

Understanding the Aiken County Public Schools Budget

March 2010



Dear Community Member,

Education – we all benefit from it, whether it is our own education or that of our fellow citizens. We also pay for it, and often, when education is discussed, questions of money are raised: are we paying enough? too much? are tax dollars used efficiently? why are some districts investing so much—or so little? where does the money come from? and how is it spent?

The public hears debate on both sides of education funding. With money coming from so many sources, with so many strings attached, many of us feel overwhelmed. When citizens feel something is too complicated to understand, they “check out” of the conversation and feel they have no role to play. This is not healthy for our democracy.

The purpose of this document is three-fold:

- *to make education funding of our Aiken County Public Schools understandable to the average person,*
- *to give our citizens access to the budget process through a clear timeline, showing where we can get involved, and*
- *to provide “just the facts” so that we, the people of Aiken County, are empowered to participate in discussions and make informed decisions.*

We hope you find this report helpful and that you will share it with your friends and neighbors. Thank you for taking time to become informed about education funding and learning how you can have a voice in this issue which is so important to the future of Aiken County.

Diane Mangiante, Executive Director, Public Education Partners

Table of Contents

Types of School Funding.....	Page 3
Aiken County Public Schools Operating Revenue	Page 4
History of School Funding in SC.....	Page 5
Facts on School Spending.....	Page 5
Budget Calendar.....	Page 6
Additional Resources.....	Page 6

What is Public Education Partners?

Public Education Partners is a local education foundation – a grassroots organization led by community volunteers with a mission to harness the power of our community for its public schools. PEP has operated in Aiken County for 15 years and raised over \$4 million for initiatives that directly benefit Aiken County Public Schools and its students. Public Education Partners is a non-partisan, non-sectarian public charity under Section 501(c)(3) of the Internal Revenue Code. Contributions are tax deductible as allowed by law.

TYPES OF SCHOOL FUNDING

OPERATIONS FUNDS: Day to day expenses of running the school system (salaries, supplies, utilities, and transportation) are operating expenses. These expenses must be paid out of the operating budget alone, which is funded through a mix of local, state and federal tax dollars.

CAPITAL FUNDS: Capital funds pay for design and construction of new schools, expansion of existing schools, major renovations and some routine facility maintenance. Capital expenses are generally paid using bonds or installment financing. *Capital Funds can not be used for Operations Expenses.*

DEFINITIONS:

- **MILLAGE**– a tax rate (known as mills) applied to the assessed value of property to determine property tax. For example 1 mill applied to a home in Aiken County valued at \$100,000 would equal a \$4 tax payment by the property owner.
- **BONDS**– a type of investment issued by School Districts, and other elected bodies, to raise money for buildings and other physical improvements. The School District issuing the bonds pays interest to the investor for use of the money.
- **DEBT SERVICE**– payments the district makes for the principal and interest on money borrowed.
- **FIVE YEAR PLAN**– A prioritized project list for cyclical maintenance of facilities and small construction projects within the Aiken County Public School District. These projects are paid for through debt service millage.

DEBT SERVICE MILLAGE COMPARISON

A homeowner in Aiken County currently pays 27 mills in property tax to support public school *capital funds*. Compared to:

Aiken	27 mills	\$108	on \$100,000 home
Lexington 1	73.5 mills	\$294	on \$100,000 home
Lexington 2	29.75 mills	\$119	on \$100,000 home
Lexington 3	36.4 mills	\$145	on \$100,000 home
Edgefield	24.5 mills	\$98	on \$100,000 home
Barnwell 45	37 mills	\$148	on \$100,000 home

WHY DOES A SCHOOL DISTRICT ISSUE BONDS?

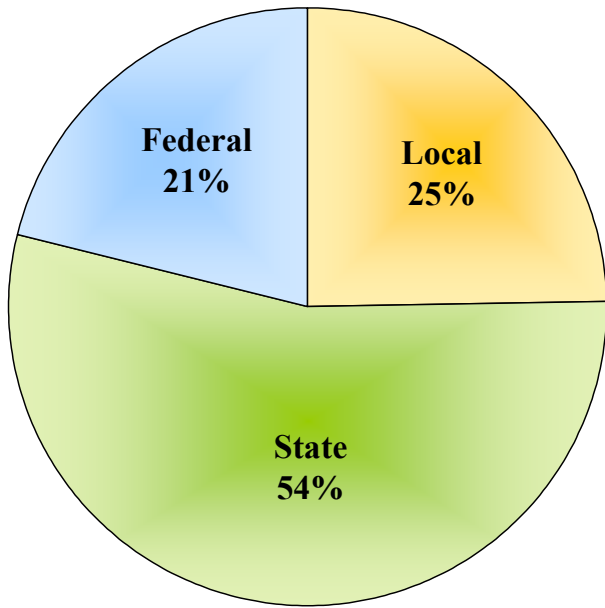
School bonds are money that a district borrows to pay for capital expenses, such as building new schools. In South Carolina, as in most states, voters approve these loans at the ballot box. Bonds are repaid over a number of years through taxes.

In South Carolina, school districts can borrow, by law, 8% of the assessed value of property within the school district to pay for capital projects *without a public vote*. If a school board wishes to fund a capital project that costs more than the 8% cap allows, they must ask the public to approve a bond referendum.

Bonds allow the District to complete a project now and get full use of the investment while gradually paying back its cost. Issuing a bond for schools is a lot like the way many families buy their homes – taking out a loan today and repaying it over time.

The passage of a bond referendum will result in an increase in property tax over the life of the bond. For every mill increase there will be a \$4 increase on residential property tax and a \$6 increase on business and rental property tax.

AIKEN COUNTY PUBLIC SCHOOLS TOTAL OPERATING REVENUE BY SOURCE



Local		
Total	\$50,401,815	25%
Property Taxes	\$44,094,124	22%
Fees in Lieu of Tax	\$3,980,000	2%
Food Service/Other	\$2,327,691	1%

State		
Total	\$110,674,448	54%
EFA Allocation	\$46,481,323	22%
Property Tax Relief	\$25,391,382	12%
Fringe Benefit Allocation	\$20,629,910	10%
EIA Allocation	\$13,404,577	7%
Lottery Allocation	\$1,412,300	1%
Bus Driver Allocation	\$1,168,869	1%
Other	\$2,186,087	1%

LOCAL FUNDS

No operating taxes are paid on primary residence as a result of ACT 388. School *operating millage* is borne by businesses and secondary residences.

Aiken	138 mills
Lexington 1	247 mills
Lexington 2	149 mills
Lexington 3	252 mills
Edgefield	189 mills

STATE FUNDS

This is the original state budget and does not reflect the 4.04 % budget cut in September 2009 or the 5% budget cut in December 2009. The cuts have resulted in the loss of nearly \$6 million from the school operations budget. More cuts are anticipated before the end of the 2009-2010 school year.

FEDERAL FUNDS

140 teaching positions were saved in Aiken County due to Federal Stabilization Funds in the 2009-2010 school year. Federal Stimulus funds were provided for IDEA and Title I projects. These funds were used to create or retain 44 instructional positions.

Federal		
Total	\$42,849,987	21%
Title I (for low income)	\$7,576,983	4%
IDEA (for special needs)	\$5,341,185	3%
IDEA/Title I Stimulus Allocation	\$12,358,962	6%
Federal Stabilization Allocation	\$6,889,523	3%
School Food Service Allocation	\$6,662,076	3%
Other Federal	\$4,021,258	2%

TOTAL REVENUE	\$203,926,250	100%
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HISTORY OF SCHOOL FUNDING IN S. CAROLINA

In the early 1920's, S.C. reserved property tax for counties, municipalities, school districts and other local entities. In 1951 the state enacted a 3% tax on retail sales, and increased it to 4% in 1969. Dedicated to public education, this sales tax more than doubled school funding. In 1985 as a result of the Education Improvement Act the tax rate was increased to 5%.

Until 2006, the state helped fund schools through a combination of sales, income and miscellaneous tax while schools districts relied almost entirely on local property tax for their share.

In 2007 Act 388 and a constitutional amendment eliminated property tax on owner occupied housing for school operating expenses and replaced it with a 1% increase in statewide sales tax, established a cap on local property tax millage increases and imposed a 15% cap on increases in property tax assessment.

Swapping property tax revenue for the volatile sales tax revenue has reduced available funding to school districts during this time of recession. Budget shortfalls are projected to continue through 2015.

FACTS ON SCHOOL SPENDING IN AIKEN COUNTY

PER PUPIL SPENDING

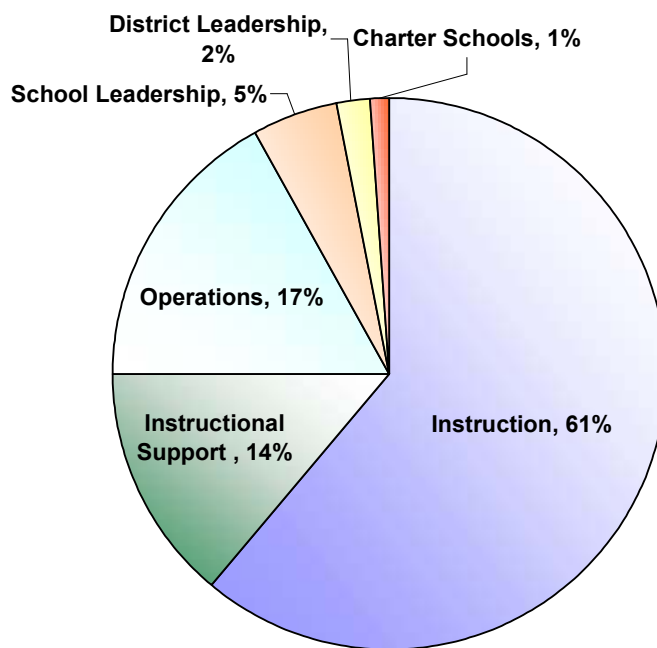
Aiken County spends, on average, \$8,040 per pupil compared to the state average of \$9,162. This places Aiken County's per pupil expenditure in the bottom 10% of districts across the state.

OPERATING BUDGET SPENT ON ADMINISTRATION

Aiken County spends only 7.54% of its operating budget on administration compared to the state average of 8.37%. This is a lower expenditure than 80% of districts across the state.

* data from budget year end 2008

PERCENT OF SCHOOL DISTRICT OPERATING EXPENSES BY CATEGORY



Administration (*shown as District and School Leadership*) includes principals, assistant principals, superintendents, assistant superintendents and directors of programs.

Operations includes school food service, maintenance and custodial staff, transportation, property insurance, utilities, janitorial supplies, data processing, school security and fiscal services.

Instructional Support includes guidance, health services, libraries, curriculum/instruction improvements, career specialists, attendance and speech & hearing services.

YOU HAVE A VOICE

Just as knowledge is power for Aiken County students, staying informed about school budget issues throughout the year is your first step to being an advocate for fair and adequate school funding in Aiken County.

State legislative and congressional decisions regarding education are often in the news and the topic of many popular e-news articles and websites. Attend school Board Meetings and keep up with your local politicians' voting records. Most importantly, use that knowledge when you have the opportunity to VOTE on issues that affect public education.

BUDGET CALENDAR

November– February

Monitor revenue, analyze expenditures, gather budget information from schools. *House Ways and Means Committee develops State Budget.*

March– April

School Board holds a budget workshop. Preliminary budget presented to School Board. *State Senate subcommittees review budget issues.*

May

Tentative budget presented to School Board & advertised in newspaper.

June –July

Budget hearing held 2 weeks before approval final budget. *State Legislature approves State Budget*

School Fiscal Year Begins (July 1)

TIPS FOR WRITING A LETTER OR E-MAIL

You may wish to express your opinion to the Board of Education, legislators, or to news media. Here is a format to communicate your message clearly:

- **Keep it brief– one page. Letters to the editor at newspapers should be no more than 250 words.**
- **Stay on track– one issue or topic per letter.**
- **3 big points– choose your three strongest, most persuasive, reasons to support your position.**
- **Clearly state what you want done or a recommended course of action.**
- **Make it personal– use real life stories to tell how your issue will directly impact your community or your children.**
- **Thank them for taking the time to read your letter.**
- **Give contact information– include your full name and address so that elected officials will know that you are one of their constituents. List a phone number in case they want to contact you.**

RESOURCES FOR MORE INFORMATION:

Public Education Partners

www.PublicEdPartners.org
803-649-9040

Aiken County Public Schools

www.aiken.k12.sc.us
803-641-2428

South Carolina Department of Education

<http://ed.sc.gov/>
803-734-8500

United States Department of Education

<http://www.ed.gov/>

South Carolina Legislature

<http://www.scstatehouse.gov/>

United States Senate

www.senate.gov

United States House of Representatives

www.house.gov

Special thanks to the Aiken County Public School District Comptroller.