FACTORS AND TRENDS AFFECTING STATE FUNDING FOR PUBLIC EDUCATION

PRESENTED TO

Legislative Advocacy Conference
SC School Boards Association

December 8, 2018

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POPULATION
SOUTH CAROLINA COUNTY CENSUS POPULATION
Change From 1970 to 2010

Data Source: U.S. Census Bureau, Population Estimates; RFA - 228 lpw/11/14/18
SOUTH CAROLINA CENSUS POPULATION
Percent Change From 2010 to 2017

Percent Change
- 5% or Higher Growth
- .1% to 4.9% Growth
- Decline in Population

South Carolina Revenue and Fiscal Affairs Office
SOUTH CAROLINA POPULATION BY AGE GROUP
2010 TO 2020

0 to 4 Years
5 to 17 Years
18 to 64 Years
65 Years and Older

Note: US Census Bureau, population estimates 2010 to 2016; Revenue and Fiscal Affairs Office, population projections 2017 to 2020
SOUTH CAROLINA PERSONAL INCOME
SC PERSONAL INCOME FISCAL YEAR GROWTH RATES

Actuals, Estimates, and Averages

Source: US Department of Commerce, Bureau of Economic Analysis  RFA-173 LJ/10/05/17
Shares of Personal Income Components in South Carolina

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STATE GENERAL FUND
GENERAL FUND APPROPRIATIONS BY MAJOR BUDGET CATEGORY
FY 2017-18

Source: RFA, JCS, 9/14/2017
ANNUAL GENERAL FUND REVENUE GROWTH
SOUTH CAROLINA GENERAL FUND REVENUE
as a Percentage of Total Personal Income

Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-EM/09/25/18
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS as a Percentage of Total Personal Income


- Maximum cap on autos and EIA additional 1% in 1985
- Sales tax on food to 3% in 10/2006 and 0% in 11/2007
- Additional 1% for residential property tax relief in FY 2007-08

Fiscal Year

- FY 80
- FY 81
- FY 82
- FY 83
- FY 84
- FY 85
- FY 86
- FY 87
- FY 88
- FY 89
- FY 90
- FY 91
- FY 92
- FY 93
- FY 94
- FY 95
- FY 96
- FY 97
- FY 98
- FY 99
- FY 00
- FY 01
- FY 02
- FY 03
- FY 04
- FY 05
- FY 06
- FY 07
- FY 08
- FY 09
- FY 10
- FY 11
- FY 12
- FY 13
- FY 14
- FY 15
- FY 16
- FY 17
- FY 18
- FY 19 e.
Wayfair Decision and Sales Tax

• The *Wayfair* decision allows SC to start collecting additional sales tax on E-commerce sales

• DOR is issuing policy and will begin collecting sales tax in November

• Latest estimate of additional collections with the smaller seller exemptions is $74.4M for a full year; $40.2 M in General Fund

• Actual collections will be for the last half of FY 2018-19
SOUTH CAROLINA INCOME TAX COLLECTIONS
as a Percentage of Total Personal Income

Indexation of tax brackets beginning in FY 91

Lowest bracket of 2.5% reduced to 0% for FY 08

Internal Revenue Code conformity effective FY 86

Job development/retraining fee enacted for FY 96; Large scale use of credits beginning in FY 2001; Credits totaled $88.5 million in FY 09

Phased-in reduction of maximum 7% tax rate on pass-through trade and business income to 5% beginning in FY 07 and fully implemented in FY 10. Beginning in FY 13 maximum rate is further reduced to 4.33% will be reduced to 3.67% in FY 14 and 3% in FY 15.

Source: SC General Fund individual income tax collections and U.S. Department of Commerce, Bureau of Economic Analysis. RFA 34-EM/09/25/18
LOCAL MILLAGE
SCHOOL DISTRICT MILLAGE RATE INCREASE LIMITATION
Population and CPI Factors from FY 2008-FY 2019

/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 created the Sumter School District in FY 2011

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

Source: RFA Millage Rate Increase Limitations Reports
mk/RFA/10-19-2018
ESTIMATED VALUE OF A MILL
Excluding Owner Occupied
Tax Year 2016

Note: Includes Fee-in-Lieu property
Source: Department of Revenue, Local Government Survey, Index of Taxpaying Ability 2018
RFA-mkm/08/22/18
Early Childhood and Secondary Education

• Multi-stakeholder project initiated in 2017 and lead by the SC Department of Education to create a “tool for parents, educators, policymakers, and the general public to use when determining whether programs for young children are fulfilling their promise.”

• Website deployed fall 2017, providing data at the state and county levels (https://www.scprofile.com/):

• The information areas covered are:
  • Early Care and Education
  • Early Care and Education Credentials
  • Early Childhood Workforce
  • ABC Quality Participation
  • Family Health and Services
  • Support Services
  • Kindergarten Readiness
  • Third Grade Assessment
Coordinating Council for Workforce Development

- Established by the General Assembly in Act 252 of 2016 to “engage in discussions, collaboration, and information sharing concerning the state’s ability to prepare and train workers to meet current and future workforce needs.”

- Chaired by the Director of the Department of Commerce, the council includes nine members drawn from state agencies, as well as representatives of institutions of higher education and business.
  - Business and Strategic Partner Advisory Committees
  - Working Committees on Workforce Program Mapping and Data Sharing
Act 94: Longitudinal Data System

• §59-18-150 Added “to Provide for the establishment of a state longitudinal data system for measuring the continuous improvement of public education and the college readiness and career readiness of public school graduates, and to provide related findings” to the SC Code of Law.

• (A) The General Assembly recognizes the importance of having a state longitudinal data system to inform policy and fiscal decisions related to early childhood education, public education, postsecondary preparedness and success, and workforce development.

• (B)(1) The Revenue and Fiscal Affairs Office, working with the Office of First Steps to School Readiness, the South Carolina Department of Education, the South Carolina Commission on Higher Education, the Department of Social Services, the South Carolina Technical College System, the Department of Commerce, the Department of Employment and Workforce, and other state agencies or institutions of higher education, shall develop, implement, and maintain a universal identification system that includes, at a minimum, the following information for measuring the continuous improvement of the state public education system and the college and career readiness and success of its graduates:
Act 94: Longitudinal Data System

• (B)(1) continued:
  • (a) students graduating from public high schools in the State who enter postsecondary education without the need for remediation;
  • (b) working-aged adults in South Carolina by county who possess a postsecondary degree or industry credential;
  • (c) high school graduates who are gainfully employed in the State within five and ten years of graduating from high school; and
  • (d) outcome data regarding student achievement and student growth that will assist colleges of education in achieving accreditation and in improving the quality of teachers in classrooms.

• (B) 2 "All information disseminated will conform to state and federal privacy laws".
EDUCATIONAL FUNDING ANALYSIS
Source: Revenue and Fiscal Affairs/lj/11-18
INSTRUCTION & SCHOOL ADMIN BASIC STATE PROGRAM EXPENDITURES PER PUPIL BY DISTRICT

Source: Revenue and Fiscal Affairs/lj/11-18
INSTRUCTION & SCHOOL ADMIN BASIC STATE PROGRAM EXPENDITURES PER PUPIL BY DISTRICT
Compared to % of Students in Poverty

Source: Revenue and Fiscal Affairs/lj/11-18
DISTRICT LEADERSHIP BASIC STATE PROGRAM EXPENDITURES PER PUPIL BY DISTRICT

Source: Revenue and Fiscal Affairs/lj/11-18
Source: Revenue and Fiscal Affairs/lj/11-18
QUESTIONS?