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# 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

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# Warning!

- The model re-allocates current revenues
  - The model provides options for current or different balances between the state and local revenue responsibilities
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Model focuses resources on student instructional needs

*Regardless of achievement history*

*Regardless of district of residence*

*Regardless of revenue source*

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# 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
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# The BASE STUDENT COST

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# 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
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# 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

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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]*

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# The WEIGHTED PUPIL UNITS

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# 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
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# 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

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# 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

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# 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
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# Compensatory weights

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

WPU's = 86,690

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

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# 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
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# Program weights

- WPUUs = 47,907
  - Cost = 47,907 X \$5,311 = \$254,434,077
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# COSTS AND REVENUES

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# 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
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# State Revenue Sources:

## Based on FY07 Appropriations

### Supporting Funding Model

■ General Fund	\$1,987,627,659
■ Lottery	\$ 46,303,700
■ Other *	<u>\$ 376,157,705</u>
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)
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# 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
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# 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

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





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# Compensatory and Program Weights EIA, 100% State-Funded

■ Compensatory	\$460,410,590
■ Program	<u>\$254,434,077</u>
■ TOTAL:	\$714,844,667

FY07 Projected EIA Revenues:  
\$657,641,198

FY08 Projected EIA Revenues:  
\$673,000,000

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# 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	<u>\$23,278,783</u>
■ TOTAL:	\$193,520,119

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# 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*

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# 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.*

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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*

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### 3. Amend pupil: teacher ratios

(assuming 70 % state share)

<u>Ratio</u>	<u>BSC</u>	<u>GAP Closes TO:</u>
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

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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.*
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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*

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## 6. Adjust state and local shares

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

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## 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
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# 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)
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- 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
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