

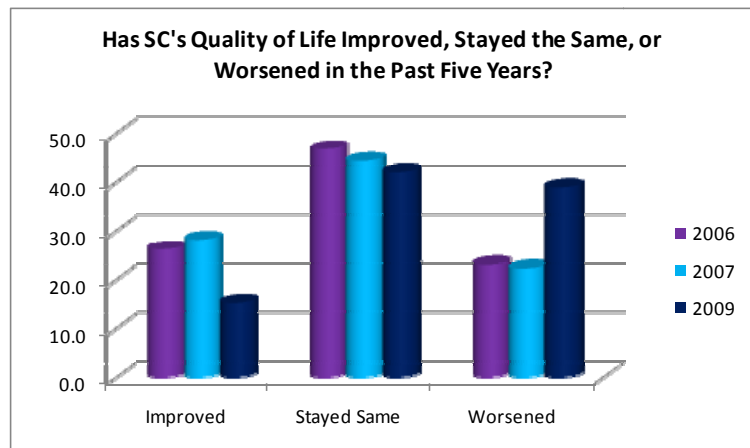
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Education in South Carolina: A Capital Investment for All

Donna London and Jeff Parkey

HOW ARE WE DOING?

South Carolinians surveyed for *The Self Portrait* consistently rank education as the second most important issue facing the state over the next ten years. As expected, the economy weighs most heavily on the minds of the state's people. With immediate economic concerns at the household level and structural changes underway in the way we pay for education and other services in the state, one of the predominant questions is how can South Carolina achieve educational quality that moves the state beyond minimum requirements and into a position of readiness for the global economy?



The Self Portrait: How Are We Doing in South Carolina? is a twice-a-year telephone survey of South Carolinians. It has been conducted since 2006 by the Jim Self Center on the Future at Clemson University in collaboration with the Survey Research Laboratory at the University of South Carolina.

The economic downturn likely affected South Carolinians' response to the question, "Has South Carolina's quality of life improved, stayed the same, or worsened in the past five years?" To different degrees, all segments of the population are affected by unemployment, cutbacks in public and private service levels, or reductions in investment portfolios. At 52.8% and 52.9%, respectively, blacks and respondents in the <\$25,000 income bracket were the most likely in 2009 to say that quality of life had worsened.

In late 2008, 52.7% of the respondents said that they were financially worse off than the previous year. During this same time, 62.5% said that they were somewhat or very concerned about paying their bills over the next year.

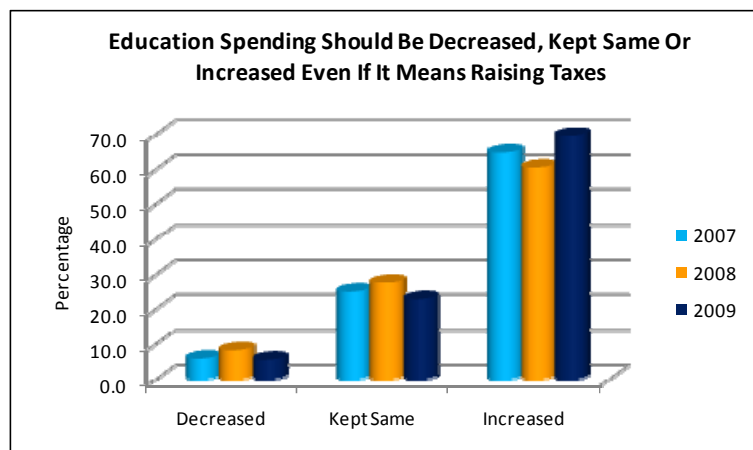
EDUCATION: A CAPITAL INVESTMENT

In the Jim Self Center on the Future publication, *Financing Education in South Carolina*, Ulbrich and Saltzman (2009) note that well educated citizens typically earn more. They also tend to spend more. Better education leads to a more competent workforce and an important enticement for industry to locate, and to stay.¹ With improved education, more and better economic activity results, accompanied by enhanced job prospects for workers, improved earning potential, and greater personal prosperity. The connection between education and economic growth equates to capital—human capital.

The Southern Growth Policy Board, a policy research organization that studies the global economy and encourages public-private partnerships for economic development in the South, echoes this assertion. A report from 2002 notes that a region's economic performance "...can rise no higher than the sum of the knowledge of its people," and goes on to warn that "the level of educational achievement that we settle for establishes an absolute upper limit on our economic prosperity."²

South Carolinians' support for increased spending on education in the middle of an economic downturn reinforces the idea that investments in education equal investment in quality of life. *Self Portrait* surveys conducted between 2007 and 2009 reveal that many South Carolinians think K-12 education is so important that they would support a tax increase to pay for an improved education system.

While over 60% of respondents have consistently supported increased spending, an all time high of 70% support was reached in mid 2009. From 2006 to 2009, amenity factors declined in favor of financial factors as the most important factors in choosing where to live. In both surveys, however, participants most consistently rank 'good schools' as one of the most important considerations in choosing a place to live. The connection between education and prosperity is clear to South Carolinians.



¹ Ulbrich, H., and E. Saltzman. (2009) *Financing Education in South Carolina: A Citizen's Guide*, Strom Thurmond Institute for Government and Public Affairs, Clemson University.

² Clinton, J., et al. *The Mercedes and the Magnolia*. Southern Growth Policy Board, 2002.

PAYING FOR EDUCATION

Simply applying more dollars to the education system will be of little long-term benefit unless the funding is sustainable and there is consideration of where these funds originate, how they fit within the entire taxation system, and how they are distributed. As Ulbrich and Saltzman report, recent property tax relief is shrinking the revenues available for education. While the numbers indicate that state spending on education has increased since the mid 1990s, this funding did nothing to increase the money that actually goes to the schools. State spending only replaced the property taxes formerly paid by homeowners.

Per-child spending on education is dependent on where a student lives in the state and whether their jurisdiction has a large or small tax base. This *have vs. have not*s question was the subject of the 1993 *Abbeville v. South Carolina* lawsuit, which resulted in additional spending for early childhood education. Still, it left the equity question unanswered. This case again is under appeal. Essentially, schools in South Carolina are funded the same way they were almost 40 years ago with the 1977 Education Finance Act (EFA) as the primary tool for equalizing funding among school districts. Today, the EFA represents less than a quarter of the combined state and local funding. federal funds, the state lottery, Education Improvement Act monies and grant funds support targeted activities but do not accommodate fundamental operations.

THE GAPS

The United States Census Bureau estimated that in 2006, about 22.6% of South Carolinians age 25 and over held bachelor's degrees. The percent of the nation's population age 25 and over holding bachelor degrees for the same year was 37.2%. This situation could represent a marked disadvantage for the state as it seeks more engagement in the global economy.

On other fronts, achievements are evident. The on-time high school graduation rate has improved. South Carolina is one of the five fastest improving states in SAT and ACT scores. We rank in the top half of State in Advanced Placement participation and passage. According to the 2007 "Nation's Report Card", we have improved in science and math test scores.

In spite of all of the accomplishments, there are notable gaps in how different demographic and socioeconomic sectors perform in the rankings. Our 42nd and 41st respective rankings for fourth and eighth grade students indicate that reading at grade level remains an issue. South Carolina School Superintendent Jim Rex continues to push for better results, but as he noted in *The State*, "improved numbers are always positive, but we can't be satisfied..."³

There is much work to do. When it comes to basic education, no longer can we condone and afford two educational systems, one for the financially stable communities and a different one for the impoverished communities. It does not work for the kids, does not work for the health and well-being of the communities, and does not work for the state's future in the new economy. The evidence and research is irrefutable that if we do not meet the basic education needs of our children, the foundation for higher education and a healthy and prosperous future for South Carolina are diminished.

³ S.C. graduation rate climbs out of basement to 66.3%. *The State*, 06/09/09.

The new economy requires an educated and trainable workforce. South Carolina risks losing future economic growth opportunities if we let this basic education component slide. Yes, we are wounded by the current economic situation and the recovery period ahead. Due to funding cuts, there is no question that difficult choices will be the order of the day. *Self Portrait* results indicate that our citizens know the value of education and the tough economy only underscores the importance of cultivating our homegrown talent and insight. They indicate a desire to meet this challenge with their pocketbooks.

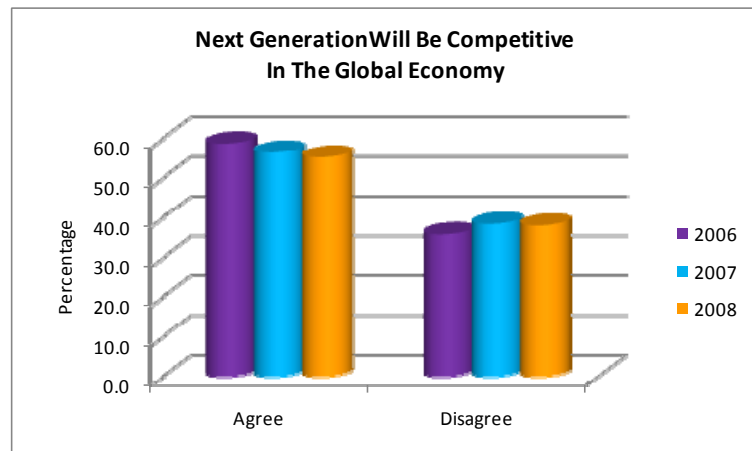
INVESTING IN OUR FUTURE

This recovery period is the time to put school funding reforms in place so that residents, business and decision makers will be committed to a strong education system that is financially sustainable and available to all of South Carolina's children. Taking a long term and strategic view, prioritizing investment in our children will bring value to our state well beyond the dollars spent. Time is passing, however, and delays equate with steps back.

As they look to the future, most *Self Portrait* respondents believe that the next generation of South Carolinians will be able to compete in the global economy of the 21st century.

To compete and to thrive, however, requires knowledge and ideas – the outcomes of educating and awakening bright, entrepreneurial minds. South Carolinians have indicated their priorities and their

readiness to build a future for the state in which growth and education go hand in hand. At a time when pessimistic outlooks could be the norm, South Carolinians are willing to forego near-term and personal financial gains in exchange for prioritizing education and long-term investment in an enhanced education system.



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