

Education Collaborative of Greenville County
Report to the South Carolina Tax Realignment Commission

The Education Collaborative of Greenville County thanks the legislature for recognizing the problem with our current tax structure, and we thank the members of the South Carolina Tax Realignment Commission for providing this important service for our state. We appreciate the opportunity to make this presentation and your consideration of our remarks.

The Education Collaborative of Greenville County strongly supports the work of the South Carolina Tax Realignment Commission to move our state toward a more **adequate, equitable and efficient** tax structure. Members of the Education Collaborative represent the 10 leading business, education and community organizations in Greenville County listed below all of whom fully support the following position.

Our case is quite simple: As you know, in order for South Carolina to thrive economically through innovation, talent attraction, and business retention and expansion, a highly-educated workforce is crucial. So an adequate and reliable tax structure is imperative.

A highly-educated workforce is THE key driver of economic prosperity.

"... Educational quality is the cornerstone of workforce development. Improving or sustaining levels of achievement for students is an important indicator of our priorities regarding economic development." (*Ed McCallum, a South Carolina based, internationally-recognized site consultant*)

The education level of our workforce is low by any number of measures. Depending on the formula used, our high school graduation rate ranks anywhere from 39th to 48th in the nation. The percentage of college-educated adults in South Carolina ranks 40th in the nation.

To improve the relative economic competitiveness of our state and prosperity of our citizens, a rapid and significant increase in the educational attainment of our citizens is essential:

- Workplace requirements are dramatically increasing: almost 90% of the fastest growing, high-wage jobs require some form of education beyond high school.
- Workforce quality and strong schools are primary factors in industry location and many existing companies have stated that they are forced to recruit out-of-state to find employees with the needed level of skills and knowledge.
- The education of the labor force and the level of knowledge workers are the most important drivers for increasing levels of per capita income. If South Carolina were to increase the share of its population with a bachelor's degree by two percentage points, the state would realize an additional \$10 billion in spendable, personal income annually.
- Increases in state per capita income from a more highly-educated workforce will result in higher state tax revenues to support further improvements in our education system and most other state services.

Failure to develop a highly-educated workforce carries huge costs for South Carolina.

Citizens of South Carolina suffer due to the historic low education level in our state.

- Incomes in our state remain among the lowest in the nation. For the last two decades per capita income in South Carolina has remained fixed at around 82% of the national average. In 2008 state per capita income was \$32,666 versus a national average of \$40,208—a difference of over \$7,000 per person.
- More of our citizens are unemployed. Since 2004 South Carolina’s annual unemployment rate has ranked 4th or 5th highest in the nation. Recent monthly unemployment rates are nearly two percentage points higher than that of the nation.

Failure to graduate from high school carries its own specific costs. Every year approximately 20,000 youth in South Carolina drop out of high school. Each class of dropouts costs our state \$26 million per year in community-college remediation and \$320 million in lifetime healthcare costs. In addition our state spends nearly twice as much per year to house a prisoner than to educate a child in our public schools. Approximately 75% of state inmates did not complete high school.

To succeed in developing a highly-educated workforce, South Carolina needs stable, adequate funding for all levels of education: preschool, K-12 and higher education.

South Carolina’s funding structure for our public schools is broken. Our patchwork of education funding laws and shift from stable sources of revenue to erratic, less reliable forms damage efforts to produce a highly-educated workforce. Our state has been regularly unable to meet educational funding requirements under state law. The most basic law for funding our public schools has been fully funded only 8 times in 31 years. Recent structural changes in school funding such as Act 388 have further reduced the state’s ability to meet preK-12 funding commitments.

South Carolina has not been able to fund higher education at levels comparable to other states. In 2007, South Carolina’s level of support per full-time equivalent student ranked next to last among southern states at \$2,000 per student less than the neighboring states of North Carolina and Georgia. Not surprisingly South Carolina had the highest in-state tuition and fees for public colleges in a 10-state southern region and ranked 8th in the nation for in-state college costs.

South Carolina’s tax base has continued to narrow and its structure is a composite of pieces that do not interface well—a system that has created many unintended, negative consequences. In order to move South Carolina forward as an education leader and innovator, we must take a long term approach - an approach dependent on stable and sufficient funding mechanisms. Investment in education will yield substantial returns to South Carolina and to South Carolinians and increase and broaden our tax base in years to come. Failure to do so will burden future generations of South Carolinians.

The Education Collaborative of Greenville County asks that your recommendations to the legislature be both comprehensive and provide for meaningful reform. And we offer to work with you to promote such reforms.

The Education Collaborative of Greenville County

- Community Foundation of Greater Greenville
- Greater Greenville Chamber of Commerce
- Greenville County Schools
- Greenville Forward
- Greenville Technical College
- NAACP of Greenville County
- The Alliance for Quality Education
- The Riley Institute at Furman
- United Way of Greenville County
- University Center of Greenville