South Carolina School Boards Association (SCSBA)
South Carolina Association of School Administrators (SCASA)
South Carolina Association of School Business Officials (SCASBO)

SCJET: a plan to restructure education funding

The state levies a uniform millage (SUM) rate of 100 mills on all taxable property (does not include homestead property) statewide in each school district. Millage rates currently vary across the state, ranging from more than 300 mills in Hampton Two to about 90 mills in Beaufort County. Lowering the millage rate would provide more than $600 million in tax relief to businesses, industries and other non-owner occupied properties (automobiles, boats, etc.) in nearly every school district of the state. It would also provide the following:

- a level “playing field” for school districts to recruit and encourage business and economic growth
- a stable and sound revenue source for schools to better manage budgetary dips in the economy
- limits on the local government’s ability to negotiate away school property taxes through business incentives such as fee-in-lieu of taxes (FILOT) and multi-county parks

About three school districts currently levy less than 100 mills. Funding for these districts would remain at their current levels but would gradually need to increase to 100 mills through a phase-in process over time.
All other state revenues including Education Finance Act (EFA) funding, FILOT, Homestead Exemption Fund (HEF), some of the Education Improvement Act (EIA) funds that are not allocated on a per pupil basis and other state funds are combined or rolled up into one. This would simplify funding to districts by reducing about 70 separate state funding sources to 12 and allowing districts more flexibility to use the funds for programs and services that best meet the needs of their students.

Reducing millage rates to 100 mills will require the state to balance or make up the difference between what is now generated by property taxes statewide for schools and what the reduced SUM would generate. This is estimated to be about $600 million.

**Base student funding (BSF)** are the state funds allocated to every school district for each student they educate. The amount is estimated to be about $5,400 per student and is determined by totaling all of the state funds and dividing it on a Weighted Pupil Units (WPUs) formula. WPUs are weightings assigned to students for various factors including grade level, poverty, gifted and talented, special needs and more. SCJET combines currently used WPUs and those that are recommended by the South Carolina Education Oversight Committee (EOC).

To ensure that those districts currently spending more than the estimated $5,400 BSF do not receive less funding than they currently receive, it will be necessary for the State to provide transition or hold harmless funding. This is estimated to be about $340 million.

Funding for education programs not included in the rollup funds (see number 2) are retained as separate, categorical funds. These are funds are not allocated based on a per pupil basis and include things such as transportation, national board teacher certification stipends, retiree insurance and 4K.

Local school boards would have the authority to levy local millage of up to 8% of the assessed value of taxable property, excluding owner-occupied property (4%) as required by Act 388, to fund district operations above what the state allocates. This is similar to the authority boards now have to funding capital expenses (8% constitutional debt limit).

Local school boards wanting to go above the 8% limit would be required to call for a referendum seeking voter approval. If approved, the property tax millage would apply to ALL property including homestead or 4% property, which is the same as local referenda under the constitutional debt section.