

New proposal would restructure state education funding

By Lee G. Healy

lee.healy@shj.com

Published: Saturday, October 27, 2012 at 8:24 p.m.

State education groups are backing a collaborative plan that, if approved, would restructure education funding in South Carolina. The groups aim to take the plan to lawmakers during the next Legislative session in an effort to reduce property taxes and streamline spending.

Representatives with the South Carolina School Boards Association (SCSBA), South Carolina Association of School Administrators (SCASA) and South Carolina Association of School Business Officials (SCASBO) say the proposal they're calling the "South Carolina Jobs, Education and Tax Act of 2013" is the most comprehensive plan for education tax reform to date and hope it's one state lawmakers will wholly embrace.

"We're going to be working really hard to keep this together as a package deal," said Scott Price, SCSBA general counsel.

"This plan has something in it for everyone that will make it work," added Debbie Elmore, SCSBA director of communications. "But it is a package deal. If you take pieces out, it doesn't work."

Local educators agreed with the push for reform and say the overall plan looks good, in theory. However, most expressed concerns that the idea could crumble if not executed properly, both now and years into the future.

The proposal reduces and levels the tax levies in all 85 school districts to a uniform 100 mills, which would be collected by the state and redistributed according to the proposed funding plan. The revenue the schools lose through the tax cut would be

replaced by state money. The education groups are leaving it to lawmakers to determine how that money is generated.

Local governing bodies (school boards in Spartanburg County) seeking to raise additional revenue would be given the authority to levy taxes each year of up to 8 percent of the assessed value of taxable properties within their bounds. Boards could also seek voter approval to raise taxes with a referendum.

The 100 mill cap would lower taxes for all South Carolina districts except three (Georgetown, Charleston and Beaufort). The total effect would be a statewide property tax reduction of roughly \$604 million for businesses, vehicles and rental properties. The plan continues to exclude any tax on homestead/owner-occupied properties for school operating expenses, as required under Act 388.

For taxpayers in Spartanburg County, proposed savings among the seven school districts totals more than \$57 million.

“I think this has tremendous potential because it is a huge rollback of taxes on local businesses,” said Spartanburg District 4 Superintendent Rallie Liston. “I think people need to take a huge look at this as far as what it would do for reducing taxes.”

This copy is for your personal, noncommercial use only. You can order presentationready copies for distribution to your colleagues, clients or customers here or use the

"Reprints" tool that appears above any article. Order a reprint of this article now.11/13/12
www.goupstate.com/article/20121027/ARTICLES/210271021?template=printart

www.goupstate.com/article/20121027/ARTICLES/210271021?template=printart 2/2

The plan would also streamline funding for school districts. The roughly 70 funding streams funneling from the state to South Carolina school districts would be consolidated into 12.

“It's totally confusing,” said Columbia economist Harry Miley, who worked as a consultant on the funding plan. “It's very, very difficult to account for, and difficult for

the public to monitor what's going on.”

These consolidated revenues, combined with money from the 100 mills and other state funds, would be redistributed to districts based on individual need. Districts would receive a “base student funding” amount for each student. Students with greater need (poverty, disabilities, gifted and talented, etc.) would receive more funding.

“It says regardless of where you live, you get an equitable chance at education,” Liston said. “Conceptually, I would certainly support anything that gives money from the state on a per pupil basis, regardless of where a child lives. That takes away the inequities ... Money is not the only determinate, and we understand that. But with all things being equal, we need to have a starting point.”

Planners say that state leaders would need to find roughly \$612 million to make up the difference between what current millage rates generate statewide and what the 100-mill levy would generate. They'll need another \$335 million to ensure that no district gets less funding under the new plan than what it currently receives — a piece they're calling “hold harmless.” In Spartanburg, districts 1, 3, 5 and 7 would receive these “hold harmless” dollars, which would be phased out slowly over 25 years.

Spartanburg District 5 Superintendent Scott Turner said that while there are inequities with the current funding system, he worries about relying on the state to distribute revenues that make up a significant portion of local budgets.

“I don't trust sending all the money to Columbia and for them to redistribute it,” Turner said. “If they want to help districts that do not have the assessed value to run their schools, the state needs to step in to support them.”

“The greatest concern is the trust factor,” added Spartanburg District 3

Superintendent Jim Ray. "You'd have to turn your entire budget over, and you'd have to trust the general assembly with the hold harmless."

Backers said the plan will make the funding system more transparent and put districts on a relatively equal playing field. They said it's the answer to a challenge posed by the Legislature in years past to bring a plan for tax reform to the table.

Rep. Rita Allison, R-Lyman, served on a tax reform committee last year and hopes to again in the next session. She said that lawmakers can't look at comprehensive tax reform without factoring in education.

"We do feel like education funding must be a part of any comprehensive tax reform," Allison said. "One of the things I think you will see is that the tax reform committee will be looking at education reform funding because it's such a vital part of our tax system."

Copyright © 2012 GoUpstate.com — All rights reserved. Restricted use only.