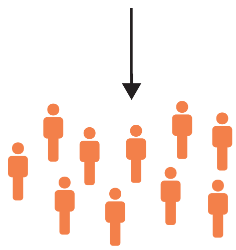
South Carolina School Finance:
How it works

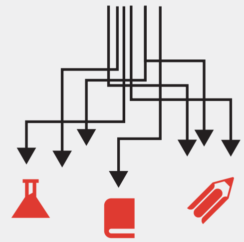
PARTLY STUDENT-BASED
(Through the Education Finance Act)

Funds distributed to districts according to the needs of students.

MOSTLY PROGRAM-BASED
(Through the Education Improvement Act, Restricted State Funding, and other funding streams)

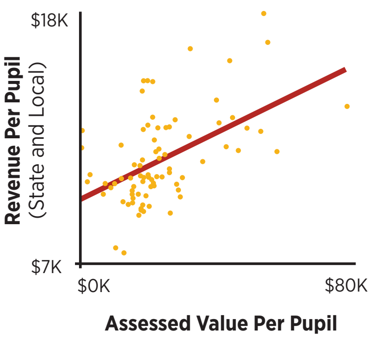
Numerous categorical programs allocate dollars with strings attached. They are assigned to specific purposes, such as summer reading camps and teacher supplies.





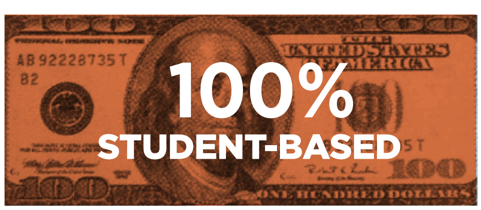
The problem with restricted funds?

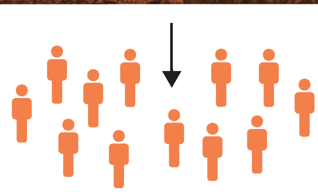
- Complicated to administer
- School officials can't target spending to student needs
- Little freedom to innovate
- Lack of transparency



The Alternative:
Give local leaders autonomy over how dollars are spent

- Allocate all dollars based on student needs
- Easy to understand and transparent funding formula
- Flexibility for districts to align spending with student needs
- Create robust system of financial transparency including school-level reporting





South Carolina policymakers should emulate California's Local Control Funding Formula (LCFF)

In 2013, California streamlined most of its categorical programs into a simple weighted-student formula.

By 2015- 16, district funding became the most equitable that it had ever been.[2]

District officials moved from a "categorical mindset" in which budgeting is focused on compliance toward one based on local needs.

82% of California superintendents agree that the LCFF led to greater alignment among goals, strategies, and resource allocation decisions.[3]

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1. Calculations based on 2017-18 data obtained from South Carolina Department of Education website.
2. "The Steep Road to Resource Equity in California Education." The Education Trust-West, 2017.
3. Julie A. Marsh and Julia E. Koppich, "Superintendents Speak: Implementing the Local Control Funding Formula (LCFF)." Local Control Funding Formula Research Collaborative, 2018.