S.C. school spending deteriorates in districts with the most poverty

South Carolina's regular public school districts received less financial support per student on an inflation-adjusted basis in 2013-2014 than they did five years earlier, and support declined most severely in those districts ranking highest on a state education poverty index.

That is one of the findings of an analysis done by South Carolina Appleseed Legal Justice Center, using data from the latest Revenue Per Pupil Report by School District from the SC Revenue and Fiscal Affairs Office, which shows trends in federal, state and local funding of South Carolina's 81 regular public school districts for kindergarten through 12th-grade. It excludes charter schools, career centers and special districts.

The report shows that after adjusting for inflation, total funding per pupil from all sources – state, federal and local -- declined by three percent for South Carolina schools from FY 2008-2009 to FY 2013-2014. State funding, which accounts for almost half of schools' revenues, fell the most, down by six percent. Federal funding declined almost two percent, and local, district-level funding was flat.

While those numbers are bleak, the statistics are more depressing for South Carolina's districts with the largest proportions of students living in poverty. In the five-year period, per pupil inflation-adjusted funding from the state declined collectively by 14.7 percent for the 15 districts ranking highest on the SC Education Oversight Committee's poverty index. The committee's index is a composite of the percent of students in each district who are eligible for Medicaid services and/or those who qualify for free or reduced-price meals.

Though state funding was down sharply in these 15 poor districts, the districts benefited from increased support locally – that is, from property owners living in the districts. This helped limit the decline in total funding in the 15 districts to six percent. (The 15 districts, many in the state's most rural areas, are Allendale, Bamberg 2, Barnwell 19, Clarendon 1, Clarendon 2, Dillon 4, Fairfield, Florence 3, Florence 4, Hampton 2, Lee, Marion 10, Marlboro, Orangeburg 3 and Williamsburg. In the current school year the districts total about 35,000 students.)

Five school districts with the smallest proportions of students in poverty saw their aggregate state-level funding fall, but by far less than the poorer districts. The districts experienced a 5.4 reduction in funding from the state. But because of strong increases in local funding, they saw an overall increase in revenues of 1.4 percent. Those five districts -- Lexington 1, Lexington 5, Richland 2, York 2 and York 4 -- contain about 88,000 students.

Estimated FY 2015-2016 funding is up, but not in districts highest in poverty

Fiscal year 2013-2014 is the latest for which final district revenues are available from the SC Revenue and Fiscal Affairs Office. The office has made estimates of what it believes funding levels ultimately will be for 2014-2015 and 2015-2016 fiscal years based on recent and historical trends in local, state, and federal funding. Final data for 2014-2015 will be released in September.

For all 81 districts in South Carolina, the 2015-2016 estimate for state funding shows improvement over 2013-2014's numbers, up by 3.5 percent on an inflation-adjusted basis. But for the 15 districts highest on the poverty index, the 2015-2016 estimate is down 0.9 percent from 2013-2014, continuing the recent deterioration in funding. The five districts with the lowest rates of poverty are estimated to have had an increase of nine percent in funding in the last two years.

The South Carolina Supreme Court in November 2014 ruled that the state has failed in its responsibility to provide a “minimally adequate” education to children in the state’s poorest districts. The ruling came after two decades of legal battles and legislative debates over South Carolina’s duty to educate students in rural communities, many of which lack a robust tax base to augment education spending.

South Carolina has two primary sources of school funding at the state level, the Education Finance Act (EFA) of 1977 and the Educational Improvement Act (EIA) of 1984. The EFA is generally referred to as the “foundation program” and was enacted to try to lessen the disparities in property wealth and financing of public schools. It uses a formula that determines what percentage of the cost of educational programs the state will provide and what percentage the districts will provide. Many rural districts, which have minimal local property tax bases, rely heavily on support from the state.

The EIA, which included several provisions aimed at improving educational performance in South Carolina, raised the state sales tax to generate additional revenue to fund education. This amount is distributed for categorical programs without regard to a school district’s tax base.

The SC Supreme Court in its 2014 decision said that while the state had enacted a funding scheme intended to address critical aspects of public education, student performance in poor districts demonstrated that it had failed to do so. Annual state report cards in poverty-stricken districts show mostly below-average or unsatisfactory scores, students’ standardized test scores there are alarmingly low, and teachers in those districts had substandard certification, the court said. Additionally, the court noted, students in poor districts spend large amounts of time in transportation to and from school, with students in one district routinely arriving late because of an inadequate busing system.

The court’s decision charges state legislators with reworking the state’s funding formula and making other changes to ensure that students in rural districts do not receive an inferior education compared to wealthier districts.

SC Appleseed’s analysis of the 15 districts ranking worst on the state’s poverty index indicates little or no progress has been made thus far to fix funding trends.

In SC Appleseed’s analysis, spending in years prior to 2015-2016 were adjusted for inflation, so that spending for all years could be expressed in constant 2015-2016 dollars. The Consumer Price Index for all Urban Consumers, the so-called CPI-U, served as the inflation index. For years prior to 2015-2016, monthly CPI-U numbers for each month (July through June) were used to calculate an annual average. For fiscal year 2015-2016, actual CPI-U data were used for quarter 3, 2015, and Congressional Budget Office projections were used for quarter 4, 2015, and quarters 1 and 2 of 2016.

South Carolina is not alone in reducing state funding for education. A January report by the Center on Budget and Policy Priorities found that South Carolina was one of more than 30 states that provided less state funding per student on an inflation-adjusted basis in FY 2013-2014 than in 2007-2008, a six-year period. The center’s report, “Most States Have Cut School Funding, and Some Continue Cutting,” said South Carolina’s state funding was reduced by 10.4 percent, the 14th-deepest reduction among the 50 states.

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