



## South Carolina Education Funding

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## STATE FUNDING

- ▶ Education Finance Act (EFA)
- ▶ Education Improvement Act (EIA)

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## Education Finance Act (EFA)

- ▶ Passed in 1977
- ▶ Cornerstone of State Funding
- ▶ A National Model for Funding Education
- ▶ Has served us well for four decades
- ▶ Does need to be updated

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## EFA Criteria

- ▶ Number of Students
- ▶ Relative Wealth of District (Property Value)
- ▶ Inflation

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## Base Student Cost (BSC)

- ▶ The funding level necessary for providing a ("minimum" foundation program).
- ▶ BSC is also predicated on a participation ratio of State 70% / Local 30%.

EXAMPLE	YEAR	STATE	LOCAL	TOTAL
		70%	30%	BSC
	2010-2011	\$1,132	\$ 485	\$1,617

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## Base Student Cost (BSC)

- ▶ BSC should be at \$2,700+
- ▶ The current level of funding, \$1,617, hasn't been seen since back in 1995.
- ▶ Next year we could be looking at \$1,280, which would take us back to 1985.

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## Average Daily Membership (ADM)

The aggregate number of days enrolled divided by the number of days school is in session.

EXAMPLE

Student	Days Enrolled	Days of School	ADM
1	135	135	1.0
2	108	135	0.8
3	121	135	0.9
4	27	135	0.2
Total	391	540	2.9

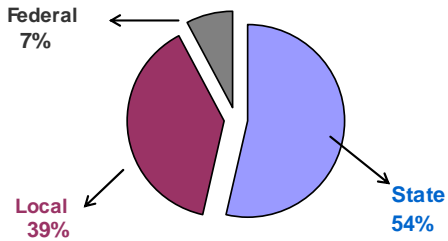
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## Weighted Pupil Units (WPU)

Student	ADM	EFA Code	Weighting	WPU (ADM X Weighting)
1	1.0	EL	1.00	1.00
2	0.8	HS	1.25	1.00
3	0.9	P	1.24	1.16
4	0.2	VH	2.57	.51
Total	2.9			3.67

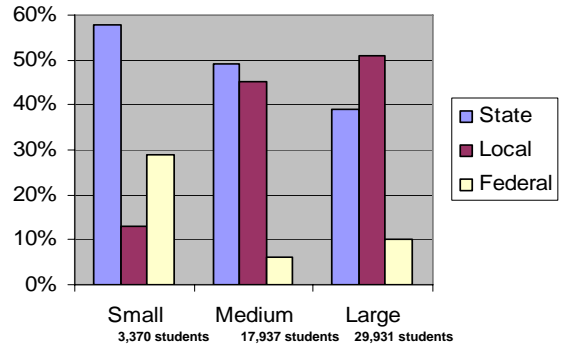
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## FUNDING SOURCES State, Local & Federal



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## PERCENT REVENUE BY SOURCE SELECTED DISTRICTS



## Education Improvement Act (EIA)

The Education Improvement Act of 1984 was South Carolina's original blueprint for enacting a quality program of public instruction for current and future generations. A one cent state sales tax increase provides additional funds.

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## EIA

- ▶ Raise student performance by increasing academic standards;
- ▶ Strengthen the teaching and testing of basic skills;
- ▶ Elevate the teaching profession;
- ▶ Improve leadership, management and fiscal efficiency;
- ▶ Implement quality controls and reward productivity;
- ▶ Create more effective partnerships among schools, parents, community and business; and
- ▶ Provide school buildings conducive to improved student learning.

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## Local Funding

- ▶ ACT 388
- ▶ Fiscal Autonomy



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## ACT 388 – PROPERTY TAX REFORM

### PROPERTY TAX IMPACT TO HOMEOWNERS

- ▶ 100% of the Fair Market Value of owner-occupied homes is exempt from property taxes for school operations.
- ▶ Property taxes collected for school bonded debt is NOT exempt.

### CHANGES TO SCHOOL DISTRICT FUNDING

- ▶ School districts are reimbursed from the Homestead Exemption Fund (HEF) funded by sales tax collections.
- ▶ Subsequent years, aggregate reimbursements are increased by Consumer Price Index plus population growth in the state.
- ▶ Reassessment cap limited to 15% increase in five years

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## ACT 388 – PROPERTY TAX REFORM

### MILLAGE CAP

- ▶ Millage caps are in place for all local governing bodies.
- ▶ Millage may be increased only by CPI plus the population growth of the entity from the prior year.
- ▶ The cap may only be exceeded with 2/3 vote of the local governing body and only for the following reasons:
  - Deficiency from previous year
  - National disaster/act of terrorism
  - Court order
  - Close of a business the decreases tax revenues by more than 10%
  - Un-funded state or federal mandate.

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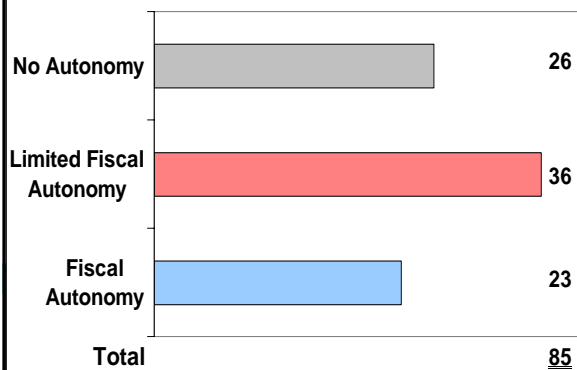
## ACT 388 PROPERTY TAX REFORM

### CONCERNS

- ▶ Growing school districts
  - Revenues per student
  - New school start-up costs
- ▶ Index of Taxpaying Ability
- ▶ Funding inequities among similar size districts
- ▶ The real concerns are the limitation imposed on local funding and the volatility of sales tax revenues.

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## School District Taxing Autonomy by District



## Public Notice of Budget Hearing

- ▶ 15 days before meeting date
- ▶ Estimated revenue and expenditures from current fiscal year
- ▶ Local millage for current fiscal year
- ▶ Proposed revenue and expenditures for next fiscal year
- ▶ Percent of increase/decrease

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## Fund Balance

- ▶ Working Capital
- ▶ TANS
- ▶ Rating Agencies

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## **BOND REFERENDUMS**

- Major/Only source of funds to build schools
- Capital Projects only
- Approved by the voters

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## **8% General Obligation Bonds**

- ▶ Assessed value
- ▶ Doesn't require a referendum
- ▶ Usage of...

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## Philosophy

- ▶ Auditors
- ▶ In God we trust.....
- ▶ Everything is open to question....
- ▶ An Auditor's question has never.....
- ▶ Fish Bowl
- ▶ FOIA Requests
- ▶ Public Forum
  - Elected officials
  - Reporter on the front row
  - TV cameras

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## Philosophy

- ▶ Auditors come in after the fact
  - ...after the war is lost.....
- ▶ Lawyers
  - Follow the auditors
- ▶ Mark Twain quote...  
remember the family parrot...

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