One Size Does Not Fit All
DISTRICT STRUCTURE
Examples of county-wide
Examples of multi-district
FISCAL AUTHORITY

LIMITED AUTHORITY
- To exceed millage rate limit approval from:
  - Referendum
  - County Council
  - Legislative Delegation
  - County Board
  - Special Law

FISCAL AUTONOMY
- Majority vote by school board

NO AUTHORITY
- Budget/millage approved by:
  - Legislative Delegation
  - Town/Citizens
  - County Council

STATUTORY CAP
Districts’ Mill Value

- Highest value > $2.3 million
- Lowest value < $20,000

S.C. School Districts
Understanding your District’s Finances

Annual Operating Budget

Capital Improvement Budget
Types of Funding

Annual Operating Budget

- LOCAL REVENUE
- STATE REVENUE
- FEDERAL REVENUE
LOCAL REVENUE -- PROPERTY TAXES

★ Non-owner occupied property is the driver (Act 388)
  ○ 100% of Fair Market Value of owner-occupied homes exempt from property taxes for school operations. Prior to Act 388, 50% of homes were already exempt due to $100,000 exemption.
★ Property taxes collected for school bonded debt are NOT exempt
★ School districts are reimbursed from the Homestead Exemption Fund (HEF) funded by sales tax collections (hasn’t kept pace in many districts)
★ Subsequent years, aggregate reimbursements are increased by Consumer Price Index plus population growth in the state.
★ Reassessment cap limited to 15% increase in five years
Millage Rate Increase Limitation FY 2008-FY 2019
Blue = CPI (Inflation) Factor
Green = Population Growth Factor

S.C. School Districts
STATE REVENUE

★ EFA – Education Finance Act - 1977
★ EIA – Education Improvement Act – 1984
1 cent sales tax
★ Grants – Formula Grants and Competitive Grants
EFA

★ Primary funding formula
★ Based on:
  ○ Number of students in each district
  ○ Students related weighting
  ○ Base Student Cost (BSC) per student
  ○ State total pupils
  ○ Wealth factor known as the Index of Taxpaying Ability
An increase of $4 in 11 years!

FY 2007–2008
BSC = $2,476

FY 2018–2019
BSC = $2,480
STATE REVENUE

BSC is only one of about 50 line item funding sources:

- Reading coaches
- Teacher supplies
- Professional development
- Fringe benefits
- Bus driver salaries
- National board certified teachers
- Property tax reimbursements
- Student transportation
- Adult education
- At-Risk student learning
- Etc., etc., etc.

❖ Many line items are distributed using different funding formulas:
  ➢ Per student
  ➢ Test scores
  ➢ Poverty level
  ➢ Other measures

❖ Many come with mandates for spending
  ➢ Teacher salaries
  ➢ Fringe benefits
FEDERAL REVENUE

★ Formula Grants

★ Competitive Grants

★ Almost all Federal dollars come with stipulations
Funds are much like separate bank accounts with separate rules and regulations.

- General Fund
- Special Revenue Fund
- Capital Projects Fund
- Student Activity Funds
- Food Service/Enterprise Funds
- Debt Services Fund
Working with your CFO...

when one size does fit all
Was your annual audit submitted to the State Department on time?

★ What reportable findings, if any, arose from the annual audit?
★ Was a Management Letter issued as part of the annual audit?
  ○ What were its findings?
Maintaining your facilities

★ Does your district conduct regular facilities studies/analyses?
★ How much is your District’s 8% borrowing capacity?
★ How do you fund maintenance?
  ○ Operating Budget?
  ○ 8% Borrowing?
Operating Budget
Paycheck

8%
Credit Card

Referendum
Mortgage
General Fund Budget Fund Balance

• What percentage of your General Fund Budget is your fund balance?
• Is there a Board Policy addressing the size of the fund balance?
• How many days of operations will the fund balance cover?

❖ Why important?
➤ Sound financial practices
➤ Credit rating for borrowing
➤ Avoid Tax Anticipation Notes
➤ State Department actions
Current legislative proposals
Start with:

★ Act 388 is here to stay.
★ Uniform millage rate is dead.
H. 3759

★ 84-page bill
★ Funding plan to follow policy plan
  ○ Being developed by Frank Rainwater, Chief Economist
★ Combining funding sources into 5 or 6 categories
★ Based on actual expenditures across the state
Funding proposals

★ 5% salary increase for teachers
★ Base Student Cost proposals
  ○ $10 increase
  ○ $162 increase
  ○ No increase
★ Rural Economic Development fund of $100 million
Good funding plan:

★ Transparency
★ Simplicity
★ Equitable
★ Adequate (additional funding or it’s just reordering the winners and losers)
Questions?