

**From:** Maybank, Burnet R. III <BMaybank@nexsenpruet.com>  
**To:** Maybank, Burnet R. III BMaybank@nexsenpruet.com  
**Date:** 9/30/2013 5:40:25 PM  
**Subject:** ED LS: USA Today on cuts in SC education spending

---

## 24/7 Wall St.: 7 states slashing education spending

7 states spending least per pupil

While the majority of state school systems have cut spending between fiscal year 2008 and the upcoming fiscal year 2014, the cuts have been much more severe in some places than in others. According to the latest school spending data compiled by the Center on Budget and Policy Priorities (CBPP), these seven states have cut per-pupil spending by more than 15% in that time.

- 1  
Oklahoma
- 2  
Alabama
- 3  
Arizona
- 4  
Kansas
- 5  
Idaho
- 6  
South Carolina
- 7  
Wisconsin

Source: 247wallst.com

Janet Loehrke, USA TODAY

Thomas C. Frolich and Michael B. Sauter, 24/7 Wall St. Staff Writers 2:55 p.m. EDT September 25, 2013

**In some states, per-pupil spending fell more than 20% since recession.**



Arceli Carreon pauses for a photo Aug. 6, 2013, as students and parents arriving for registration at West High School take a look at a Jeep Patriot an Anchorage, Alaska, School District student will win following a year of perfect attendance. (Photo: Erik Hill, AP)

### Story Highlights

- Per-pupil spending fell more than 20% since recession in two states
- Big net change for Wisconsin
- 'Very troubling that so many states have cut their school spending by so much,' one observer says

SHARE 2666 CONNECT 281 [TWEET](#) 70 COMMENTEMAILMORE

Since the recession began, K-12 education spending has declined dramatically in some states. In Alabama and Oklahoma, per-pupil spending fell by more than 20%.

While the majority of state school systems have cut spending between fiscal year 2008 and the upcoming fiscal year 2014, the cuts have been much more severe in some places than in others. According to the latest school spending data compiled by the Center on Budget and Policy Priorities (CBPP), seven states have cut per-pupil spending by more than 15% in that time.

"The decline in state revenues was unlike anything that we've seen in decades," explained Michael Leachman, CBPP director of state fiscal policy. "The budget problems that resulted from this past recession were really historic." That, he continued, resulted in states being faced with a difficult choice for their school systems — to raise revenue through taxes during an economic downturn or cut school funding. The majority of states opted at least in part for education cuts.

Of the seven states with at least a 15% decline in school funding between fiscal 2008 and fiscal 2014, five actually further limited their revenue by cutting income taxes.

Schools rely on three main sources for their funds: local/municipal, state and federal. Nationally, states account for roughly 44% of total education funding.

The decline in funding came at a particularly bad time for many school systems, explained Leachman. While the federal government initially provided emergency funds to schools through the Recovery and Reinvestment Act of 2009, those funds are now gone, and Washington has initiated cuts of its own. At the same time, local funding took a hit when property values declined during the recession. The decline in both federal and local funding, explained Leachman, is "why the state aid cuts really bite. They're putting schools between a rock and a hard place."

Many of the states that are cutting funding are arguably the ones that can least afford it in the long term. Based on Education Week's most recent assessment of schools, five of the seven states with the largest declines in education funding scored a D+ or worse in their K-12 achievement, as measured by standardized test scores.



These states also have among the lowest levels of educational attainment. Five of the seven states had below-average rates of adults with high school diplomas. Only one was above the national rate of adults with college degrees.

"It is very troubling that so many states have cut their school spending by so much," noted Leachman. "We're in a 21st-century economy where we know education is increasingly important. For the jobs of the future, more and more are going to require a higher level of education. You're putting yourself at a disadvantage if you're not producing a workforce that has that level of education," he added.

Based on the CBPP report, "Most States Funding Schools Less Than Before the Recession," [24/7 Wall St.](#) reviewed the seven states with at least 15% declines in state education grant money between fiscal year 2008 and fiscal year 2014. In addition to CBPP data on school budgets, we reviewed 2012 educational attainment and income data from the U.S. Census Bureau's American Community Survey. We also looked at educational achievement and National Association of Education Progress (NAEP) test scores, as compiled by Education Week in its 2013 "Quality Counts" report.

These are the seven states slashing school spending.

## **7. Wisconsin**

- > Pct. chg. per pupil spending (FY'08-FY'14): -15%
- > FY '14 per-pupil spending: \$5,747 (10th most)
- > Decline in per-pupil spending (FY'08-FY'14): \$1,038 (2nd biggest decline)
- > Adults with bachelor's degree: 27.1% (22nd lowest)

### **REPORT: [Football teams with the most expensive tickets](#)**

Wisconsin was among the top 10 states for state education spending before the recession, allocating nearly \$7,000 per student. By the upcoming fiscal year, however, each pupil's education will be worth less than \$6,000. Wisconsin was the only state other than Alabama to cut spending by more than \$1,000 per student. To balance the budget, school districts have been forced to close schools and lay off employees.

## **6. South Carolina**

- > Pct. chg. per pupil spending (FY'08-FY'14): -16%
- > FY '14 per-pupil spending: \$2,573 (3rd least)
- > Decline in per-pupil spending (FY'08-FY'14): \$479 (14th biggest decline)
- > Adults with bachelor's degree: 25.1% (12th lowest)

Even in 2008, before the dramatic budget cuts the state has enacted in the past few years, South Carolina spent the fourth-lowest amount on education. As fiscal year 2014, South Carolina primary and secondary students will each be educated with about \$500 less than before the recession. The lack of education funding is, in part, due to the political ideals of Governor Nikki Haley. In 2011, she vetoed the state's budget and included \$56 million in cuts to education. In addition, Haley refused to accept money from the Education Jobs Fund — a federal program intended to mitigate budget constraints in schools across the country. South Carolina was the only state that did not seek money from this program.

## **5. Idaho**

- > Pct. chg. per pupil spending (FY'08-FY'14): -16%
- > FY '14 per-pupil spending: \$4,906 (24th most)
- > Decline in per-pupil spending (FY'08-FY'14): \$930 (4th biggest decline)
- > Adults with bachelor's degree: 25.5% (14th lowest)

Idaho's fiscal 2014 budget calls for spending nearly \$1,000 less per student, compared to what they state spent before the recession. More than half of the spending cut occurred between 2011 and 2012, when spending per pupil dropped by \$574. In 2012, just over a quarter of Idaho residents 25 and older had a bachelor's degree, compared to nearly 30% in the nation as a whole. The Superintendent of Public Instruction, Tom Luna, would prefer Idaho be rated by its test scores, which were better than many of the states with such severe cuts in spending. In 2011, fourth and eighth graders performed close to or above the national average in mathematics and reading, based on NAEP test scores.

## **4. Kansas**

- > Pct. chg. per pupil spending (FY'08-FY'14): -17%
- > FY '14 per-pupil spending: \$4,807 (25th most)
- > Decline in per-pupil spending (FY'08-FY'14): \$950 (3rd biggest decline)
- > Adults with bachelor's degree: 30.4% (16th highest)

Of the three primary sources of education funding — local, state and federal — Kansas schools rely the most on state revenues. Between 2008 and 2011, spending per pupil actually increased slightly. However, by 2014, state funding for K-12 schools in Kansas has dropped by 17%, or just under \$1,000 per student. Like most states, the revenue Kansas collects plummeted during the recession. The biggest part of this decline occurred between 2011 and 2012, when funding fell by \$839 per pupil. As state revenue has slowly recovered, however, Kansas has opted to cut income taxes instead of reinvest in education.

### **3. Arizona**

- > Pct. chg. per pupil spending (FY'08-FY'14): -17%
- > FY '14 per-pupil spending: \$3,031 (8th least)
- > Decline in per-pupil spending (FY'08-FY'14): \$629 (11th biggest decline)
- > Adults with bachelor's degree: 27.3% (23rd lowest)

#### **REPORT: USA's richest and poorest states**

Arizona is among the states that have spent the least per student every year since 2008. Spending has decreased by 17% between the 2008 and 2014 fiscal years, one of the five biggest declines nationally. An initiative aimed at improving education proposed to raise the sales tax to ensure adequate funding for public schools. The proposal was defeated in the state legislature in 2012.

### **2. Alabama**

- > Pct. chg. per pupil spending (FY'08-FY'14): -20%
- > FY '14 per-pupil spending: \$4,949 (22nd most)
- > Decline in per-pupil spending (FY'08-FY'14): \$1,242 (biggest decline)
- > Adults with bachelor's degree: 23.3% (7th lowest)

In 2012, 16% of Alabama residents 25 and older did not have a high school diploma, the sixth-highest rate in the country. Alabama spent the 10th most per pupil in fiscal year 2008 — about \$6,000 — compared with less than \$5,000 this year. Last year, legislators in Alabama approved small pay raises for teachers. Funds for education are very limited, however, due in part to the state constitution, which includes restrictions on taxation.

### **1. Oklahoma**

- > Pct. chg. per pupil spending (FY'08-FY'14): -23%
- > FY '14 per-pupil spending: \$2,737 (4th least)
- > Decline in per-pupil spending (FY'08-FY'14): \$810 (7th biggest decline)
- > Adults with bachelor's degree: 23.8% (9th least)

Spending per student in Oklahoma has dropped by 23% since 2008, the largest nationwide cut since the recession. Residents and education advocates are concerned the decline in state funding — on top of federal funding cuts — means larger classes and lower salaries across the board, lowering the quality of education. Already, the Oklahoma school system is struggling to meet educational standards, as suggested by low test scores. Oklahoma fourth and eighth graders performed worse on the NAEP than those in most other states in both math and reading in 2011. Oklahoma is now one of only five states spending less than \$3,000 per pupil.

*Financial news and commentary website 24/7 Wall St. is a USA TODAY content partner offering financial news and commentary. Its content is produced independently of USA TODAY .*

#### **Burnet R. Maybank, III**

Nexsen Pruet, LLC

1230 Main Street, Suite 700 (29201)

P.O. Drawer 2426

Columbia, SC 29202

T: 803.540.2048, F: 803.253.8277

Cell: 803.960.3024

[bmaybank@nexsenpruet.com](mailto:bmaybank@nexsenpruet.com)

[www.nexsenpruet.com](http://www.nexsenpruet.com)



\*\*\* CONFIDENTIAL COMMUNICATION \*\*\* The information contained in this message may contain legally privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or duplication of this transmission is strictly prohibited. If you have received this communication in error, please notify us by telephone or email immediately and return the original message to us or destroy all printed and electronic copies. Nothing in this transmission is intended to be an electronic signature nor to constitute an agreement of any kind under applicable law unless otherwise expressly indicated. Intentional interception or dissemination of electronic mail not belonging to you may violate federal or state law.

\*\*\* IRS CIRCULAR 230 NOTICE \*\*\* Any federal tax advice contained in this communication (or in any attachment) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed in this communication.