

SPECIAL
REPORT



EDUCATION



FAIRNESS & OPPORTUNITY: BRINGING STUDENT-CENTERED EDUCATION FUNDING TO SOUTH CAROLINA STUDENTS

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EXECUTIVE SUMMARY

The Governor, Speaker of the House, and President of the Senate are calling for a major overhaul of the way education is funded in South Carolina. A key element in the legislative and public debate is “backpacking,” or ensuring that public funding follows the child to the public school of his or her parents’ choice.

Building on PPI’s solutions-focused collaboration with Dr. Rebecca Gunnlauggson in *Funding Our Children for Success*, Matthew Joseph of the Foundation for Excellence in Education (ExcellinEd), a veteran school finance scholar, analyzes the fiscal aspects of education in South Carolina and explains why student-centered funding matters for students, parents, and teachers.

This comprehensive but comprehensible analysis shows that:

- Though the Education Finance Act is built on the specific needs of specific children and the unique wealth characteristics of a district, most (nearly three-fifths) of South Carolina education funding for a school or a district is not tied to the number or types of students served.
- Examples of inconsistencies without a student-centered approach include variations between adjoining districts, differences in funding for a typical public school versus a charter school, and variations among charters with different authorizers or education delivery methods (brick-and-mortar versus virtual).
- The question of student-centered funding is not just an academic exercise. There are serious implications of this policy debate for students and their parents. Without tying funding to the student, schools have no flexibility or incentive to grow or recruit, there is not the transparency required for parents to know that their public school choices won’t hurt their children, and funding will continue to vary unfairly and widely depending on the ZIP code of the school.

Recommendations for improvement include:

- folding all state funding into an EFA-type funding formula
- making local funding student-centered as well
- Incorporating charter schools into the funding formula to acknowledge charters as a permanent and proven part of our education ecosystem rather than keeping funding within the section of the budget (EIA) intended for new educational innovations and practices.
- ensuring that funding follows a student from school to school
- linking funding to performance

KEY TAKEAWAYS:

With so much of the funding dependent on factors other than student enrollment and characteristics, districts and schools have greater difficulty using funds in the way they feel best serves their students. South Carolina’s funding model places the focus on inputs, rather than student outcomes.

South Carolina’s lack of student-centered funding creates disparities between districts, regardless of enrollment and need. The disparity is even worse for public charter schools and their students, which receive about half of what traditional school districts receive.

INTRODUCTION

As South Carolina focuses on preparing its students for the 21st century, its school funding system is trapped in the 20th—fractured and archaic. But, a shift to student-centered funding can create the freedom and incentives to unleash opportunity in every district and school in the state.

Student-centered funding means that South Carolina would provide funding for each student based on his or her needs. Funding would fully follow students when they move to different districts or from a traditional public school to a public charter school. It is a commonsense way to maximize opportunity for students. Districts and schools would understand clearly how much funding they would receive and why, and they would have the flexibility to use funds more effectively for their students. High-performing districts and public charter schools would have an incentive to attract more students, as they begin to receive the resources needed to educate them. Parents could move their children to the best school for them without giving up services.

In some states, over 70 percent of funding is student-centered. Yet, in many states, such as South Carolina, a significant proportion of education funding is locked into specific districts, schools, staffing positions, services and programs.¹

This report examines the extent to which funding in the state of South Carolina is student-centered. It identifies the large portions of funding that are not student-centered and explains why. Finally, this analysis provides policymakers with the steps they can take to meaningfully increase the proportion of education funding that is truly student-centered.

EXPLAINING STUDENT-CENTERED FUNDING

Student-centered funding is also referred to as weighted student funding, backpack funding, student-based allocation or student-based budgeting. The core principles of student-centered funding are relatively simple. Under a student-centered funding model in South Carolina:

- Nearly all funding would be provided to districts and public charter schools based on how many students they serve;
- Funds would also be provided to address specific needs and challenges those students might have; and
- Funding for each student would follow him or her to any district or public charter school to ensure his or her needs can be met, regardless of district boundaries.

It would mean that each district and public charter school in South Carolina would receive a base funding amount for each student, with additional funds, also called *weights*, for students who have special needs or disadvantages. Funding would fully follow students as they move from district to district and from traditional public school to public charter school.

There are **several key advantages** to student-centered funding in South Carolina.

- **It is more transparent.** It is clear and easy to understand how much funding each district and public charter school gets and why.

- **It empowers school districts and public charter schools.** District and public charter school leaders will have flexibility to use funds to meet the unique needs of their students.
- **It empowers parents.** Parents will be able to choose the district and public charter school that is best for their children, with the money fully following their students.
- **It is fairer.** All students in South Carolina will receive similar resources, with additional funding for students with special needs or disadvantages.²

METHODOLOGY

This report examines K-12 education revenue in South Carolina for the 2016-17 school year, the most recent year for which the state has published comprehensive data. It considers state and local funding only. After conducting an initial review of publicly available data sources, *ExcelinEd* consulted with state experts for clarifications and corrections.³ For comparison purposes, all figures are converted into per student amounts, even when districts are actually receiving an amount of funding that does not adjust for student enrollment. For student enrollment counts, average daily membership (ADM) was used.⁴

OVERVIEW OF SOUTH CAROLINA'S EDUCATION FUNDING SYSTEM

Overall, education funding in South Carolina is \$11,850 per student. This ranks second among southeastern states, more than \$1,500 above the average.⁵

The funding is composed of \$4.6 billion in state aid and \$4 billion in local revenue. A portion of state and local aid is provided through a relatively straight-forward, student-centered funding formula, authorized by the Education Finance Act of 1977 (EFA). The formula currently provides a base amount of \$2,350 per student. Students with disabilities receive additional funding through weights, or multipliers, of base funding, ranging from 1.74 to 2.57 depending on disability. A weight of 1.74, for example, means 74 percent more than base funding. At-risk and gifted students and students enrolled in career and technical education courses also receive weights, ranging from 1.15 to 1.29.⁶ The state provides on average 70 percent of the cost of this formula funding, with the specific split depending on the wealth of each district.⁷ Separate from the formula, the state also provides additional funding for low-income students, through the Education Improvement Act of 1984 (EIA).

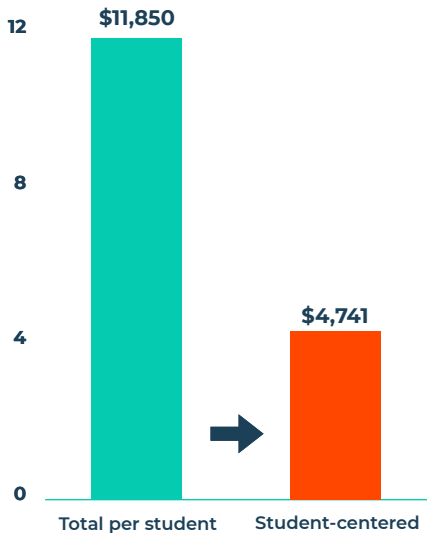
However, this funding is less than one-third of overall school funding in South Carolina. EFA formula funding is only 40 percent of total state funding. The state also provides significant funds to districts to replace lost revenue from various local property taxes which the state eliminated. The state also funds teacher benefits and a plethora of specific staffing positions and programs. Local funding required as part of the funding formula is only 20 percent of total local funding. Districts receive the large remainder from a variety of local sources.

In short, school funding in South Carolina is extraordinarily complex, with a multitude of funding streams each of which has its own allocation methodology. Moreover, there is an extreme lack of financial transparency. In many states, documents are published detailing how much funding each district gets and why.⁸ South Carolina has compiled reports showing revenue by program codes. However, they are very difficult to understand and are only as accurate as the data provided by districts. There is even less information about funding for charter schools, with no published information on revenue to specific schools.

FINDINGS

FUNDING THAT DOES NOT FOLLOW STUDENTS FROM DISTRICT TO DISTRICT

CHART A: STUDENT-CENTERED FUNDING FOR DISTRICTS IN SOUTH CAROLINA



As shown in Chart A, out of \$11,850 in overall funding per student in South Carolina, \$4,741 is student-centered, meaning it moves with a student from district to district. Overall, \$6,844 per student in South Carolina does not follow a student from district to district. This is 58% of state and local funding, or \$4.9 billion out of \$8.5 billion. (Part of this non-student-centered funding would be local property tax, which varies from district to district.)

Table I on page 6 shows the largest blocks of funding that are not student-centered in South Carolina.⁹ The largest is the \$4,328 per student in local funding that flows outside of the funding formula. This is 36.5 percent of overall funding. Local funding ranges from a low of \$1,707 to a high of \$11,323 per student, including local formula funding depending on the district. This in part reflects the vastly different wealth, or Index of Tax-paying Ability, among districts.¹⁰

Second, districts receive an average of \$1,535 per student in state funding to replace revenue from various local property taxes the state has eliminated over the years. This funding, equal to 13 percent of overall funding, does not take into account student enrollment, but grows with inflation. The funding ranges from a low of \$543 to a high of \$4,481 per student.

Third, the state provides an average of \$555 per student, or 4.7 percent of total funding, for teacher retirement, salary supplements, bonuses and supplies. This funding largely depends on how many teachers a district has and how much it pays them, not student enrollment. As a result, the funding ranges from a low of \$224 to a high of \$812 per student.

Fourth, the state funds \$214 per student for transportation, some of it directly out of the state general fund budget and the rest in aid to districts. Funding largely depends on the number of bus routes in a district, not student enrollment.

Fifth, the state provides an average of \$211 per student for various staffing positions, equipment, technology and support for specific schools, which for the most part does not depend on a district's student enrollment or student characteristics (some technology funding is based on ADM and the poverty index). Funding ranges from \$119 to \$1,759 per student.

Finally, it is noteworthy that there is no funding in South Carolina tied to how much students learn (performance-based funding).¹¹

TABLE I: FUNDING THAT DOES NOT FOLLOW STUDENTS FROM DISTRICT TO DISTRICT

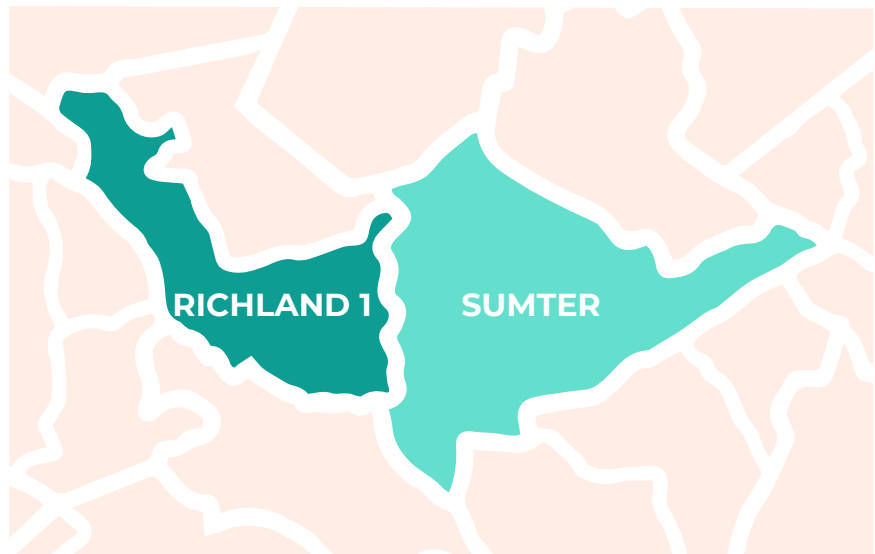
Not Student-Centered	Per Student	Total	Percent
Local revenue outside of formula	\$4,328	\$3,115,785,976	36.5%
State funding in lieu of local taxes	\$1,535	\$1,105,211,925	13.0%
State funding for teacher, retirement, salary supplement, bonuses and supplies	\$555	\$399,842,852	4.7%
State funding for transportation	\$214	\$154,205,868	1.8%
State funding for nurses, career specialists, PE teachers, reading coaches, CTE equipment and technology and low-performing schools	\$211	\$151,474,053	1.8%
Total Not Student-Centered	\$6,843	\$4,926,520,674	57.7%
Total Funding	\$11,850	\$8,530,745,612	

WHAT DOES THIS MEAN FOR STUDENTS AND DISTRICTS?

In South Carolina, a student is receiving \$11,850 in services on average. As parents consider moving their children to another district that may provide a better fit for their child, they will need to consider that the new district won't receive additional funding in proportion to the increase in Average Daily Membership (by our calculations, only \$4,741 per additional student). Funding for some specialized services, such as services for children with special needs, is not entirely uniform across districts and not fully tied to the number of students served. This has an impact on school districts and schools as well. There could be a chilling effect on any eagerness to recruit a student into a school attendance area, particularly if the student has special needs that require more intensive (and expensive) services.

ILLUSTRATION OF TWO NEIGHBORING DISTRICTS

Table II illustrates the example of two neighboring districts in the Midlands area of the state: Richland School District One and Sumter School District (pictured to the right). These districts have similar numbers of students, and they receive similar funding per student through the funding formula—\$4,549 in Richland One, and \$4,771 in Sumter. However, Richland One receives additional local funding of \$9,506 per student; whereas, Sumter receives \$2,453. Richland One also receives \$885 per student in state reimbursement for eliminated local taxes; Sumter receives \$1,265 per student.



Neither amount changes if student enrollment goes up or down. Both districts receive similar funding

per student through various programs for teacher salary, retirement and staffing; however, this funding is not based on student enrollment, characteristics, or performance.

TABLE II: ILLUSTRATION OF NEIGHBORING DISTRICTS

	Richland One			Sumter		
	Total	Student-Centered	Not Student-Centered	Per Student	Student-Centered	Not Student-Centered
State & local formula; at-risk students; teacher benefits	\$4,549	\$4,549		\$4,770	\$4,770	
Additional local funding	\$9,505		\$9,505	\$2,453		\$2,453
State reimbursement for eliminated local taxes	\$885		\$885	\$1,265		\$1,265
State funding for teacher retirement and salaries	\$739		\$739	\$543		\$543
State funding for staffing, programs and schools	\$197		\$197	\$184		\$184
Total	\$15,875	\$4,549	\$11,326	\$9,216	\$4,770	\$4,446
		28.7%	71.3%		51.8%	48.2%

STUDENT-CENTERED FUNDING VARIANCE ACROSS NEIGHBORING DISTRICTS

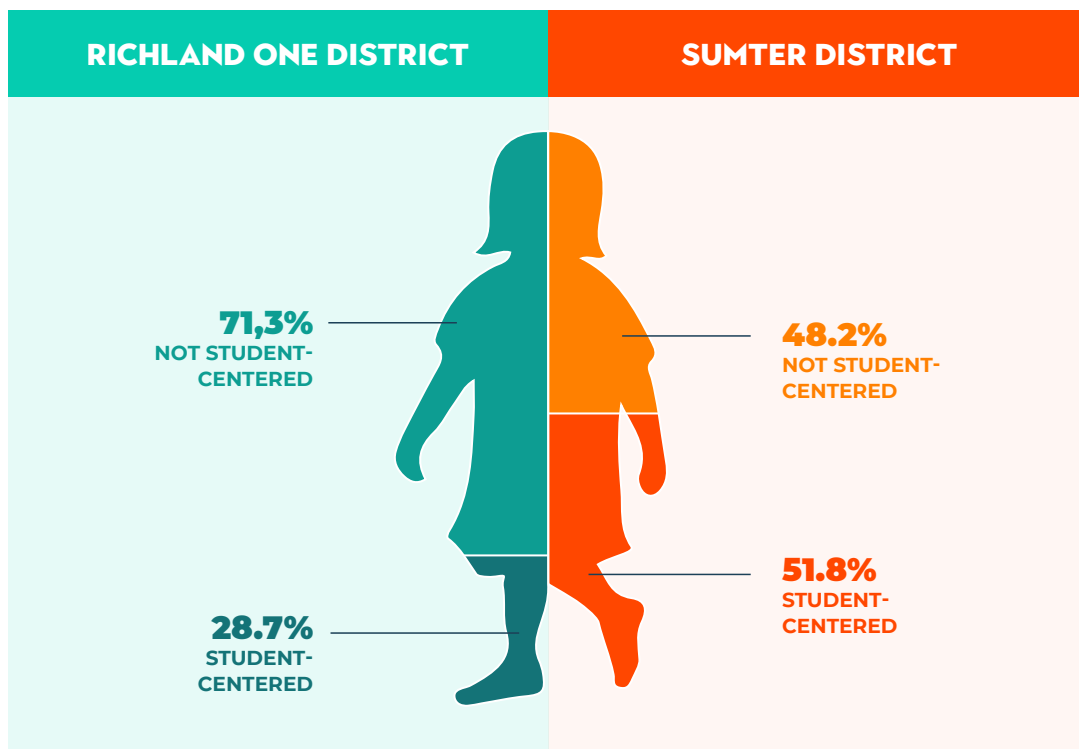


CHART B: STUDENT MOVES FROM RICHLAND ONE TO SUMTER

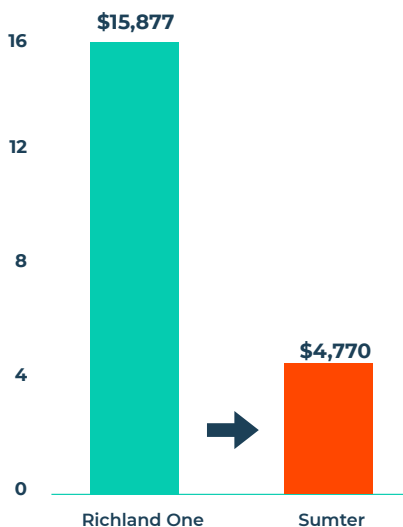
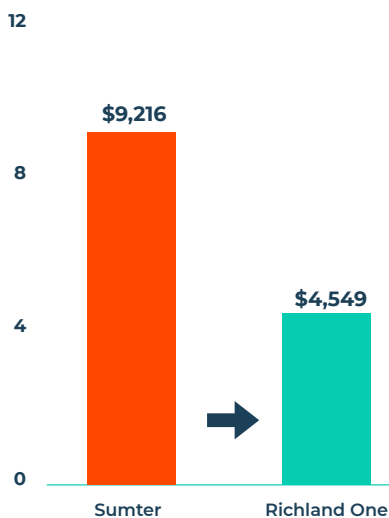


CHART C: STUDENT MOVES FROM SUMTER TO RICHLAND ONE



WHAT DOES THIS MEAN FOR STUDENTS?

If students want to move from Richland One to Sumter, Sumter will receive an increase of only \$4,770 out of the \$15,877 that Richland is receiving per student, as shown in Chart B. In other words, 30 percent of funding moves with the student. Conversely, if students want to move from Sumter to Richland One, Richland One will receive only \$4,549 out of \$9,216, or 49 percent, as shown in Chart C.

FUNDING THAT DOES NOT FOLLOW STUDENTS FROM TRADITIONAL PUBLIC SCHOOL TO PUBLIC CHARTER SCHOOL

To examine student-centered funding for public charter schools in South Carolina, it is necessary to distinguish between charter schools that are authorized by a statewide entity (“state-authorized charter schools”) and those that are sponsored by local districts (“locally-sponsored charter schools”). Further, virtual statewide-authorized charter schools are treated differently than brick-and-mortar state-sponsored charter schools.¹²

STATEWIDE-AUTHORIZED CHARTER SCHOOLS

Statewide-authorized charter schools are funded through the same formula as traditional districts. However, as shown in Chart D, out of \$11,850 for a student in a traditional public school, only \$8,300 would follow a student to a brick-and-mortar statewide-authorized public charter school in South Carolina. This means that when a student moves from a traditional public school to a brick-and-mortar statewide-authorized public charter school, 70 percent of funding follows him or her to the public charter school. For statewide-authorized virtual charter schools, only \$6,600 follows the student, as reflected in Chart E. That is 56 percent of the funding that traditional districts receive.

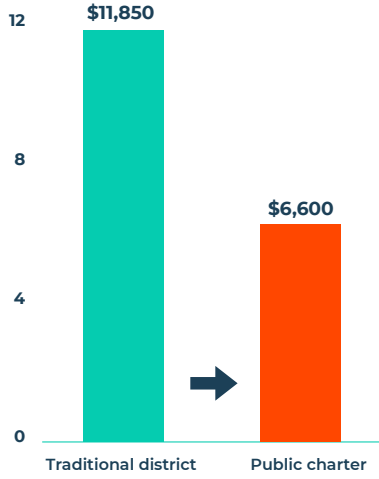
Table III shows that the largest blocks of funding that are not student-centered.¹³ First, *state-authorized* charter schools do not receive any *local* funding. The state provides a state supplement of \$3,600 per student in a brick-and-mortar charter school, and \$1,900 per student in a virtual charter school. However, this supplement is significantly less than local funding. These local funds pay for many services and also cover facility-related costs. Charter schools have to use significant operating revenue to pay for facilities.¹⁴

Second, statewide-authorized charter schools cannot access any of the state reimbursement provided to traditional districts for eliminated local property taxes. This creates a 13-percent gap. Third, statewide-authorized charter schools do not receive any funding for transportation. As a result, parents in many charter schools are responsible for providing transportation, which limits the ability of some children to attend these schools.¹⁵

CHART D: STUDENT-CENTERED FUNDING FOR STATEWIDE CHARTER SCHOOLS, NOT VIRTUAL



CHART E: STUDENT-CENTERED FUNDING FOR STATEWIDE CHARTER SCHOOLS, VIRTUAL



Finally, the various state funds for teacher salaries and retirement, staffing positions, equipment and specific schools do not adjust for student enrollment, which means a charter school serving a new student will not necessarily see any increase in funding. To conclude that these funds are not student-centered does not mean that charter schools are entirely excluded from them. Instead, it means that because the funding is not based on student enrollment or characteristics, a charter school would not necessarily see an increase in revenue if a new student enrolls.

WHAT DOES THIS MEAN FOR STUDENTS?

In South Carolina, a student is receiving \$11,850 in services on average. As parents consider moving their children from a traditional public school to a statewide-authorized public charter school that may provide an education better suited to their child, they must consider that those schools will only receive \$8,300 if brick-and-mortar, or \$6,600 if virtual, in extra funding for each new student they serve. Parents may be concerned because these schools may not have the funding to pay for the services their children need, particularly if their children have disadvantages or special needs.

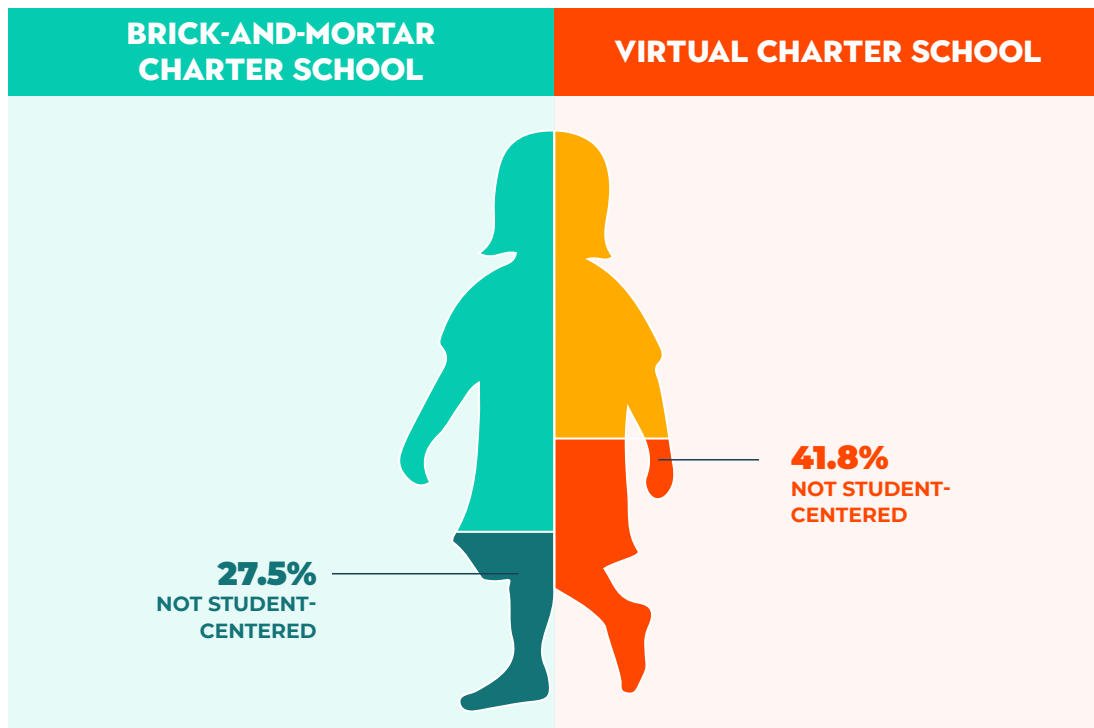
WHAT DOES THIS MEAN FOR PUBLIC CHARTER SCHOOLS?

In South Carolina, if statewide-authorized public charter schools are seeking to attract new students, they must consider that they will receive only an extra \$8,300 per student for a brick-and-mortar, or \$6,600 for a virtual, far short of what traditional public schools are receiving. This may give charter schools significant pause when it comes to recruiting students, particularly those who have disadvantages or special needs that requires more intensive services.

TABLE III: FUNDING THAT DOES NOT FOLLOW STUDENTS FROM TRADITIONAL PUBLIC SCHOOL TO A STATEWIDE-AUTHORIZED CHARTER SCHOOL

Not Student-Centered	Brick-and-Mortar		Virtual	
	Per Student	Percent	Per Student	Percent
Local revenue outside of formula, deducting state supplement for charter schools	\$728	6.1%	\$2,428	20.5%
State funding for teacher retirement, salary supplement, bonuses and supplies	\$555	4.7%	\$555	4.7%
State funding in lieu of local taxes	\$1,535	13.0%	\$1,535	13.0%
State funding for transportation	\$214	2.1%	\$214	2.1%
State funding for nurses, career specialists, physical education teachers, reading coaches, CTE equipment and technology and low-performing schools	\$223	1.9%	\$223	1.9%
Total Not Student-Centered	\$3,255	27.5%	\$4,955	41.8%
Total Funding	\$11,850		\$11,850	

STUDENT-CENTERED FUNDING VARIANCE ACROSS TYPES OF STATEWIDE-AUTHORIZED CHARTERS



LOCALLY-AUTHORIZED CHARTER SCHOOLS

Locally-authorized charter schools are funded entirely differently than statewide-authorized charter schools. Their base funding amount is determined by taking the general funds of the authorizing district, from the prior year, and dividing that by the district's weighted student count. The charter school receives funding using that base and its own student enrollment and characteristics.

There are no published records of what districts include as "general funds" in making these calculations. However, districts publish audited financials each year that indicate "general" funds. Assuming they use the same definition for charter school funding, locally-authorized charter schools do not get significant funds that districts are receiving.

First, general funds do not include local funds raised for various purposes, including debt service, facilities, technology and school safety. Based on a sample of districts, these funds are about 20 percent, and it can be higher. In contrast, locally-authorized charter schools do not receive any revenue for facilities and, as a result, must redirect significant funds intended for services.¹⁶

Second, the general fund calculations are based on prior year financials, which excludes additional funds received during the current year. This difference is about 10 percent. Finally, just as with statewide-authorized charter schools, the various state funds for teacher salaries and benefits, staffing positions, equipment and specific schools do not adjust for student enrollment, which means a locally-authorized charter school serving a new student will not necessarily see an increase in funding.

Because of the absence of published records, the best way to understand the funding implications for locally-authorized charter schools in South Carolina is through an illustration (shown on the next page).

ILLUSTRATION OF DISTRICT AND TWO NEARBY CHARTER SCHOOLS

Beaufort is a traditional public school district in South Carolina. Bridges Preparatory Academy is a brick-and-mortar state-authorized public charter school located in Beaufort. Riverview is a locally-authorized charter school in Beaufort.

Table IV shows what happens if a student leaves Beaufort to attend Bridges Preparatory Academy or Riverview. As a statewide-authorized charter school, Bridges Preparatory Academy receives the same funding as Beaufort through the formula and for at-risk students. However, Bridges Preparatory Academy receives none of the \$6,261 per student in additional local funding Beaufort receives; nor does it receive any of the \$2,621 per student in state reimbursement for eliminated local taxes. Instead, Bridges Preparatory Academy receives a charter supplement of \$3,600 per student. Also, as explained above, Bridges Preparatory Academy will not necessarily receive any additional funding through the various state and local funding programs that are not based on student enrollment. Altogether, this means that Bridges Preparatory Academy will get \$8,054 per student, only 55.9 percent of what Beaufort is receiving for that student.

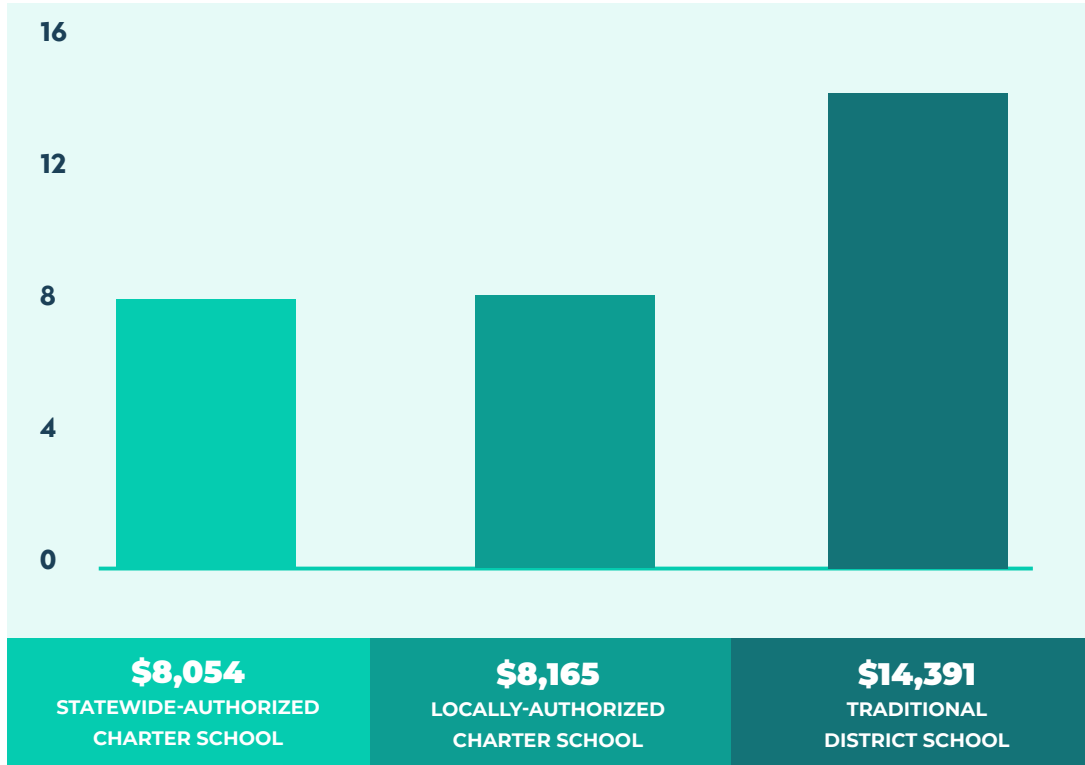
As a locally-authorized charter school, Riverview will get about \$8,165 per student based on how much general fund revenue Beaufort received the prior year.¹⁷ However, this is much less than what Beaufort is receiving through the state formula, as well as from additional local funding and state reimbursement for eliminated local taxes. Riverview will also not necessarily benefit from the various other state and local funding programs that do not adjust for enrollment. As a result, Riverview will get 56.6 percent of the revenue Beaufort received for that student.

Riverview, the locally-authorized charter school, fares only slightly better than Bridges Preparatory Academy, the statewide-authorized charter school located in the same district as Riverview. The funding supplement for statewide-authorized charter schools is the same for any charter school regardless of where it is located. This means that the state supplement will fall particularly short in districts with more local funding (such as Beaufort). However, Riverview shows that, even in these districts, locally-authorized charter schools can still receive significantly less than the district district (see Table IV below and chart on next page).

TABLE IV: ILLUSTRATION OF DISTRICT AND TWO NEARBY CHARTER SCHOOLS

Revenue	Beaufort	Bridges Prep Academy (Statewide)	Riverview Charter (Local)
State & local formula; at-risk students	\$4,454	\$4,454	\$8,165
Additional local or state charter supplement	\$6,261	\$3,600	\$0
State funding in lieu of local taxes	\$2,621	\$0	\$0
State funding for teacher retirement, etc.	\$536	\$0	\$0
State funding for staffing, etc.	\$161	\$0	\$0
State funding for transportation	\$214	\$0	\$0
Other state and local funding	\$144	\$0	\$0
Total	\$14,391	\$8,054	\$8,165
		56.0%	56.7%

FUNDING VARIANCE ACROSS TYPES OF CHARTERS AND DISTRICT SCHOOLS



IMPLICATIONS

Because so much of school funding in South Carolina is not student-centered, the state fails to enjoy the significant benefits of student-centered funding, including transparency, empowerment of parents and district and school leaders, and fairness.

With so much of the funding dependent on factors other than student enrollment and characteristics, districts and schools have greater difficulty using funds in the way they feel best serves their students. **South Carolina's funding model places the focus on inputs, rather than student outcomes.**

A major consequence of South Carolina's lack of student-centered funding is that high-performing districts and public charter schools have no incentive to grow. Districts and charter schools receive only a small fraction of overall funding for new students; meanwhile, the districts that no longer serve those students are allowed to keep most of the funding.

Also, parents may be forced to choose between remaining in a district that they do not think fulfills their children's needs or moving to another district or to a public charter school which may be unable to provide sufficient services because they are not receiving full funding for new students, particularly those with special needs and disadvantages.

Finally, South Carolina's lack of student-centered funding creates disparities between districts, regardless of enrollment and need. The disparity is even worse for public charter schools and their students, which receive about half of what traditional school districts receive.

RECOMMENDATIONS

The following recommendations can address the issues raised in this research.

- 1. *Fold all state funding into the funding formula:*** The state can significantly increase the proportion of funding that is student-centered by collapsing the multitude of different state funding streams and programs into the main formula, which would mean having a larger base amount. In *Funding Our Children for Success*, Dr. Rebecca Gunnlaugsson refers to this as “EFA 2.0”¹⁸
- 2. *Make local funding student-centered:*** In a truly student-centered funding system, nearly all local funding should be part of the state’s funding formula as a required local contribution, and the state should provide the remainder based on student enrollment and characteristics. Even if South Carolina continues to allow substantial local funding outside of the formula, local funding can still be based on the number of students, automatically adjusting as student enrollment changes. This will create an incentive for districts to attract more students and open up opportunities for parents. The state can also have all local funding, whether required or supplemental, follow students if they choose to enroll in schools outside of their home district boundaries, including public charter schools.¹⁹
- 3. *Incorporate charter schools fully into the funding formula and provide them with equal access to local revenue:*** With all revenue collapsed into a student-centered formula, it is possible to treat charter school students the same as other students. Charter schools should also receive a proportional share of all local revenue, including that raised for facilities.
- 4. *Ensure that funding follows students from school to school:*** South Carolina can not only distribute more funding to districts in a student-centered way, it can also ensure that these funds follow a student from school to school within a district, through incentives and school-level financial transparency.²⁰
- 5. *Link funding to student performance:*** As South Carolina considers making its funding system more student-centered, it can also link some funding to student performance. By tying a small but meaningful portion of funding to student performance, South Carolina can incentivize better outcomes, while still reflecting financial affordability, predictability and equity.²¹

ABOUT THE AUTHOR

Matthew Joseph serves as ExcelinEd’s Policy Director for Education Funding. Matthew previously spearheaded a national initiative to improve strategic use of resources in public education. He also served as Executive Director of Advocates for Children and Youth, where he led successful efforts to improve education and other services in Maryland. He also worked as a Senior Associate at the Annie E. Casey Foundation. Matthew received his Bachelor’s from Harvard University and a JD from the University of Maryland School of Law.

APPENDIX A: STUDENT-CENTERED FUNDING FOR TRADITIONAL SCHOOL DISTRICTS IN SOUTH CAROLINA

Total Revenue				
Revenue Source with explanation below	Total	Student-Centered	Not Student-Centered	Percent Not Student-Centered
State base funding (Education Finance Act) Not including other EFA programs	\$930,605,129	\$930,605,129		0.0%
State funding for students with special needs (EFA) Not including other EFA programs	\$349,760,875	\$349,760,875		0.0%
State funding for at-risk, gifted and CTE students (EFA & EIA) Not including other EFA programs	\$604,324,252	\$604,324,252		0.0%
Required local funding (EFA) Not including other EFA programs	\$782,099,027	\$782,099,027		0.0%
State funding for teacher fringe benefits	\$737,514,163	\$737,514,163		0.0%
Local revenue outside of formula Not adjusted for student enrollment	\$3,115,785,976		\$3,115,785,976	36.5%
State funding in lieu of local taxes Not adjusted for student enrollment	\$1,105,211,925		\$1,105,211,925	13.0%
State funding for teacher retirement Based on teacher salaries, not student enrollment	\$157,845,963		\$157,845,963	1.9%
State funding for teacher salary supplement, including fringe Based on teacher salaries, not student enrollment	\$176,458,742		\$176,458,742	2.1%
State funding for National Board salary supplement Based on number of teachers, not student enrollment	\$49,789,126		\$49,789,126	0.6%

Revenue Source with explanation below	Total	Student-Centered	Not Student-Centered	Percent Not Student-Centered
State funding for teacher supplies Based on number of teachers, not student enrollment	\$15,379,021		\$15,379,021	0.2%
State funding for transportation (including direct state purchases) Based on bus routes, not student enrollment	\$154,205,868		\$154,205,868	1.8%
State funding for nurses Requires staffing ratio to draw down	\$21,754,270		\$21,754,270	0.3%
State funding for career specialists Requires staffing ratio to draw down	\$30,964,166		\$30,964,166	0.4%
State funding for physical education teachers Requires staffing ratio to draw down	\$5,800,056		\$5,800,056	0.1%
State funding for reading coaches Funding per school, not number of students	\$39,186,941		\$39,186,941	0.5%
State funding for CTE equipment Minimum funding per district and CTE center	\$16,717,835	\$8,393,579	\$8,324,256	0.1%
State funding for technology For specific schools; partially based on district characteristics	\$37,545,942		\$37,545,942	0.4%
State funding for low-performing schools For specific schools	\$8,248,422		\$8,248,422	0.1%
Other state and local funding Smaller programs not examined	\$191,547,913			0.0%
Total Revenue	\$8,530,745,612	\$3,412,697,025	\$4,926,500,674	57.7%
Revenue Per Student (ADM)	\$11,850	\$4,741	\$6,844	

APPENDIX B: STUDENT-CENTERED FUNDING FOR STATEWIDE PUBLIC CHARTER SCHOOLS IN SOUTH CAROLINA, BRICK-AND-MORTAR AND VIRTUAL

Revenue Per Student							
Revenue Source with explanation below	Traditional Public Schools	Moves To Charter (Brick-and-Mortar)	Does Not Move	Percent of Total	Moves to Charter (Virtual)	Does Not Move	Percent of Total
State and local base funding (Education Finance Act) State funds entire portion for charter schools	\$2,350	\$2,350		0.0%	\$2,350		0.0%
State funding for students with special needs (EFA) State funds entire portion for charter schools	\$486	\$486		0.0%	\$486		0.0%
State funding for at-risk, gifted and CTE students (EFA & EIA) State funds entire portion for charter schools	\$839	\$839		0.0%	\$839		0.0%
State funding for teacher fringe benefits	\$1,024	\$1,024		0.0%	\$1,024		0.0%
Local revenue outside of formula OR state supplement for charter schools Charter schools do not get local funding but get state supplement	\$4,328	\$3,600	\$728	6.1%	\$1,900	\$2,428	20.5%
State reimbursement for eliminated local taxes Charter schools do not get these funds	\$1,535		\$1,535	12.9%		\$1,535	12.9%
State funding for teacher retirement Charter schools get no funding from this.	\$219		\$219	1.8%		\$219	1.8%

Revenue Source with explanation below	Traditional Public Schools	Moves To Charter (Brick-and-Mortar)	Does Not Move	Percent of Total	Moves to Charter (Virtual)	Does Not Move	Percent of Total
<p>State funding for teacher salary supplement, including fringe</p> <p>Based on teacher salaries, but charter school can access to a limited degree.</p>	\$245		\$245	2.1%		\$245	2.1%
State funding for textbooks	\$29	\$29		0.0%	\$29		0.0%
<p>State funding for National Board salary supplement</p> <p>Based on number of teachers, but charter schools can access to a limited degree</p>	\$69		\$69	0.6%		\$69	0.6%
<p>State funding for teacher supplies</p> <p>Based on number of teachers, but charter schools can access to a limited degree</p>	\$21		\$21	0.2%		\$21	0.2%
<p>State funding for transportation (including direct state purchases)</p> <p>Charter schools do not get these funds</p>	\$214		\$214	1.8%		\$214	1.8%
<p>State funding for nurses</p> <p>Requires staffing ratio to draw down, but charter schools can access.</p>	\$30		\$30	0.3%		\$30	0.3%
<p>State funding for career specialists</p> <p>Requires staffing ratio to draw down, but charter schools can access.</p>	\$43		\$43	0.4%		\$43	0.4%
<p>State funding for physical education teachers</p> <p>Requires staffing ration to draw down; charter schools get no funding from this.</p>	\$8		\$8	0.1%		\$8	0.1%

Revenue Source with explanation below	Traditional Public Schools	Moves To Charter (Brick-and-Mortar)	Does Not Move	Percent of Total	Moves to Charter (Virtual)	Does Not Move	Percent of Total
State funding for reading coaches Funding per school, but charter schools can access to a limited degree.	\$54		\$54	0.5%		\$54	0.5%
State funding for CTE equipment Minimum funding per district, but charter schools can access to a limited degree.	\$23		\$23	0.2%		\$23	0.2%
State funding for technology For specific schools, but charter schools can access to a limited degree.	\$52		\$69	0.6%		\$69	0.6%
State funding for low-performing schools For specific schools, but charter schools can access to a limited degree.	\$11		\$11	0.1%		\$11	0.1%
Other state & local funding Various programs, some of which charter schools can access to a limited degree.	\$295			0.0%			0.0%
Total Revenue	\$11,850	\$8,300	\$3,255	27.5%	\$6,629	\$4,955	41.8%

ENDNOTES

¹ See [summary](#) of findings by Edunomics.

² For more on student-centered funding, see ExcelinEd, [Student-Centered State Funding: A How-to Guide for State Policymakers](#) (2017).

³ Interviews were conducted with a number of education policy specialists in South Carolina. Additional sources include: [statements of revenues](#) for each district compiled by the South Carolina Department of Education; the department's [funding manuals](#); a breakdown of revenue for state-authorized charter schools by the South Carolina Revenue and Fiscal Affairs Office (see [appendix](#)); and state budgets to identify state revenue that does not go directly to districts but still benefits students.

⁴ The count is the average daily membership as of the 135th day in a school year. These "135-day counts" are available through the South Carolina Department of Education's website;

⁵ See National Center for Education Statistics, [Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2015–16 \(Fiscal Year 2016\)](#). This is state and local funding only divided by student membership for 2015-16. It includes the 11 states considered southeastern by South Carolina.

⁶ Students can receive multiple weights if they are in more than one category for at-risk and gifted students.

⁷ The state excludes residential property in district wealth calculations. Districts with high wealth in residential property are treated as less wealthy; as a result, the state contributes a larger share of formula funding. These districts also get more state funding to replace lost local revenue, as explained further below.

⁸ See, e.g., [Texas](#) and [New Hampshire](#).

⁹ For more detail, see Appendix Table A.

¹⁰ See Paul Bowers et al., "[Minimally Adequate](#)," *The Post and Courier* (Nov. 14, 2018).

¹¹ For the 2016-17 school year, the state provided about \$350,000 to districts when students earned industry credentials. That amount has increased to \$3 million per year in subsequent years.

¹² In 2016-17, there was one state entity that authorized charter schools, the South Carolina Public Charter School District. Since then, there is a second state sponsor, the Charter Institute at Erskine. As of 2016-17, there were about 33 locally-authorized charter schools with 10,177 students, and 32 state-authorized charter schools with 20,777 students.

¹³ For more details see, Appendix Table B.

¹⁴ See Charter School Facilities Initiative, [An Analysis of the Charter School Facility Landscape in South Carolina](#) (2013).

¹⁵ See Laura Smith, News2, [Lack of Transportation Costing Charter School Parents Over \\$1,000 A Year For Private Bus Service](#) (2018).

¹⁶ See Charter School Facilities Initiative, [An Analysis of the Charter School Facility Landscape in South Carolina](#) (2013).

¹⁷ This takes the general funds indicated in Beaufort's audited financials and divides it by its weighted student count. Then, it takes that base and applies it to Riverview's student enrollment, including students who get weights. This total funding is divided by Riverview's student enrollment.

¹⁸ For an example of a student-centered funding formula for South Carolina, see Palmetto Promise Institute & Acuitas Economics, [Funding Our Children for Success](#) (2017). With a higher base, the existing weights will automatically produce more funding. However, South Carolina can adjust the weights as needed.

¹⁹ State limits on local tax rates can increase if a district's student enrollment grows. However, there is no guarantee that a district will go up to the full state limit for local funding if additional students enroll.

²⁰ See ExcelinEd, [Student-Centered Policy Funding for Districts](#) (2017); ExcelinEd, [Model Policy: School Level Financial Transparency Act](#) (2017)

²¹ See ExcelinEd, [Performance Funding](#) (2018).