

State K-12 Funding Current and Long-Term Problems

School District General Fund Budget: \$51 million cut in two years

2008-09

Original General Fund Budget	\$451.5 million
Ending budget after state mid-year cuts	438.3 million

2009-10

Original General Fund Budget <i>(with federal stimulus funds)</i>	\$444.1 million
Ending budget after state mid-year cuts	413.1 million

2010-11

Original General Fund Budget <i>(with federal stimulus funds)</i>	\$400.2 million
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During this same two-year period, district enrollment increased by 1,100 students.

State Funding for K-12 Education: Immediate and long-term problems

- **Education Finance Act (EFA)** *(see graph)*
 - A per pupil amount based on a 1977 definition of “adequacy” with annual increases for inflation.
 - Fully funded in only 8 of the law’s 33 years (and only 3 of the last 10 years).
 - The percentage at which the state is currently funding EFA (60%) is the lowest in history. The amount is equal to the 1995 level of funding.
 - Mid-year funding cuts reduced Greenville County Schools EFA funding by \$53 million over the last two years.

- **State categorical appropriations**
 - More than 70 different categories of funding.

- **Education Improvement Act (EIA)** *(see graph)*
 - Revenue from a one-penny sales tax added in 1984
 - No funding replacement for loss in revenue from elimination of sales tax on groceries in 2007.
 - State EIA projected revenue for 2010-11 is \$140 million lower than it was in 2005-06—a decrease of 21%.
 - School district 2009-10 EIA funding was reduced by \$5 million through mid-year cuts.

- **Property Tax Relief of 2006 (Act 388)** *(see graph)*
 - Replaced stable local property tax revenue with less stable state sales tax income.
 - Property tax burden falls on business property; No natural growth from this source.
 - Sales tax revenue projected deficit for 10-11: \$125.5 million
 - Deficits are funded out of the state general fund.
 - Higher school district growth results in lower per pupil funding.
 - Inequities in extra funding for children in poverty and high-poverty districts.

- **State reimbursement for previous loss of local property tax revenue**
 - Frozen at the FY03 amount for the \$100,000 Property Tax Relief enacted in 1994.
 - Frozen at the FY07 amount for the \$50,000 Homestead property exemption for age 65+.

