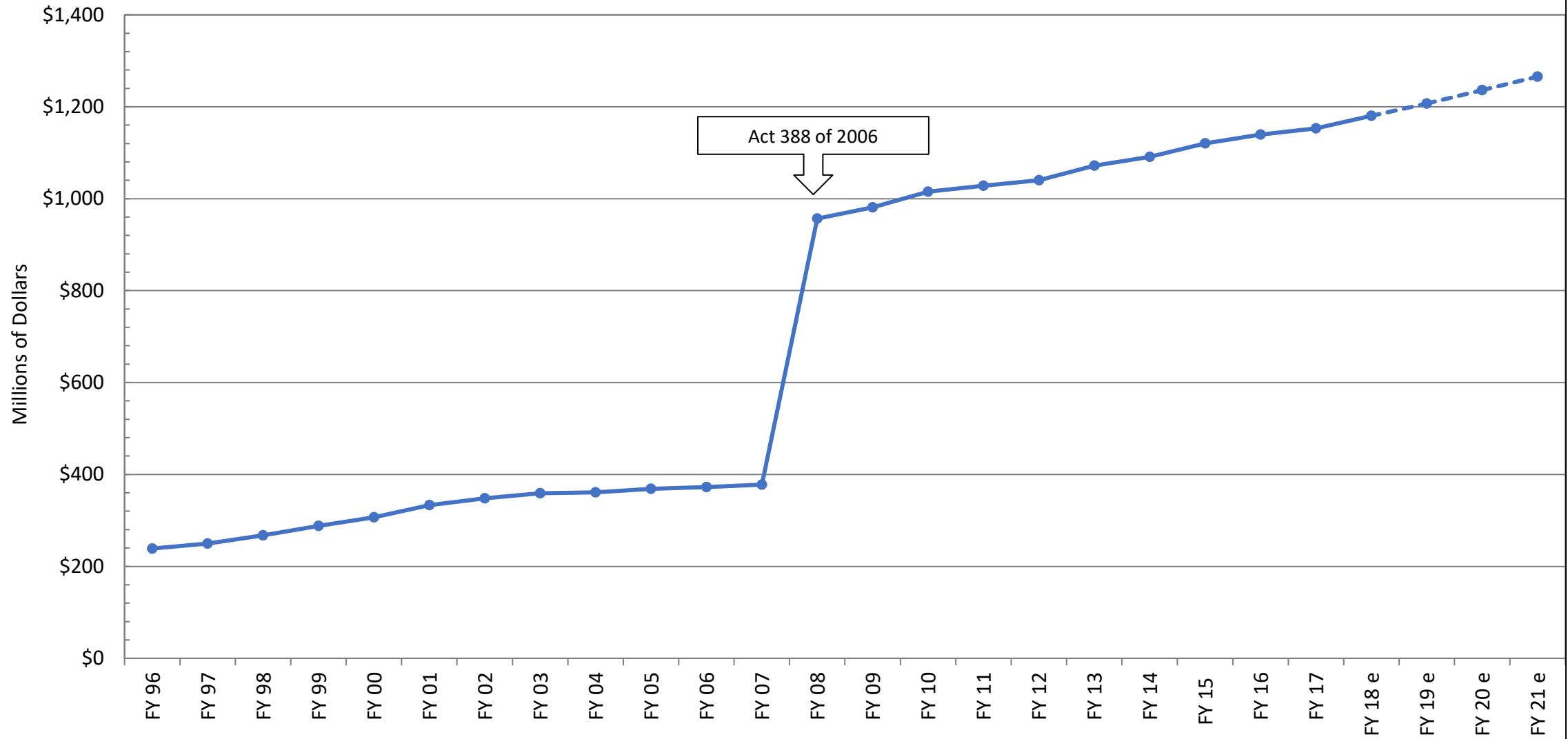
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/248

BASIC PROGRAM EXPENDITURES FOR DISTRICT SERVICES - FY 2016-17



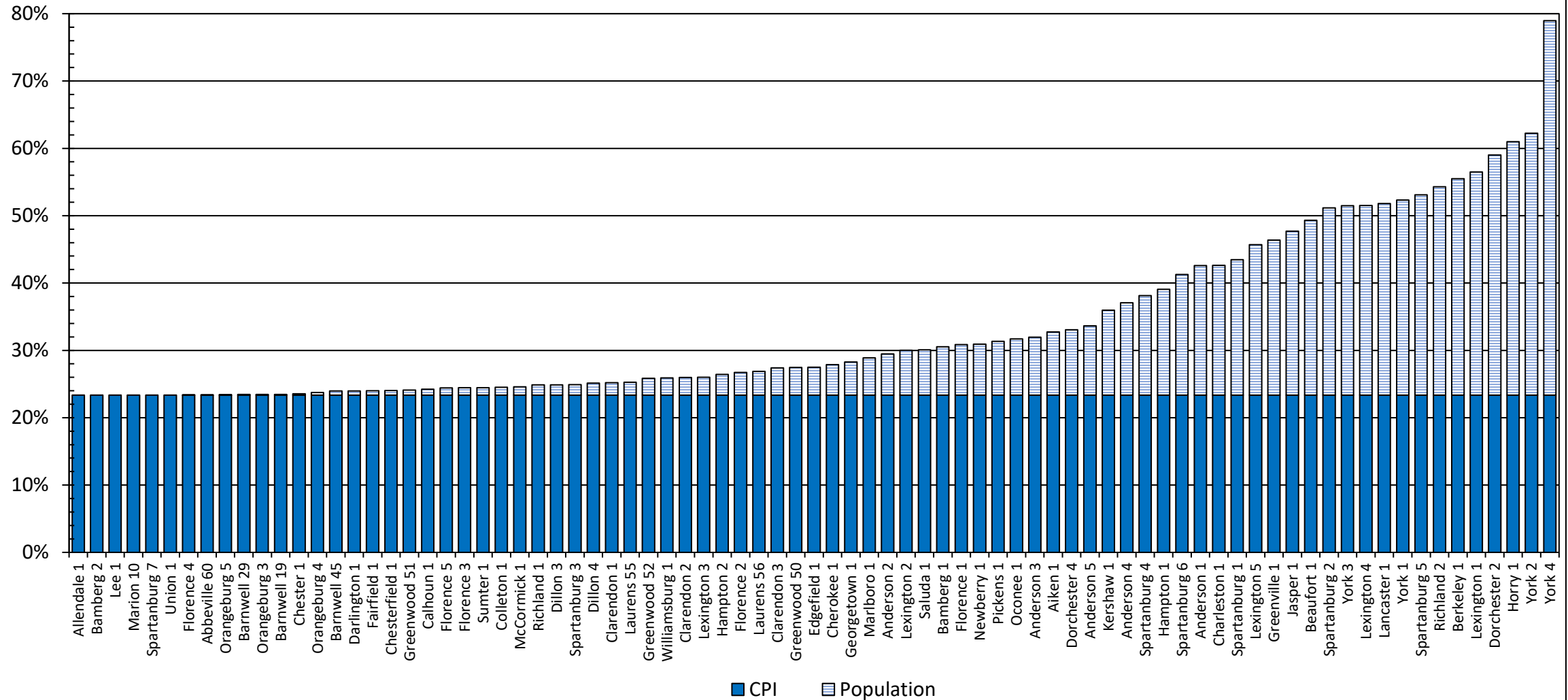
Data Source: S.C. Revenue and Fiscal Affairs Office RFA/248

SCHOOL DISTRICT PROPERTY TAX RELIEF FY 1995-96 to FY 2021-22



Data Source: S.C. Dept. of Revenue, Tax Collections by County; S.C. Revenue and Fiscal Affairs Office, Local Government Finance Report RFA/254

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

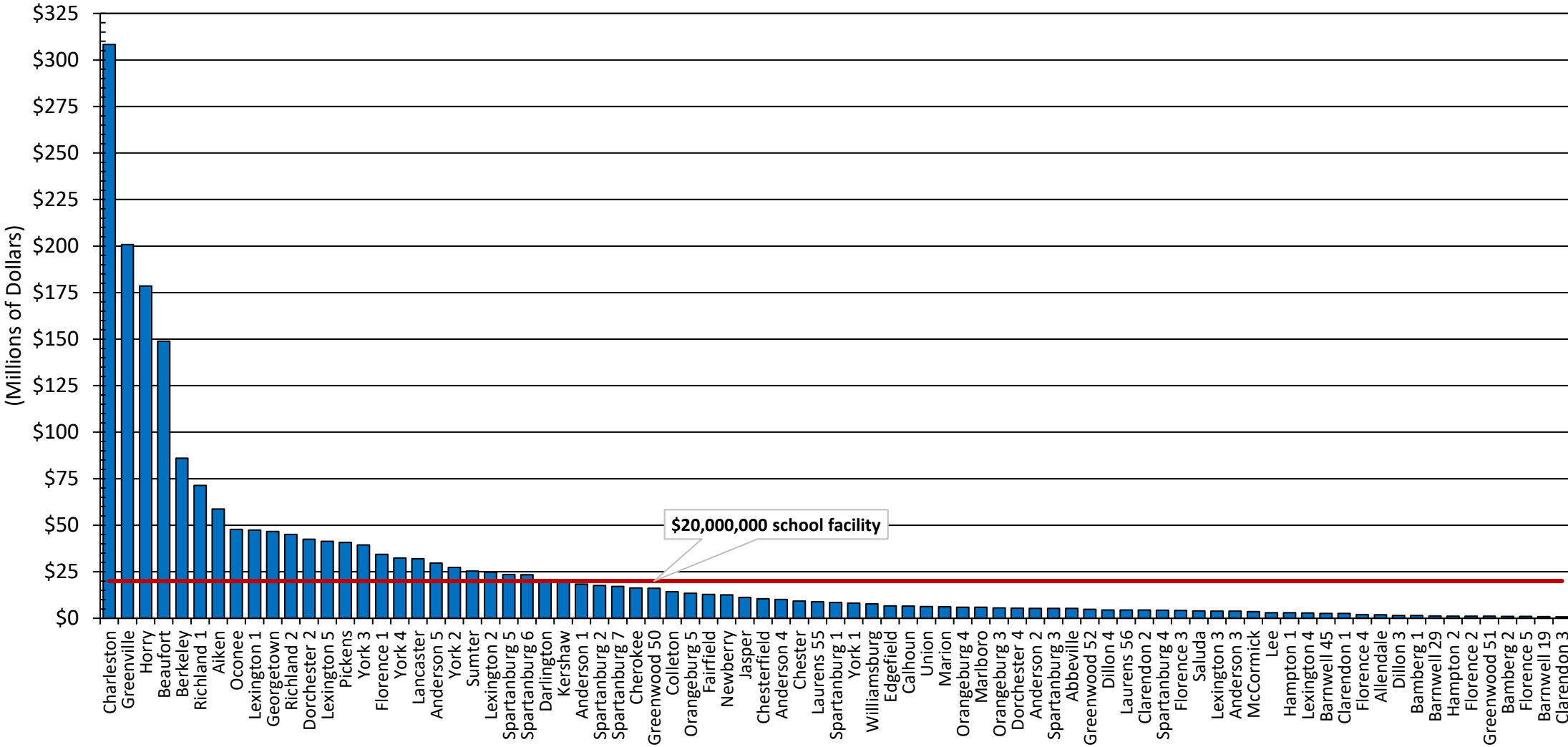
/c Sumter School Districts 2 and 17 merged to create the Sumter School District in FY 2011

Data Source: S.C. Revenue and Fiscal Affairs Office RFA/223

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

CONSTITUTIONAL GENERAL OBLIGATION DEBT LIMITATION - TY 2017

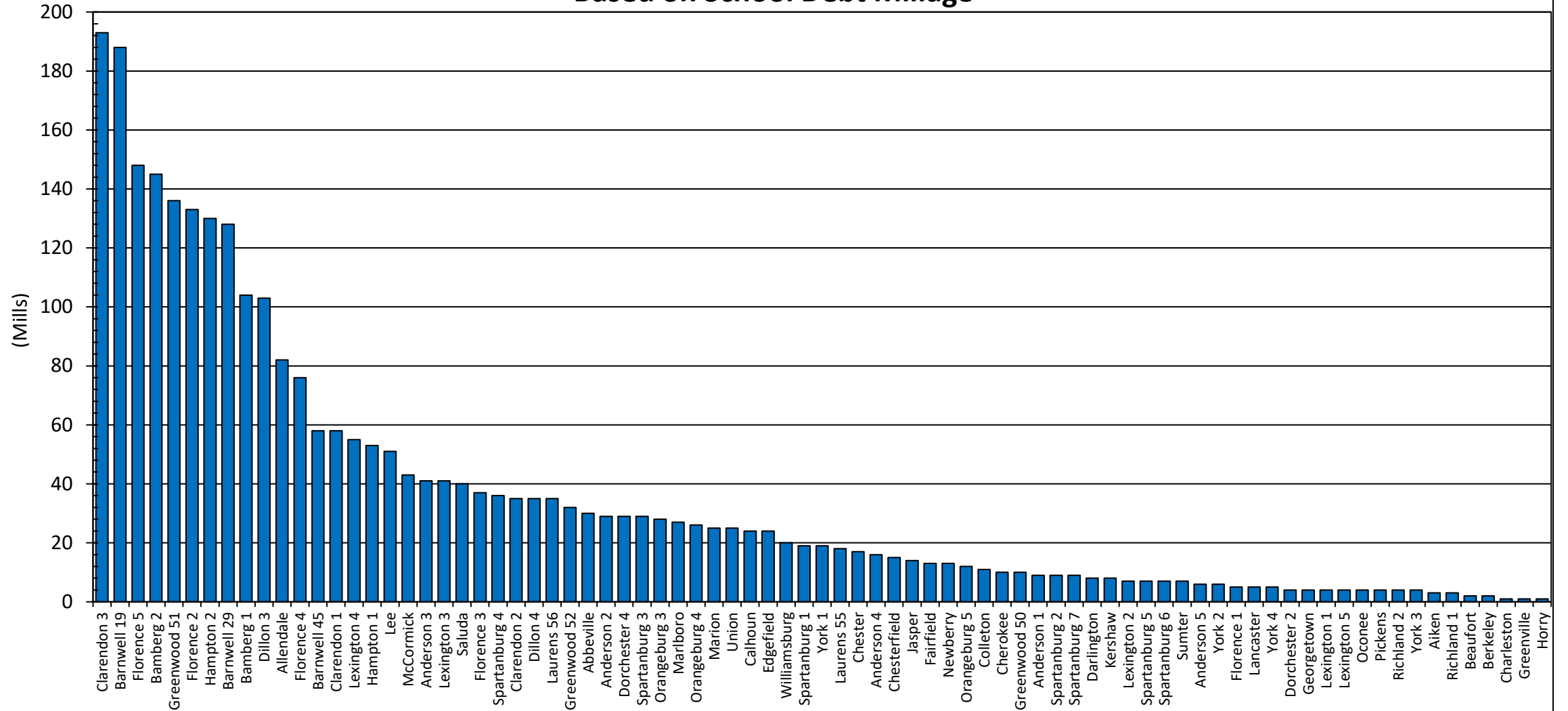
8 Percent of Assessed Value in School District



Data Source: S.C. Department of Revenue Index of Taxpaying Ability; Calculations by RFA RFA/251

ESTIMATED DEBT SERVICE MILLAGE RATE TO FUND A \$20 MILLION FACILITY - TY 2017

Based on School Debt Millage



Note: Based on 5% interest and a 15 year repayment schedule
 Data Source: S.C. Department of Revenue Index of Taxpaying Ability; Calculations by RFA RFA/245

List of Key Policy Issues

Overall

- *What standards or programs should be included or amended to align model with goals for providing a 21st century education?*
- *What specific state laws or regulations should be considered in determining district flexibility?*

I. Current Status

- *Are the Instruction, Facilities and Transportation, and District Services categories comprised of the appropriate spending items?*
- *What types of expenses should be funded by the state, state and local, or local?*

II. Budgeting Issues

- *What costs should be included in estimating cost of a teacher for the basic program?*
- *Should state appropriations be used to help fund salaries or employer contributions for local district decisions above the basic program?*
- *What types of expenses are state, state and local, or local?*
- *What services can or should be shared and how can the state identify and encourage best practices for providing district services?*
- *What spending flexibility should districts have with regard to budgeted expenditures?*
- *To which specific education categories should Property Tax Relief funds be allocated?*
- *Under this model, funding for the additional EFA add-on weights will be reallocated in the following manner:*
 - *Poverty – lower class size*
 - *Should other current EFA add-ons be addressed? If so, how should these services be measured and allocated?*
(Other current add-ons: Academic Assistance, Gifted and Talented, Limited English Proficiency, and Dual Credit Enrollment)
- *Is dual-credit enrollment a public education or a technical college expense?*

III. Accountability, Flexibility, and Transparency

- *What are the accountability expectations of the stakeholders?*
- *How much flexibility should be given regarding state funding?*
- *What is the timing for implementation of modifications to accounting systems and reporting given the substantial changes under consideration?*

IV. Competitive Workforce for Teachers

- *What is an appropriate measure for determining a competitive wage for teachers compared to other professions? Total salary, salary per day, average hourly wage?*

- *Should the state minimum salary schedule be extended beyond twenty-three years? How many years?*
- *The current state minimum salary schedule has different salaries based upon level of education. The salary difference between the lowest and highest classes is forty percent, while years of experience is not weighted as heavily. Is the difference in salary schedule among class of teachers acceptable or does it need to be adjusted?*
- *What occupational wage categories, other than the average state wage, should be used for comparing average teacher salaries in SC?*
- *Should options be included to address potential costs for changes to working conditions, such as more planning or free time?*

V. Consolidation of Districts

- *What other types of analysis of district consolidation should be conducted?*

VI. Long-term Focus

- *What other factors should be considered in long-term planning for education?*
- *What is the priority order for implementing any changes to funding among equity, teacher salaries, classroom size, or other goals?*

Other Appendix Items



(e) Options for standards or measures of fiscal accountability for funding categories as recommended by the South Carolina Department of Education and *options for standards or measures of student performance accountability as recommended by the South Carolina Education Oversight Committee*; and

The South Carolina Education Oversight Committee (EOC) recognizes that the statutory objective of the state's public education is ensure that all children have the opportunity to graduate with the knowledge, skills and characteristics to be college, career and civic ready as defined in the *Profile of the South Carolina Graduate* pursuant to Section 59-1-50 of the South Carolina Code of Laws. Measuring whether our state, school districts and schools are provided the opportunity with the financial resources provided will require establishing metrics and goals at the state, district and school levels.

The following are metrics that the Governor and General Assembly should consider in establishing a student performance accountability system. The metrics are based upon the existing accountability system that evaluates the performance of our public education system using multiple indicators as required by both federal and state laws. The metrics also include those specifically identified in Section 59-18-1950 of the South Carolina Code of Laws enacted with Act 94 (H.3969) of 2017. Furthermore, all metrics, where available, should be disaggregated by race, socioeconomic status, and other subgroups such as students with disabilities and English language learners to ensure that South Carolina is addressing the educational needs of all students.

At the state and district levels, the metrics focus on the goal of creating a 21st century workforce. At the school level (primary, elementary, middle, and high schools), the EOC would recommend evaluating school performance against the same indicators reported on the annual school report cards. These indicators focus on preparing students with the skills and opportunities to succeed in a 21st century economy. While the state currently collects financial data at the district level, the EOC acknowledges that a financial data system at the school-level must be created. The EOC cannot overemphasize the importance of having financial data at the school level where accountability for student performance can be best measured.

Metrics for Student Performance at:

State Level:

- Percentage of five-year-olds entering public kindergarten ready to learn;
- Percentage of 3rd, 5th, and 8th graders who are meeting or exceeding grade-level standards in English language arts (ELA).reading and mathematics based on state summative assessments;
- Percentage of 4th and 8th graders scoring Proficient and above and scoring Basic and above on reading and mathematics as documented by the National Assessment of Educational Progress (NAEP);
- Percentage of students graduating from public high schools who enter postsecondary education without the need for remediation;
- Percentage of working-aged adults by county who possess a postsecondary degree or industry credential; and
- Percentage of high school graduates who are gainfully employed in the State within five and ten years of graduating from high school.

School District Level:

- Percentage of 3rd, 5th, and 8th graders who are meeting or exceeding grade-level standards in ELA/reading and mathematics based on state summative assessments;
- Percentage of students graduating within four years;
- Percentage of students graduating within four years who are deemed college or career ready;
- Percentage of students graduating who enter postsecondary education without the need for remediation; and
- Percentage of high school graduates who are gainfully employed in the State within five and ten years of graduating from high school.

School Level:

- Academic Achievement or the percentage of students at or above grade level in ELA//reading and mathematics as measured by summative assessments, end-of-course assessments, or other valid and reliable measures;
- Student Progress or the academic growth of students in ELA/reading and mathematics;
- Graduation Rate or the percentage of students graduating on-time;
- College/Career Readiness or the percentage of high school graduates deemed college or career ready;
- Percentage of students graduating who enter postsecondary education without the need for remediation; and
- Percentage of high school graduates who are gainfully employed in the State within five and ten years of graduating from high school.

Furthermore, the EOC would encourage policymakers to consider the work of the Maryland Commission on Innovation and Excellence in Education, commonly referred to as the Kirwan Commission.¹ After three years of discussion and analysis, the Kirwan Commission issued in January of 2019 its Interim Report containing policy and funding recommendations to address the quality, access and effectiveness of the state's preK-12 education with a focus on transforming the formula for school funding. The objective of the Kirwan Commission was to ensure that "every student in Maryland should have access to educational experiences and opportunities that enable them to reach their full potential and be ready for success in college and a rewarding career by the end of high school."

The Kirwan Commission addressed governance and accountability. The Commission noted that "*how* funds for education are spent is at least as important as *how much* is spent in determining student achievement and funding equity." To this objective the Commission recommended the creation of an Independent Oversight Board with authority to develop a comprehensive plan to implement the Commission's recommendations. Currently, the Maryland General Assembly is debating Senate Bill 1030 to codify many of the recommendations of the Commission, including the creation of the Maryland Office of the Inspector General of Education.

And, in collecting school-level financial data, the EOC would recommend reviewing the school funding reports published by the Texas Education Agency. At the school-level, information is collected and reported at three levels: (1) the object level by payroll, other operating and equipment/supplies; (2) the function level by instruction, curriculum/staff development, health services, guidance/counseling, food, etc.; and (3) the program or student classification level such as regular, gifted and talented, career and technical, students with disabilities, etc.

¹ Interim Report. Maryland Commission on Innovation and Excellence in Education. January 2019.
<http://dls.maryland.gov/pubs/prod/NoPblTabMtg/CmsnInnovEduc/2019-Interim-Report-of-the-Commission.pdf>.