

# Financing Education in South Carolina

SCSBA

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## High Level Overview

- **General Fund** – The principal operating fund of the District
- **Special Revenue & EIA Funds** – account for State and Federal funds which are allocated for specific programs or initiatives.
- **Debt Service** – accounts for the payment of interest and principal on long-term general obligation debt.
- **School Building Fund** – accounts for the construction, repair, renovation, and acquisition of school facilities. Can include capital equipment.
- **Food Service Fund** – accounts for the USDA's approved school breakfast and lunch programs.

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## What is a Budget

- “Simple Definition”: a school budget describes a district’s **plan** for the upcoming year as related to anticipated revenues and expenditures.
- Should convey your values and priorities
- A tool for monitoring actual results
- Provides a foundation for the next year

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## Where does the \$ come from?

### The Basic Building Blocks

- Local Revenue
- State Revenue
- Federal Revenue
- Other Financing Sources


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## Local Revenue

- Outside the issuance of General Obligation Bonds, this is the **major** source of revenue that the District has the ability to raise.
- Major Source: Property Taxes


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## State Revenue

- Education Finance Act (EFA)
- Fringe Benefit Employer Contributions
- Education Improvement Act (EIA)
- Education Accountability Act (EAA)
- Education Lottery Act
- ACT 388 (Reimbursement for Local Property Tax Relief)


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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

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## EFA


In 2014 the Governor's Education plan added additional weighting factors for:

- High Achieving Students
- Limited English Proficiency
- Academic Assistance
- Pupils in Poverty

These weighting are directed for individualized instruction based on the needs of the student.

All students are weighted at 1.0 except special needs students.


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## 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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## Education Lottery Act

- Higher Education receives the largest share
- In 2015 -16, these funds were included in the EFA Funding


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## ACT 388

- Applicable to General Fund
- Residential owner/occupied exemption from taxes on school operations
- Funded from:
  - Tier I: The 1995 \$100,000 Exemption
  - Tier II: The \$50,000 Homestead Exemption
  - Tier III: The additional penny sales tax
- For 2007-08, Districts to receive \$ for \$ reimbursement from the State
- For any subsequent year, Districts will receive the “base” established in 2007-08 plus a portion of the total additional funding available that will grow by the statewide inflation rate and population growth

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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 that 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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## Federal Revenue

**Major Sources**

- School Food Service Programs
- Title I
- Individuals with Disabilities Education Act (IDEA)

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## Proceeds from General Obligation Bonds

- Applicable to School Building Fund
- Used to construct, renovate, repair, and equip school facilities
- Types
  - Referendum
  - 8% Debt

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## General Fund

- **Revenue**
  - Local
    - Property Taxes
  - State
    - EFA
    - Fringe
    - ACT 388
    - Bus Driver
  - Other
    - Interest
    - Rentals
    - Tuition

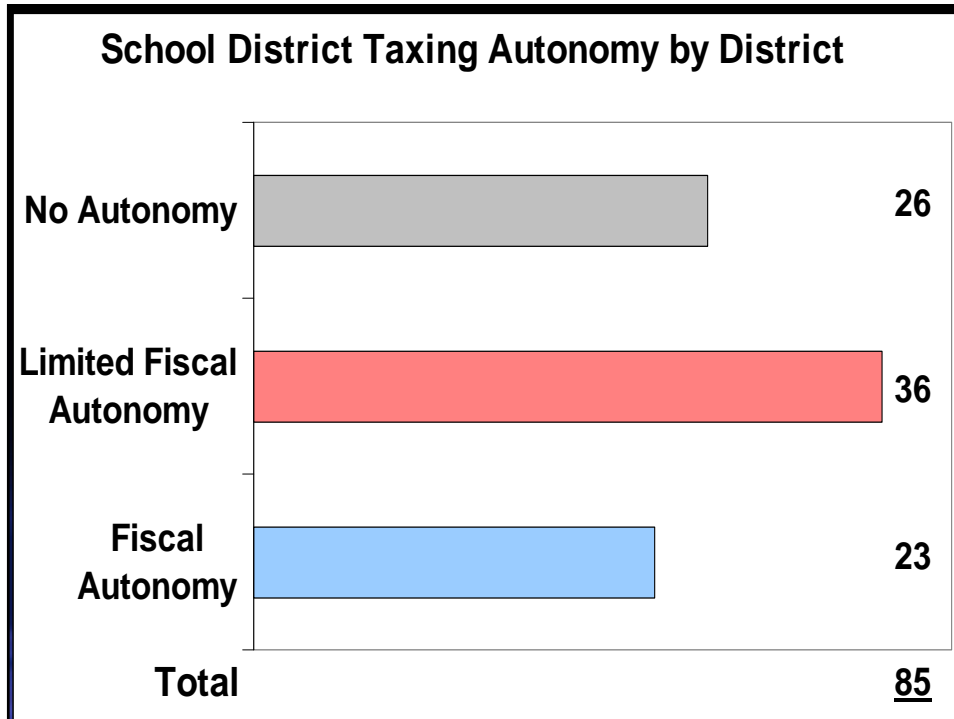
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## General Fund

- **Expenditures**
  - Salaries and Benefits      85 – 90 %
  - Fixed Cost                      3 – 5 %
    - Utilities
    - Contracts
  - Other                              5 – 12 %
    - Instructional Supplies
    - Staff Development
    - Other Supplies

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## Salary FOIA

- A common FOIA request from the newspapers is for a list of employees who make over \$50,000. This request applies to all employees including teachers, coaches and administrators

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## District Comparisons

As a Board member you will hear that your District spends **X** per pupil and that District A spends **Y** per pupil. When making comparisons...

**There are many factors to consider:**

- Size of schools
- Pupil teacher ratio
- Free and reduced lunch percentage
- Handicapped student population
- Salary schedules
- Programmatic Initiatives
- Geographic size

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## District Comparisons

Again.... Your District's budget and per pupil expenditure reflect the choices of your community.

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# Questions



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