

**Senate Select Committee on K-12 Funding
November 16, 2010**

On October 19, 2010 the Education Oversight Committee (EOC) proposed four options for reallocating existing state revenues for public schools. The options described how the EOC funding model could be implemented. The analysis focused on Fiscal Year 2008-09 and assumed revenue neutrality.

Following the meeting, the chairman of the Senate Select Committee on K-12 Funding asked that the EOC staff modify Option 4, the base plus option. Option 4 proposed allocating state revenues based upon the following equation:

$$\text{District Allocation} = (\text{District ADM} \times \text{BSC} \times .63) + (\text{District WPU} - \text{District ADM}) \times \text{BSC} \times .63$$

Based upon the 135-day average daily membership, each district would be allocated \$5,800 per child with 63 percent of the cost borne by the state. Each district would then receive an additional \$5,800 for every weighted pupil unit in excess of the average daily membership, again assuming a state and local split.

The chairman asked how Option 4 could be amended to address two objectives that would:

1. Recognize the basic operational and fixed costs incurred by each school district; and
2. Recognize the individual academic needs and characteristics of students in each district.

The following is a revised Option 4, hereafter referred to as the Hybrid Model.

Components of the Hybrid Model:

Under the Hybrid Model, school districts would receive state revenues accordingly:

- 1. Base amount allocation**– All school districts would receive a base amount to recognize the basic operational and fixed costs of a district. In the scenario each district would receive \$1.0 million, for a total cost statewide of \$85.0 million.

Under the EOC model, there were “fixed” costs for school district operations regardless of the number of children enrolled or schools operating in a district. In the EOC model these costs were reflected in the base student cost. Operating a school district in South Carolina under current laws and regulations requires: a local board of trustees; a superintendent; a secretary; an EEDA career services coordinator; and an annual

financial audit.¹ This amount totals between \$360,000 and \$372,000, depending upon the year. Adding in the other district employees stipulated under the original Defined Minimum Program, the base allocation is up to approximately \$1.0 million.

Function	Requirement	2009 Cost (BSC: \$6,008)	2008 Cost (BSC: \$5,800)
School Board & Orientation	59-19-20; 59-19-45	\$6,220	\$6,220
Chief Administrative officer and secretary	59-13-60 (R43-209)	\$249,359	\$239,264
EEDA Career Services Coordinator	59-59-105	\$91,500	\$89,158
Annual Financial Audit	59-20-40 (R43-172)	\$25,000	\$25,000
Subtotal:		\$372,079	\$359,642
Original DMP:			
1.0 Full-time Fiscal Officer 1.0 Secretary 1.0 Director for Planning 1.0 Assistant Superintendent 1.0 Program Consultant 3.0 Secretary		\$686,836	\$663,805
Subtotal:		\$686,836	\$663,805
TOTAL:		\$1,058,915	\$1,023,447

2. Weighted Pupil Allocation – All school districts would also receive an allocation based on the number of weighted pupil units in each district. These weights would reflect the EOC funding model weights as described below. These weights would recognize the individual needs and characteristics of students. Based on actual state revenues allocated to school districts in Fiscal Year 2008-09, the base student cost used in the following analysis was \$2,734.

Weights of the EOC Funding Model

Classifications	Current EFA Weights	EOC Model Weights
General Education Weights:		
K-5	Kindergarten, 1.30 Primary (1-3), 1.24	1.0
Grades 6-8	Elementary (4-8) 1.00	1.0
Grades 9-12	1.25	1.0
Disabilities:		
Educable Mentally Handicapped	1.74	1.74
Trainable Mentally Handicapped	2.04	2.04
Emotionally Handicapped	2.04	2.04
Visually Handicapped	2.57	2.57

¹ Sections 59-13-60, 59-19-20, 59-19-45, 59-20-40 of the South Carolina Code of Laws.

Classifications	Current EFA Weights	EOC Model Weights
Hearing Handicapped	2.57	2.57
Orthopedically Handicapped	2.04	2.04
Speech	1.90	1.90
Autism	2.57	2.57
Homebound	2.10	1.0
Vocational		1.2
V1	1.29	
V2	1.29	
V3	1.29	
Compensatory Weights:		
Poverty *		.20
Limited English Proficient		.20
Program Weights:		
Gifted and Talented (Grades 3-12) *		.15
Remediation *		.15
Adult Education 17 to 21 year-olds *		.20

Comparing the actual revenues received by districts in 2008-09 with the Hybrid Model, approximately sixty-seven districts would have received fewer funds using the Hybrid Model. To hold these districts harmless would have cost \$184 million in 2008-09 dollars.

In conclusion, the Hybrid Model based upon audited state revenues in 2008-09 would have been allocated accordingly:

\$1,000,000 Base Appropriation to All Districts	\$85,000,000
\$2,734 for all weighted pupil units, using EOC model	\$2,516,501,847
TOTAL:	\$2,601,501,847
Hold Harmless	\$184,027,970

It should be noted that in the Fiscal Year, 2010-11, state appropriations to school districts currently total \$2,125,287,675.