

EFA FACTS AND THE EFA FORMULA FOR THE STATE AND LOCAL SHARE OF A SCHOOL DISTRICT

Stated in a publication by the State Department of Education, the legislative intent of the Education Finance Act (EFA) is for all children in the state of South Carolina, regardless of the school district in which they reside, should have access to an equal educational opportunity through a basic minimum program called a foundation program. Included in this foundation program are teacher and administrative salaries, guidance services, testing, media services, plant operation and maintenance and staff development.

Excluded from the foundation program are school building, transportation, food services, pilot programs, adult education, textbooks and employee benefits. These items are funded through separate line items in the state budget.

The Finance Act established a joint funding system to provide a reasonable balance between state and local district revenue based on a local district's ability to pay and the number of pupils (ADM) weighted (WPU) for their specific educational need. This joint system meant that the state would provide more of the foundation funds to poorer districts and less to the wealthier districts.

The percentage of the amount funded by the State is determined by the index of taxpaying ability. The index of taxpaying ability reflects a local district's property taxing capacity in relationship to all other districts in the State. The formula divides district property wealth by total State property wealth. The Department of Revenue determines the index annually and adjusts based on the most current sales ratio data available so that the district's property is represented at full market value. This adjustment is made annually so that all property value is considered on an even playing field and is treated equally regardless of location.

Index Year 2010 Fiscal Year 2010 - 2011 Tax year values 2008

Note: FY 2010-2011 the General Assembly suspended 59-20-20(3) and 2009 Index used for FY 2009-2010 with Tax Year 2007 values will be utilized to determine Local Effort for FY 2011.

FY 2010 - 2011 Appropriations Act proviso 1.88 directs SDE to create an Index of Taxpaying Ability Study Committee comprised of 14 members, 6 of which are to be legislators, to examine resources available to individual school districts in support of their 30% local effort requirement and how funds should be distributed to school districts in receipt of less than 40% of state support of the 70% state requirement. Report and recommendation to be prepared and delivered no later than January 1, 2011.

Foundation Formula of EFA for a School District

1. District WPU's X Base Student Cost
2. (Statewide WPU's X BSC) X 30% X District Index = Local Effort
3. (District WPU's X BSC) - Local effort = State Share

