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.
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

Where does the $ come from?

The Basic Building Blocks
• Local Revenue
• State Revenue
• Federal Revenue
• Other Financing Sources
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

State Revenue

- Education Finance Act (EFA) *
- Fringe Benefit Employer Contributions *
- Teacher Salary *
  * State Aid to Classrooms (FY 20)
State Revenue - Cont’d

- Education Improvement Act (EIA)
- Education Accountability Act (EAA)
- Education Lottery Act
- ACT 388 (Reimbursement for Local Property Tax Relief)

Education Finance Act (EFA)

- Passed in 1977
- Cornerstone of State Funding
- A National Model for Funding Education
- Has served us well for four decades
EFA

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

• High Achieving Students
• Limited English Proficiency
• Academic Assistance
• Pupils in Poverty
• Dual Enrollment

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.

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.
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.

Education Lottery Act

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

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.
Financing Education in South Carolina

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.

Federal Revenue

Major Sources
• School Food Service Programs  
• Title I  
• Individuals with Disabilities Education Act (IDEA)
Proceeds from General Obligation Bonds

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

General Fund

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

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

### 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
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
– Poverty
– Handicapped student population
– Salary schedules
– Programmatic Initiatives
– Geographic size

District Comparisons

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