

Report per Proviso 1.97. of the
2011–2012 General Appropriation
Act
as Ratified



SC EDUCATION
OVERSIGHT COMMITTEE

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Report as Required by Proviso 1.97. of the 2011-12 General Appropriation Act, Act 73

Proviso 1.97. of the 2011-12 General Appropriation Act, as ratified by the General Assembly on June 22, 2011, requires the Education Oversight Committee (EOC) to “calculate and publish the number of the weighted pupil units per weighting category in each district based upon the most recent 135-day average daily membership in each district and the weights as recommended in the most recent funding model developed by the Education Oversight Committee.” The proviso further asks the EOC to project how the revised weightings would have impacted school districts for Fiscal Year 2011-2012. The attached report will be provided electronically to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee pursuant to Proviso 1.97. The report will also be posted on the EOC’s website at www.eoc.sc.gov.

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Scope of Study -- Requirements of Proviso 1.97.

Proviso 1.97. of the 2011-12 General Appropriation Act as ratified on June 22, 2011 explicitly clarifies the scope of this study.

1.97. (SDE: Weighted Pupil Units Calculation) Of the funds appropriated to the Education Oversight Committee (EOC), the EOC shall calculate and publish the number of the weighted pupil units per weighting category in each district based upon the most recent 135-day average daily membership in each district and the weights as recommended in the most recent funding model developed by the Education Oversight Committee and suggested modifications made during Fiscal Year 2010-11 and make projections on how the revised weightings impact school districts for Fiscal Year 2011-2012. In making its calculations, the EOC must use the Index of Taxpaying Ability and projected base student cost as adopted by the General Assembly for the current fiscal year. The EOC must report its findings electronically to the Chairman of the Senate Finance Committee and Chairman of the House Ways and Means Committee by November 1 2011.

The proviso explicitly assigns two tasks to the Education Oversight Committee (EOC):

1. Calculate and publish the number of weighted pupil units per weighting category in each district using the most recent 135-day average daily membership in each district and using the weights as recommended by the EOC in its most recent funding model; and
2. Make projections on how the revised weights would have impacted school districts in Fiscal Year 2011-12 using the Index of Taxpaying Ability and projected base student cost as adopted by the General Assembly for Fiscal Year 2011-12.

Pursuant to Proviso 1.97. the data used in the analysis were:

- The 2011-12 base student cost of \$1,880 pursuant to the 2011-12 General Appropriation Act and reported by the South Carolina Department of Education in the FY2012 Education Finance Act (EFA) Financial Requirements of School Districts document was used.
- Current EFA weights pursuant to Section 59-20-40 of the South Carolina Code of Laws and EOC weights as revised and documented by the EOC through April 2011 were used. Table 1 compares the weights proposed by the EOC with the current EFA weights.

Table 1
Comparison of Current EFA Weights and EOC Model Weights

Classifications	Current EFA Weights Section 59-20-40	EOC Model Weights
<i>General Education Weights:</i>		
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
Learning Disabilities	1.74	1.74
Trainable Mentally Handicapped	2.04	2.04
Emotionally Handicapped	2.04	2.04
Visually Handicapped	2.57	2.57
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
Vocational 1	1.29	
Vocational 2	1.29	
Vocational 3	1.29	
<i>Add-On Weights</i>		
Gifted and Talented (Grades 3-12)		.15
Academic Assistance		.15
Adult Education 17 to 21 year-olds		.20
Limited English Proficient		.20
Poverty		.20
Residential Treatment Facility (Proviso 1.66.)	2.10	

The add-on weights as recommended by the EOC are defined as follows:

Gifted and Talented – students who are classified as academically or artistically gifted and talented in grades 3 through 8 or who are enrolled in Advanced Placement (AP) and International Baccalaureate (IB) courses in high school. It is not the intent to double count within this add-on weight.

Academic Assistance - students who do not meet state standards on mathematics, English language arts or both to guarantee that the students receive additional educational instruction services. It is not the intent to double count students within this add-on weight.

Adult Education—young adults aged 17 to 21 who are pursuing diploma or GED through adult education or other means but who are no longer part of the regular schools setting.

Limited English Proficiency – students with limited English proficiency who require intensive English language instruction programs and how these families require specialized parental involvement intervention.

Pupils in Poverty – students eligible for the free or reduced-price Federal lunch program and/or Medicaid.

Residential Treatment Facilities – students referred to or placed by the State or school district in a residential treatment facility for educational services. While this weight is not part of the EOC funding model, amendments to S.433 and H.3716, which are pending before the General Assembly, included this weight in the calculations. Proviso 1.66. of the 2011-12 General Appropriation Act also included a weight of 2.10 for these students.

- Average Daily Membership counts by school district were based on the *Education Finance Act Financial Requirements for 2011-12*, based on the actual FY 2010-2011 135 day student count, as provided by the South Carolina Department of Education on July 12, 2011. In addition, the membership counts for the add-on weights were based upon information provided to the Senate Finance Committee on March 22, 2011 by the South Carolina Department of Education. The counts for the Gifted and Talented weight were based on actual 2010-11 counts and provided by the South Carolina Department of Education to the EOC on September 14, 2011. The counts for residential treatment facilities were provided directly to the EOC by the South Carolina Department of Education and reflect the actual placement counts for FY 2010-2011.
- The 2011-12 Index of Taxpaying Ability by school district as stipulated by Proviso 1.99. of the 2011-12 General Appropriation Act was used. The index utilizes an imputed methodology for the values of 4% residential property by replacing with each school district's FY2009-10 State property tax relief reimbursement for 4% owner-occupied property.

1.99. (SDE: Impute Index Value) For Fiscal Year 2011-2012 and for the purposes of calculating the index of taxpaying ability the Department of Revenue shall impute an index value for owner-occupied residential property qualifying for the special four percent assessment ratio by adding the second preceding taxable year total school district reimbursements for Tier 1, 2, and Tier 3(A) and not to include the supplement distribution. The Department of Revenue shall not include sales ratio data in its calculation of the index of taxpaying ability. The methodology for the calculations for the remaining classes of property shall remain as required pursuant to the EFA and other applicable provisions of law.

- The 2011-12 EFA state support by school district for Fiscal Year 2011-12 pursuant to the current law was used. Aggregate State support is determined by using a 70% State and 30% local share individualized by each school district's Index of Taxpaying Ability.

Results and Findings

The Appendix reflects the number of weighted pupil units per district based on the current law and based on the EOC recommended weights. All eighty-three school districts, the South Carolina Public Charter School District and three special schools are included. In Fiscal Year 2011-12 the merger of Sumter 2 and Sumter 17 into the Sumter County School District was completed. Also, the school districts of Dillon 1 and Dillon 2 merged to form Dillon 4.

For each district, the number of weighted pupil units by category is documented for both the existing EFA weights and for the EOC recommended weights. The weights are differentiated accordingly. The first 17 categories include the existing EFA weights for all students in grades K- 12, including weights for students with disabilities and students in vocational education. The EOC recommended that the weights for children in grades K-12 all be a "1.00" and that the weight for vocational education be a "1.20." All weights for children with disabilities remain the same. The EOC did recommend that the nomenclature be changed from "handicapped" to "disabled" and that other references be amended to reflect the most current disability classifications. These 17 categories are hereafter referred to as the General Education Weights. The next five weights include the add-on weights recommended by the EOC in its funding model and the add-on weight for children in residential treatment facilities as required by Proviso 1.66. of the 2011-12 General Appropriation Act. These weights are hereafter referred to as the "Add-On Weights."

The column entitled "EOC WPU EFA State Support" documents the state support that each district would have received in Fiscal Year 2011-12 if the revised weightings had been used. Each district's state support is based upon the revised weights, the current year's base student cost of \$1,880, the 2011-12 Index of Taxpaying Ability, and each district's state support as determined by the Education Finance Act. The last column "Projected Change in State Support" is the difference or change in state support for each district. It is the total WPU EFA State support for the district using the EOC weights less the amount the district is projected to receive in the current fiscal year based on the existing EFA weights. Also included for information are any additional monies allocated to school districts under provisos 1.98. (Education Foundation Supplement) and Proviso 1.101. (EFA State Share).

1.98. (SDE: Education Foundation Supplement) Funds appropriated in the Education Foundation Supplement are to be distributed to public school districts which would in the current fiscal year recognize a loss in State financial requirement of the foundation program by utilizing an Index of Taxpaying Ability which imputes the assessed value of owner occupied property compared to the State financial requirement of same Index of Taxpaying Ability as utilized in the prior fiscal year. Funds in the Education Foundation Supplement must be distributed to the school

districts receiving a loss, in an amount equal to the amount of the loss.
This supplement shall not require a local financial requirement.

1.101. (SDE: EFA State Share) A school district that does not recognize a State share of the EFA financial requirement shall be supplemented with an amount equal to seventy percent of the school district with the least State financial requirement.

The inclusion of the EOC weights would have resulted in an increase in the total number of weighted pupil units at a total cost of \$81,927,302. However, comparing the actual appropriations of the EFA this fiscal year with the total State Share of EFA with the EOC weights, the increase in the State share of the EFA would have been \$74,700,482. The EFA in 2011-12 has an actual residual balance of \$7,226,820 which may be reduced or increased after the 45-day student count is taken this fall (Table 2). All school districts except York 2 and York 4 would have received more State EFA funds in Fiscal Year 2011-12 if the EOC model weights had been used and funded. The EOC weights assign a 1.0 to all students in grades K-12. York 2 and York 4 would have to serve more students in the add-on classifications in order to offset the change in the general education weightings as proposed by the EOC.

Table 2
Impact of Incorporating EOC Funding Weights into EFA, FY2011-12

FY2011-12 EFA Appropriation:	
Recurring	\$1,109,394,001
Non-Recurring	<u>56,174,107</u>
TOTAL:	\$1,165,568,108
EOC Weights:	
General Education WPU's	794,445.48
Add-On WPU's	<u>142,403.24</u>
Total Projected WPU's	936,848.72
State Share of EFA With EOC Weights	\$1,240,268,590
Difference:	\$74,700,482

The General Assembly in Fiscal Year 2011-12 appropriated revenues for programs that address some of the add-on weights of the EOC model. Table 3 is a list of those appropriations along with other potential revenue sources, including lottery revenues. These programs are currently funded at 100% State support with no local match required.

Table 3
Existing EIA and Lottery Revenues

Program	Current Allocation Formula	2011-12 Appropriation¹	Source
High Achieving Students	Number of students served in academic or artistic gifted and talented programs and number of students taking Advanced Placement or International Baccalaureate (IB) exams (Proviso 1A.34.)	\$26,628,246	EIA
Students At Risk of School Failure	Number of students eligible for the free or reduced price lunch program and/or Medicaid And Number of students not in poverty or eligible for Medicaid but who fail to meet state standards on state standards-based assessments in either reading or mathematics (Proviso 1A.35.)	\$136,163,204	EIA
Adult Education	30% of funds must be spent on students between age of 17 and 21 enrolled in programs leading to a state high school diploma, state high school equivalency diploma (GED), or career readiness certificate (WorkKeys) (Proviso 1A.39.)	\$13,573,736	EIA
Aid to Districts Recurring	Funds allocated based on weighted pupil units. (Proviso 1A.48.)	\$37,736,600	EIA
Aid to Districts – Non-Recurring	Funds allocated based on weighted pupil units. (Proviso 1A.48.)	\$30,514,235	EIA
Aid to Districts – IDEA Maintenance of Effort Requirement	Of the funds allocated to school districts, \$45,481,854 must be allocated to districts for programs and services for students with disabilities; funds allocated based on 135-day average daily membership of district (Proviso 1A.54.)	(\$45,481,854)	EIA
K-5 Core Curriculum	Each district receives a base amount, an additional per pupil allocation based on the 135-day ADM for K-grade 5 and an allocation based on students in district in poverty ²	\$29,491,798	Lottery
6-8 Core Curriculum	Each district receives a base amount and an additional per pupil allocation based on the 135-day ADM for grades 6-8 ³	\$2,000,000	Lottery
TOTAL:		\$230,625,965	

¹ Appropriations do not reflect actual allocations to school districts due to the fact that provisos may reallocate funds to other initiatives. The projected allocations by program are documented in the *2011-12 Funding Manual*.

² *2011-12 Funding Manual*. South Carolina Department of Education.

<<http://ed.sc.gov/agency/cfo/finance/old/finance/manuals/documents/2011-12FundingManual.pdf>>.

³ Ibid.

Given the actual total Fiscal Year 2011-12 funding levels, the EOC weights could have been implemented with at least two options (Table 4). The base student cost could have increased from \$1,880 to \$2,080 for the general education weights without any transfer of existing funds. The base student cost for the add-on weights could also have increased to \$2,080 if existing revenues had been reallocated and if the 70/30% State/Local share continued. Another possibility is to increase the base student cost of the General Education weights to \$2,080 and fund the add-ons at 100% state support at a base student cost of \$1,464. Depending upon which existing revenues or add-ons the General Assembly chooses to use and fund, the base student cost for the add-on weights can be adjusted up or down.⁴

Table 4
Implementation of EOC Model Weights

	WPUs	Base Student Cost	Total State Share
Current Law:			
FY2011-12 EFA State Appropriation		\$1,880	\$1,165,568,108
EOC Model:			
Option 1:			
General Education Weights Funded at 70% State Share	794,445.48	\$2,080	\$1,163,655,521
Add-On Weights Funded at 70% State Share	142,403.24	\$2,080	\$208,556,536
Option 2:			
General Education Weights Funded at 70% State Share	794,445.48	\$2,080	\$1,163,655,521
Add-On Weights Funded at 100% State Share	142,403.24	\$1,464	\$208,478,343

⁴ The optional base student costs are achieved through the inclusion of the South Carolina Public Charter School District per proviso 1.3 of the 2011-12 General Appropriation Act as ratified; the School for the Deaf and Blind per proviso 4.2 of the 2011-12 General Appropriation Act; the Department of Juvenile Justice per Section 63-19-380(C) of the South Carolina Code of Laws; and the Palmetto Unified School District per Section 24-25-35 of the South Carolina Code of Laws.

Appendix