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To:  
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Subject: K-12 Education Reform Initiative - Adopting A Fairer And Simpler Education Funding Formula

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## Adopting A Fairer And Simpler Education Funding Formula

*Transitioning To The Education Oversight Committee's (EOC) Recommended Funding Formula Will Drive Funding Into High-Poverty Districts, Eliminating Several Unnecessary Weights And Redundant Programs*

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### The Challenge

**The current K-12 funding formula is inequitable and outdated – it fails to target funding to the areas where it is truly needed.**

- Poverty is not a factor in the Education Finance Act's funding formula for schools, even though the relationship between poverty and student achievement has been thoroughly documented. (Educational Testing Service, 2013)
- South Carolina has the fastest-growing proportion of English Language Learners (ELLs) in the country, but unlike nearly every other state, does not account for this in its K-12 funding. (Grantmakers for Education, 2010 / Maine Education Policy Research Center, 2009)
- Despite the fact that the annual per-student costs of educating elementary, middle, and high school students in South Carolina are only a few dollars apart, the current model provides districts with 25% more per-student for high school students than it does for students in the 4<sup>th</sup> through 8<sup>th</sup> grades. (South Carolina Education Oversight Committee, 2011)

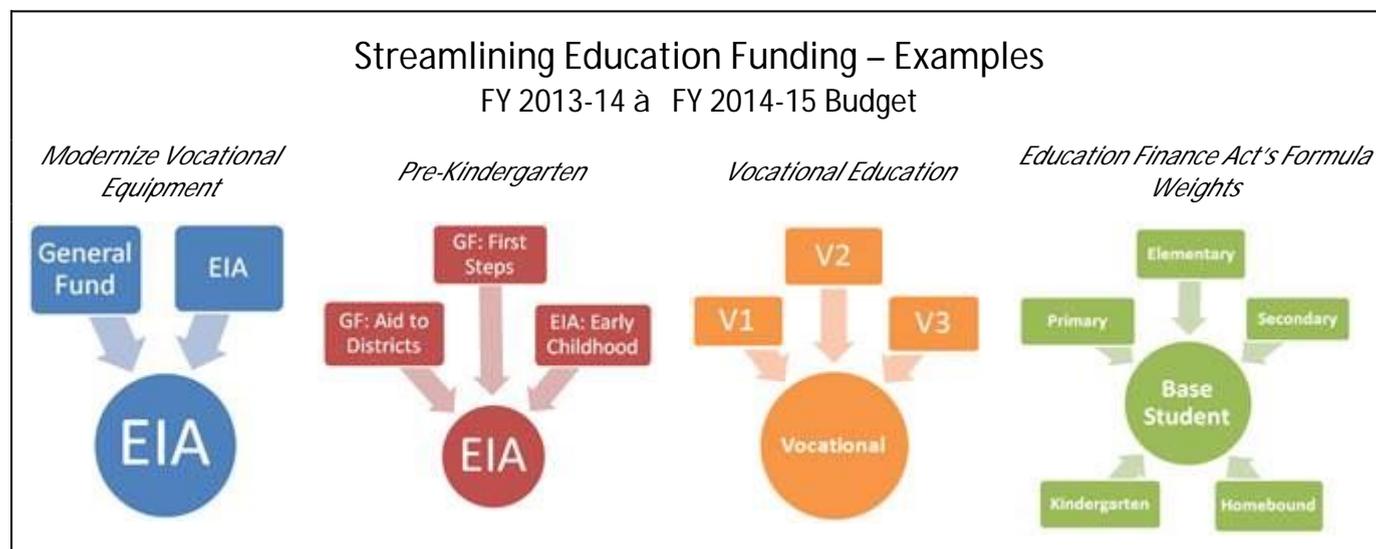
### The Response

**Converting to the EOC's recommended funding model would eliminate the disparities in funding by grade level and direct additional resources to districts with children in poverty, higher levels of low-English proficiency, and more students requiring individualized instruction.**

- \$97 million for children in poverty to provide a quality education for those living in our poorest communities.
- Base per-student funding for all K-12 grades will be equalized.
- School districts will receive 20% more funding for students eligible for free or reduced-price lunches and/or Medicaid, a common measure of poverty in the K-12 field. Research shows that the cost of teaching low-income students with proven instructional models is roughly \$1,200 more per pupil. (Journal of Literacy Research, 1996 / Public Policy Institute of California, 2001)
- A 20% supplement will also be provided for students with low-English proficiency who require

individualized instructional plans that include family involvement.

- Additional add-on weights will apply for students requiring a more individualized education plan, including the gifted and talented, those failing to show basic proficiency on standardized tests, and students aged 17 to 21 who are pursuing a diploma or GED through an adult education program that is not in a traditional school-based setting.
- Increasing the amount of money – and the proportion of all K-12 funding – that is distributed through the revised Education Finance Act formula will keep more dollars in the classroom.



## The Challenge

**South Carolina's schools are funded through an incomprehensible mix of hundreds of programs and funding streams, each with their own compliance burdens and programmatic restrictions.**

- State support for pre-kindergarten programs, student transportation services, instructional materials, the modernization of vocational equipment, and various other services is split between the General Fund, the Education Improvement Act (EIA), the Lottery Expenditure Account, and other sources.
- Each funding source must be separately accounted for at the state and district levels, increasing the administrative workload and making it harder for the public to piece together the true costs and benefits of each program or activity.

## The Response

**Governor Haley's Executive Budget for Fiscal Year 2014-15 consolidates funding for several programs; the revised funding formula will also allow for some existing weights and EIA programs to be eliminated.**

- Funding for all public and private pre-kindergarten programs (4K and First Steps) will be consolidated in the EIA.
- Support for the modernization of vocational equipment will be consolidated in the EIA.
- The existing "High Achieving Students" program in the EIA will be eliminated; the new weighting for gifted and talented students in the EFA formula will provide districts with a net increase of \$5.4 million for these services.
- The budget begins to consolidate funding for student transportation services in the General Fund by shifting a portion of the EIA's transportation funds there and by annualizing a portion of the current year's non-recurring funding for student transportation in the General Fund.

· Transitioning to the EOC funding model allows for five grade-specific weightings (including homebound students) for students to be collapsed into one. Similarly, three existing weightings for vocational education will be replaced with just one.

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