EOC Funding Model

2006 Revision

- Revisions to weights based upon SC experience
- Alignment of resources with students in greatest need
- Policy Options for service levels and revenues

Warning!

- The model re-allocates current revenues
- The model provides options for current or different balances between the state and local revenue responsibilities

Model focuses resources on student instructional needs

Regardless of achievement history

Regardless of district of residence

Regardless of revenue source

Process of developing the model

- Examination of student performance
- Alignment with statutes and regulations
- Establishment of costs based upon program model and research on highly reliable practices
- Establishment of salaries based upon regional averages
- Utilization of the FY05 In$ite data for expenditures and 2005 school and district report card data

The BASE STUDENT COST

Enrollment Assumptions

- The cost of providing the mandated program to a student from kindergarten through age 21
- Premised on a district of 7500 students
- Premised on school membership of

elementary school	500 students
middle school	750 students
high school	900 students

Special notes on the base student cost

- SE average teacher salary is built into the model; therefore, the supplement is not needed
- A pupil-teacher ratio of 21:1 is used
- Costs are calculated separately for each school level, with the addition of district costs per pupil (See attached breakout of costs)
- Inflate annually by a factor incorporating the SE average teacher salary
- Arts programs for students not in the Gifted/Talented Program are not protected in current statutes and regulations (in contrast with the protections for health and physical education in the Student Health and Fitness Act of 2005)
- Assume district flexibility in the use of funds

The FY07 base student cost, incorporating district and school operating expenditures

Elementary grades student (K-5)	$5,380
Middle grades student (6-8)	$5,311
High school student (9-12)	$5,387

[*District costs of $1,608/student are embedded in the base student cost]*

The WEIGHTED PUPIL UNITS

Changes in the weighting structure

Three levels of weights

(1) General educational program for each student

(2) Compensatory to address contexts or factors that detract from achievement over time

(3) Program-based to support individual students identified through state assessments or program selection

New General Education Weights, using FY07 estimates

- K-5 1.02
- 6-8 1.00
- 9-12 1.02
- Homebound 1.00
- Disability No changes from current weights
- Young Adult Education 0.20

Costs of General Education Weights

Weighted Pupil Units = 771,326
Base Student Cost = $5,311

771,326 TIMES $5,311 =

Total cost =$4,096,512,386

Distribution of General Education Costs Using the EFA system

- 70 % = $2,867,558,670
- 30 % = $1,228,953,716

- 80 % = $3,277,209,909
- 20 % = $ 819,302,477

Compensatory weights

- Address contexts or factors that distract from higher achievement
  - Poverty 0.20
  - Non-English speaking 0.12

WPUs = 86,690

Cost = 86,690 x $5,311 = $460,410,590

Program weights

- Support individual students identified through state assessments or program selection
  - Remedial (scoring below basic) 0.15
  - Gifted and/or talented (Artistic and Academic) 0.15
  - Career Technology 0.18

Program weights

- WPUs = 47,907
- Cost = 47,907 X $5,311 = $254,434,077

COSTS AND REVENUES

Assigning Costs to Funding Sources

General Education

- 70:30 state: local as EFA operates today
- Could be funded fully by the state if 1 % HEF is considered “state” money

Compensatory and Program Weights

- Fully fund through the Education Improvement Act revenues
- Eliminates requirement of local match and disparity in ability based upon community resources

State Revenue Sources: Based on FY07 Appropriations Supporting Funding Model

General Fund	$1,987,627,659
Lottery	$ 46,303,700
Other *	$ 376,157,705
TOTAL	$2,410,089,064

Other=

- 1990s Local Property Tax Relief, Homestead Exemption, Merchant Inventory Tax, and Manufacturer's Depreciation Reimbursement.
- EIA revenues would fund Compensatory and Performance Weights
- 1 % HEF is not included (Estimated at $498 million)

Excluded state appropriations

- School building construction
- EAA - Technical Assistance
- Most Assessments
- Palmetto Gold and Silver
- School Bus System
- State Textbooks
- Pre-K programs
- Arts
- SDE Administration
- Food Services

Local Operating Revenues from Ad Valorem Taxes:

"School Operations" Revenues

FY05	$1,696,564,259 (actual)
FY08	$2,434,043,328 (projected)

FY07 30% District Share of Model

$1,228,953,716

But there still are gaps between revenues and costs

First, with respect to the cost of the General Weights

- Assuming 70% state share of the costs ($2,867,558,670), the gap to the state is $457,469,606
- If the $498 million in HEF dollars are state dollars, then there is no gap in state funding for the general weights

- Assuming 30% local share of the costs ($1,228,953,716), local taxes exceed requirements by at least $467,610,543 (FY05) or projected to be $1,205,089,612 (FY08)

- If the $498 million HEF are state dollars then there is no gap at the state level in FY05 and the revenues at the local level are projected to be $706,493,933 above the requirements.

The local dollars are not generated evenly across the districts. . .are used for local priorities beyond the state-mandated program.

Compensatory and Program Weights EIA, 100% State-Funded

- Compensatory $460,410,590
- Program $254,434,077
- TOTAL: $714,844,667

FY07 Projected EIA Revenues:
$657,641,198

FY08 Projected EIA Revenues:
$673,000,000

FY07 EIA Appropriations for "Other" Functions

SDE Administration	$10,375,717
Other State Agencies	$25,163,095
National Board	$42,051,196
4K	$21,832,678
EAA-Assistance, Reward And Reporting	$54,879,038
EAA-Assessment	$15,939,612
Instructional Materials	$23,278,783
TOTAL:	$193,520,119

EIA Gap

- Estimated cost of compensatory and program weights is $714,844,667
- “Other” functions funded in FY07 EIA utilize $193,520,119
- EIA revenue projection for FY07 is $657,641,198 and for FY08, $673,000,000

A gap of “roughly” $250 million

Policy Options to Close the STATE Expenditure and Revenue Gaps

1. Designate $498 million in HEF funds as state revenues

   Closes state gap for general weights and absorbs approximately $50 million of EIA costs outside the model.

2. Establish a local millage (rate or amount) and use local funds for the district portion of the base student cost

$1,608 of BSC reflects district administrative costs and of these $1,608 cost, $938 is for operations and maintenance. Establishing a new BSC of $4,474 would generate state savings of $506,452,652

3. Amend pupil: teacher ratios

(assuming 70 % state share)

Ratio	BSC	GAP Closes TO:
24:1	$5,002	$290,426,620
25:1	$4,845	$206,106,033
30:1	$4,457	$ less than current
35:1	$4,185	$ less than current

4. Assign students only one weight under compensatory and only one weight under program

- *There are likely overlaps between students identified for poverty weights and students identified as non-English speaking and overlaps between remedial, gifted and talented and career-technology. No data are available for the projection.*

5. Eliminate funding of five days of professional development as provided for, but not implemented, in the Teacher Quality Act of 2000

Savings to the state = $78.05/bsc or $42,141,396

Gap closes to $415,328,210

6. Adjust state and local shares

Moving from 70-30 to 65-35 closes the gap to $252,643,987

7. Phase-in the new model over a series of years with revenue growth

a. Mandate operational cost efficiencies for small or declining enrollment districts

b. Implement incentives for collaboration across districts or re-organization of larger districts

c. Address capital and administrative needs of rapidly growing districts

d. Hold districts harmless on a per pupil basis

Final Thoughts

- We must reward progress and achievement that reinforce success

  a) Target resources to innovation, high performance

  b) Reward people for critical assignments and high performance
- Narrow purposes of EIA to fund fully the compensatory and performance weights (no required local match)

- Implement an aggressive basic literacy & occupational program for those over 21 and without a diploma outside the elementary-secondary system
- Maintain a commitment to early childhood programs
- Establish a ten-year cyclical review of school funding, with focused topics such as the
  a) Proviso 1A.66 requires a study of models of teacher compensation to attract individuals to the profession and restore its flexibility; and
  b) Currently a study is under design to explore the role of the "district" and its contributions to student performance