

## **K-12 School Funding: The Unfinished Agenda**

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South Carolina's journey for excellence through the 90's has brought many opportunities and changes. The old system of minimums was changed to one of maximums designed to ensure that EVERY child receives an excellent education.

A remaining task in this journey of school reform is the rethinking of how we fund our schools. There has been a significant investment in state dollars to K-12 over the last decade. There has also been a large increase in federal dollars. FY 04 federal budget allocations will increase education funding to South Carolina to more than \$675million. This is an increase of \$155million since the passage of No Child Left Behind.

This year's budget discussion provides us the opportunity to build towards a larger discussion of the entire funding issue. It is important to realize that a review and design of a new system of budgeting is not a criticism or blame of the "old way". It is a clear recognition that finance like any other part of the system must move into the 21<sup>st</sup>. Century.

Upon examination of the state budget, one quickly becomes aware of a variety of funding sources to include General Fund, Educational Improvement Act (EIA) and restricted Lottery. Each of these sources of funds has its own set of line items and programs with their own staff and constituency. For example, dollars for salaries can be found in several sources and several line items. The K-12 education budget has become a "patchwork quilt" of funding rather than a clear and concise statement of funding and spending aligned towards performance.

Over the years, additional programs have been switched and added. The Education Improvement Act, (1cent sales tax) originally contained five or six line items and today it has grown to over 50 line items. The new restricted lottery funds have also started to become a “catch all” for new expenditures.

Local school boards and governments find it difficult to determine if requirements are funded or not funded. It has grown progressively difficult for local Superintendents and School Boards to make staffing, instructional and funding decisions in the best interest of their students, when they are restricted to all of these line items without flexibility.

It clearly is time to step back and take a fresh look at ALL the dollars being spent on education-state, local and federal dollars. What is the total amount? What is it being spent for? How can we look at what can be moved from the state level to local districts? Are there duplications in services with other state agencies?

It is time to design a new system of funding that is equitable, focused, non duplicative, flexible for local decision making, clear and concise and easily aligned with performance. Education, like other state agencies are in the process of tightening their belts. This year, while difficult, provides the excellent opportunity to begin that process.

I propose, that we support Governor Sanford’s SMART proposal that provides flexibility to local educators and school boards. The use of the In\$ight funding software, developed in the mid nineties and used by all school districts and the SC Department of Education can provide us with documentation of costs and expenditures.

The passage of the Governor’s legislation is a good first step. This will assist local decision-making. The state should also conduct a Comprehensive Audit of K-12 educational spending. This would also provide a solid foundation for a thoughtful public policy discussion of K-12 school costs and funding for the future. Our children and schools are worth it!