

Class Is In Session: Inside the State K12 Budget Process

SC School Boards Association

December 6th

South Carolina School Boards Association

Charleston, SC

Grant Gibson, SC Senate Finance Committee Staff

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The 2nd regular session of the 122nd South Carolina General Assembly has adjourned pursuant to the provisions of H. 5383, the *Sine Die* Resolution.

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Senate Meeting Schedule

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TODAY, November 5

No Meetings Scheduled

Thursday, November 8

• 10:00 am
Corrections and Penology
Subcommittee
Gressette Room 308
[Agenda Available](#)

Monday, November 12

• 10:00 am
Judicial Merit Selection
Commission Public
Hearings
Gressette Room 105
[Agenda Available](#)

Tuesday, November 13

House Meeting Schedule

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TODAY, November 5

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Monday, November 12

• 10:00 am
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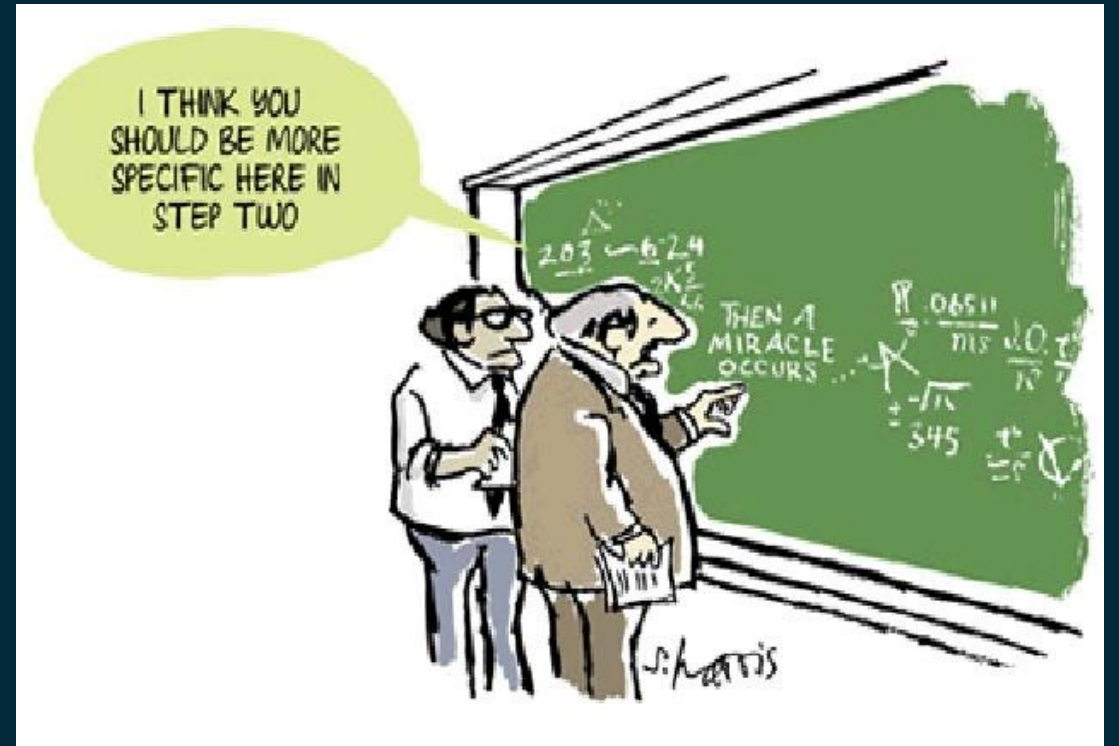
Session

- Annual sessions begin the second Tuesday in January and adjourn sine die not later than 5:00 P.M. on the second Thursday in May, unless an extension is approved by two-thirds vote by both the Senate and House.
- Annual sessions are often referred to as legislative sessions.
- Sine die is a Latin term meaning without day. The term sine die is used to indicate final adjournment.
- A General Assembly session comprises two annual sessions beginning on the odd year. For example, the 125th General Assembly took place during the 2023 through 2024 annual sessions. The 126th General Assembly will comprise the 2025 through 2026 annual sessions.



The Budget Process

- Some believe it is a black box.



The Budget is a Bill,
and All Bills Go Through the Same Process.

Input → **BLACK BOX** → **Output**

A flow diagram illustrating a process. It starts with the word "Input" in bold black font. An arrow points from "Input" to a solid black rectangular box. Inside this box, the words "BLACK BOX" are written in bold white capital letters. Another arrow points from the right side of the black box to the word "Output" in bold black font.

The Annual Budget is Just Another Bill

(but it must be enacted by July 1st for State Government to operate
and gets “Masthead Status”)

A69, R97, H4025

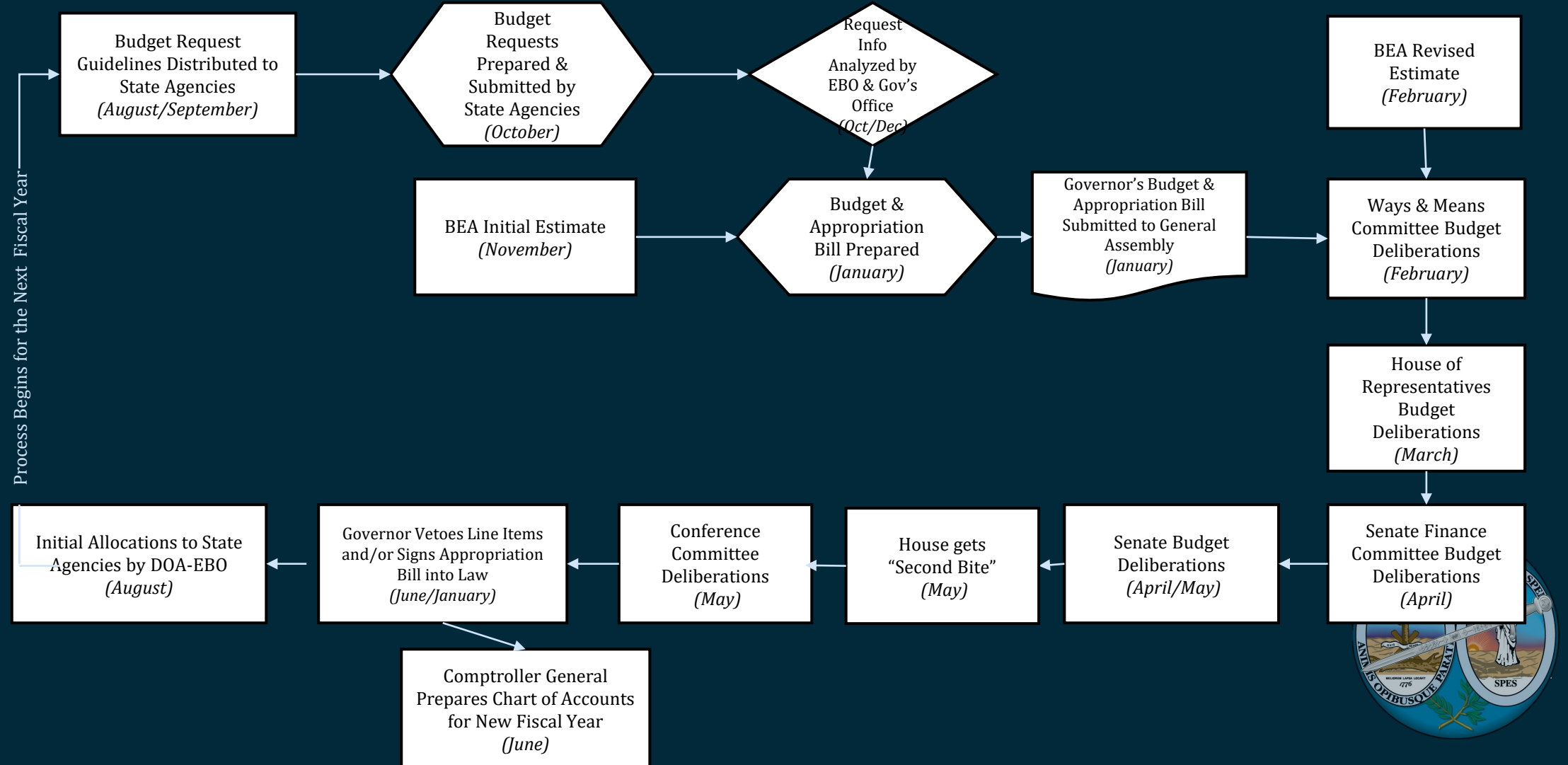
GENERAL APPROPRIATIONS ACT FY 2025-2026

**TO MAKE APPROPRIATIONS AND TO PROVIDE REVENUES TO MEET THE ORDINARY
EXPENSES OF STATE GOVERNMENT FOR THE FISCAL YEAR BEGINNING JULY 1, 2025,
TO REGULATE THE EXPENDITURE OF SUCH FUNDS, AND TO FURTHER PROVIDE FOR THE
OPERATION OF STATE GOVERNMENT DURING THIS FISCAL YEAR AND FOR OTHER PURPOSES.**

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA:



SOUTH CAROLINA'S STATE BUDGET PROCESS



The Annual Budget is the Most Important Bill Each Session

- If there is no budget enacted on July 1st (and no continuing resolution in place), the operations of state government stop.
- This bill funds the public school system for over 770,000 students and over 50,000 teachers.
- This bill funds a public higher education system of over 230,000 students.
- This bill funds a Medicaid system with over 1,600,000 subscribers.
- The bill funds the incarceration of over 16,000 inmates.
- The bill funds the SC State Health Plan which has over 524,000 subscribers (includes spouses and children).



South Carolina:

A “Legislative” State for the budget process.

- The Governor recommends a budget to the General Assembly, but there is no requirement for adoption of any elements.
- The Governor has line item veto, but some other states allow the Governor to reduce a budget line. South Carolina does not.
- Only with the passage of Act 121 of 2014 (S22) did the Governor have an Executive Budget Office. Prior to that date, the Budget and Control Board exercised authority to reduce the budget in mid-year due to shortfalls in revenues.

Constitutional Requirements for the Budget Process

- Article III, Section 15 – Bills that raise revenue shall originate in the House.
- Article III, Section 36 – General Reserve Fund, Capital Reserve Fund.
- Article IV, Section 21 – Directs that “objects and purposes” for appropriating money shall be displayed.
- Article X, Section 7 – Spending Limit and Limitation on the Number of Employees.



Passing a Budget and any Legislation is an Exercise in Clearing Hurdles

- Three readings in the House and Senate. First reading is the Bill's introduction. All readings must occur on separate days.
- For the budget, most of the detailed deliberation takes place after 1st reading and before 2nd reading in Committee.
- 2nd reading in each chamber is where open debate among all members occurs, and the base document used for debate is the House Ways and Means Committee or Senate Finance Committee recommended version.
- 3rd reading is usually perfunctory.
- Once all of this occurs in both bodies, differences are negotiated by a Conference Committee with 3 Senators and 3 House members. Must obtain 2 votes from each side. There is also complexity of high and low numbers as well as parsing language.
- If the Conference Committee reaches compromise on all differences, then both bodies must approve by simple majority the Report.
- Then, the bill becomes an Act and is submitted to the Governor who has line item veto authority over the budget.
- Each Budget Veto stands unless both chambers overrode the veto by a 2/3 vote.



Who are the Legislative Players in the Budget Process?

All members are paid \$10,400 per year plus ~~\$1,000~~ ???-per month for in district expenses plus per diem and mileage. Legislative session begins the second Tuesday in January and concludes the second Thursday in May. Session days are usually Tuesday –Thursday.

State Senate

- 46 Members of the Senate. Each member represents about ~~100,000~~ 111,000 citizens.
- There are 15 standing committees. Each member serves on 5 committees.
- 23 Members of the Finance Committee.
- Chairman designated by Senate Rule as most senior majority party member of the Committee and Committee membership chosen by seniority by party.
- Chairman assigns functional sections of the budget to subcommittees (e.g., K-12 Education), usually 3 or 4 members, and assigns a subcommittee chairman.

House of Representatives

- 124 Members of the House. Each member represents about ~~38,000~~ 41,000 citizens.
- There are 11 standing committees in the House. Each member serves on 1 committee.
- 25 Members of the Ways and Means Committee.
- Chairman chosen by membership of the Committee and Committee appointed by the Speaker.
- Chairman assigns functional sections of the budget to subcommittees (e.g., K-12 Education), usually 3 or 4 members, and assigns a subcommittee chairman.

Legislative Players in the Budget Process (2025) - **Public Education**

State Senate

- Senator Harvey S. Peeler, Chairman
- Senator Sean Bennett, Chairman of the Public Education Budget Subcommittee
- Senators Shane Martin, Greg Hembree, Kent Williams and Wes Climer members of the Public Education Budget Subcommittee
- Mr. Grant Gibson, staff to the Subcommittee

House of Representatives

- Representative Bruce W. Bannister, Chairman
- Representative Bill Whitmire, Chairman of the Public Education and Special Schools Budget Subcommittee
- Representatives Jackie Hayes, Chandra Dillard and Neal Collins members of the Public Education and Special Schools Budget Subcommittee
- Ms. Stephanie Meetze, staff to the Subcommittee

The Budget Before the Budget

- The Trust Fund for Property Tax Relief, the Homestead Exemption Fund, and Act 388 reimbursements are calculated and distributed to local governments. The source of funds for these local tax breaks are the 1% sales tax implemented statewide in 2007 (Act 388) and General Fund appropriations.
- Per statute, these calculations are made, and funds are distributed. Some of these accounts are listed in Section 115 of the annual Appropriations Bill. However, the source of funding for the Tax Relief Trust Fund is a subtraction from revenue as directed by statute.

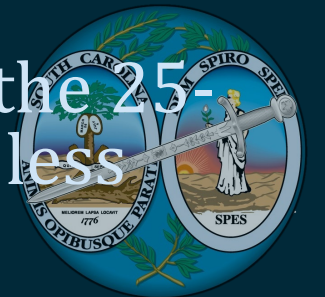


Important Point

Gross General Fund Revenue
MINUS Tax Relief Trust Fund =
Net General Fund Revenue

Each General Appropriations Bill inherently includes tax relief for South Carolinians, and certain categories grow every year.

Since FY95-96, various General Fund tax cuts enacted over the 25-year period cumulatively have resulted in over \$3 Billion in less annual collections.



Reserve Fund Bills

- S 1106 and H3346 increase the General Reserve Fund from 5% to 7% and the Capital Reserve Fund from 2% to 3%.
- There were Constitutional Amendment Questions on the November Ballot in 2022.
- Both measures passed



Capital Reserve Fund

SECTION 11-11-320. Capital Reserve Fund.

(C) Revenues in the Capital Reserve Fund only may be used in the following manner:

(1) In any fiscal year in which the General Reserve Fund does not maintain the percentage amount required by Section 11-11-310, monies from the Capital Reserve Fund first must be used, to the extent necessary, to fully replenish the requisite percentage amount in the General Reserve Fund. The Capital Reserve Fund's replenishment of the General Reserve Fund is in addition to the replenishment requirement provided in Section 36(A), Article III of the Constitution of this State. After the General Reserve Fund is fully restored to the requisite percentage, the monies in the Capital Reserve Fund may be appropriated pursuant to item (2) of this subsection. The Capital Reserve Fund may not be used to offset a midyear budget reduction.

(2) Subsequent to appropriations required by item (1), monies from the Capital Reserve Fund may be appropriated by the General Assembly in separate legislation upon an affirmative vote in each branch of the General Assembly by two-thirds of the members present and voting but not less than three-fifths of the total membership in each branch for the following purposes:

- (a) to finance in cash previously authorized capital improvement bond projects;
- (b) to retire interest or principal on bonds previously issued;
- (c) for capital improvements or other nonrecurring purposes.

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(2) Subsequent to appropriations required by item (1) After March first of a fiscal year, monies from the Capital Reserve Fund may be appropriated by the General Assembly in separate legislation upon an affirmative vote in each branch of the General Assembly by two-thirds of the members present and voting but not less than three-fifths of the total membership in each branch for the following purposes:

- (a) to finance in cash previously authorized capital improvement bond projects;
- (b) to retire interest or principal on bonds previously issued;
- (c) for capital improvements or other nonrecurring purposes.

Reserve Funds

GENERAL RESERVE FUND

- This is a cash account. The current level of funding is \$839,262,964. When fully funded, it equals ~~5%~~ 7% of the previous completed year's General Fund Revenue. The Fund may only be used as the close of a fiscal year to pay all obligations.
- On Line 90 of the Summary Control Document, you will see an increase for this account of \$99,695,200.

CAPITAL RESERVE FUND

- This is a budgeted account. The FY2025-26 Capital Reserve Fund is appropriated at a level of \$387,352,137. in H.4025, part of the spending plan for next year. Included in the FY2025-26 Appropriations Bill is the Capital Reserve Fund, funded at ~~2%~~ 3% of the previous completed year's General Fund Revenue. This account acts a safety net in the case of mid-year budget cuts before cash is used from the General Reserve Fund to close a fiscal year.
- Line 105, increase of \$17,568,255.

These two accounts are important because Bond Rating Firms want to see ample resources for states to pay obligations.

QUESTION: Why is an increase in the Size of the General Reserve Fund and Capital Reserve Fund Important?

ANSWER: Because an increase in the Size of the Reserve Fund means that it is less likely State Government will suffer a mid-year budget cut.

There are 3 Major Categories of Revenues



State General Fund Revenue – These revenues are generated in South Carolina through the tax system and may be spent in any fashion by the General Assembly.



Federal Fund Revenue – Almost all federal funds are categorical grants and have many strings attached.



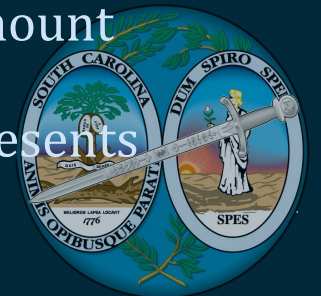
Other Fund Revenue – These revenues are primarily license fees (driver's license), transaction fees (tuition) or general tax dollars that are restricted and accounted for separately from the General Fund (Education Improvement Act Funds, Gas Tax Funds)

FY 2025-26 Appropriations

• General Fund	\$13,246,162,593*
• Federal Funds	\$12,487,697,316
• Other Funds	<u>\$13,426,560,958*</u>
Total	\$39,160,420,867**

*Net of \$814 Million required transfer to the State's "Tax Relief Trust Fund"; amount included in "Other Funds" above.

**SC Total Personal Income in 2024 is \$328.7 Billion. So, the State Budget represents about 11.9% of economic activity in SC.



General Fund Revenue – What do you need to know?

- General Fund Sales Tax is 4% (not to be confused with the EIA 1% of '84 or the Sales Tax 1% for the Homeowner Relief Fund – Act 388 of 2006).
- The Individual Income Tax Rates begin at 0% and go up to 6.0% of Taxable Income. South Carolina exempts more income from tax than neighboring states.
- The Corporate Income Tax Rate is a flat 5% of taxable income.
- Other Fund revenue sources include the insurance tax, beer and wine tax, alcoholic liquors tax, and dozens of other fees.



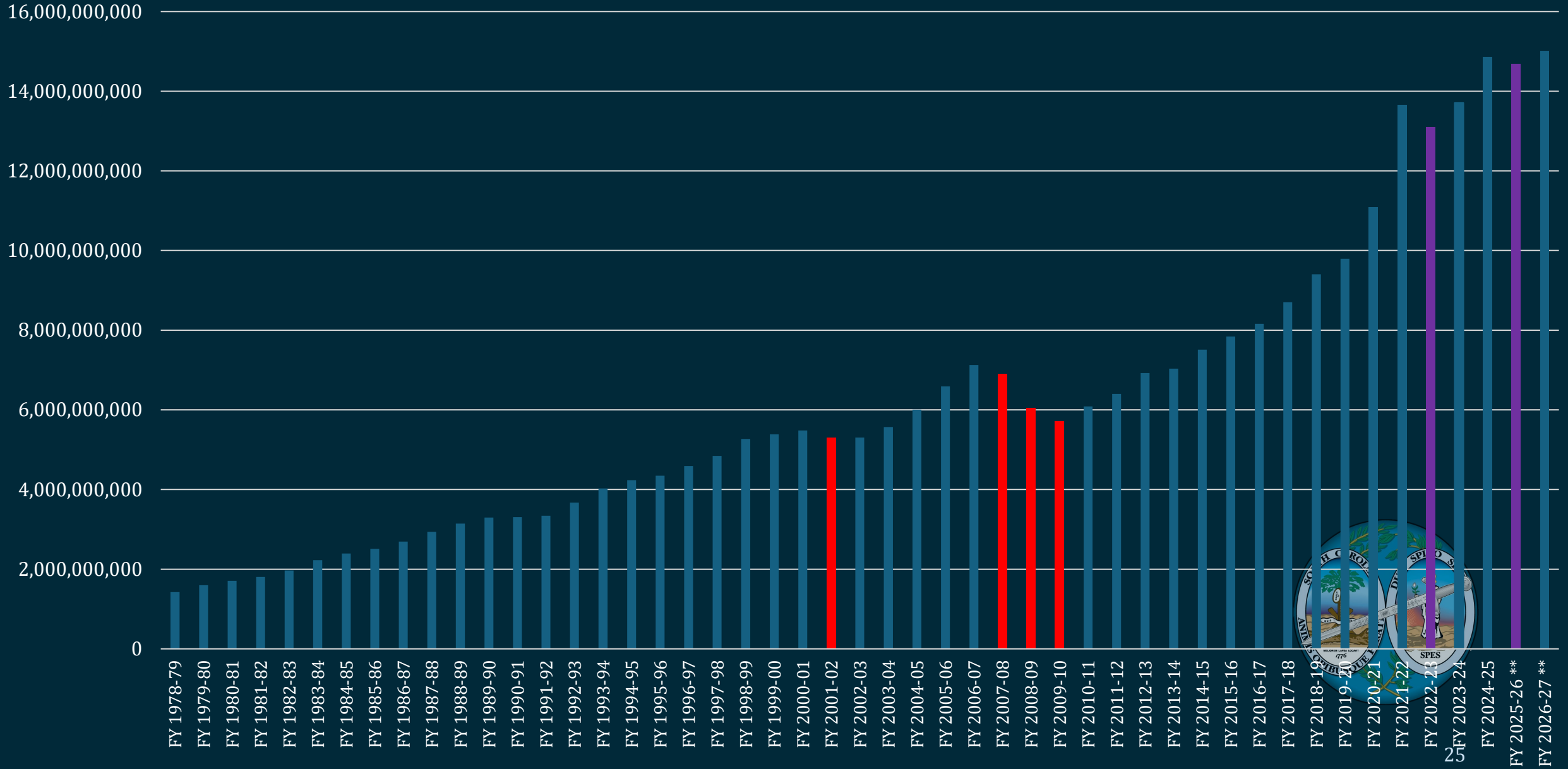
FY 2025-26 Gross General Fund Revenue*

• Sales Tax	\$5,086,141,000
• Individual Income Tax	\$6,226,288,000
• Corporation Income Tax	\$1,204,382,000
• Other Sources	<u>\$1,668,417,964</u>
TOTAL	\$14,185,228,964*

*Includes \$814,021,523 required by law to be transferred to the State's "Tax Relief Trust Fund" and thus not available for state operations and \$124,319,000 transferred to Recurring Appropriations.



Total General Fund Revenue

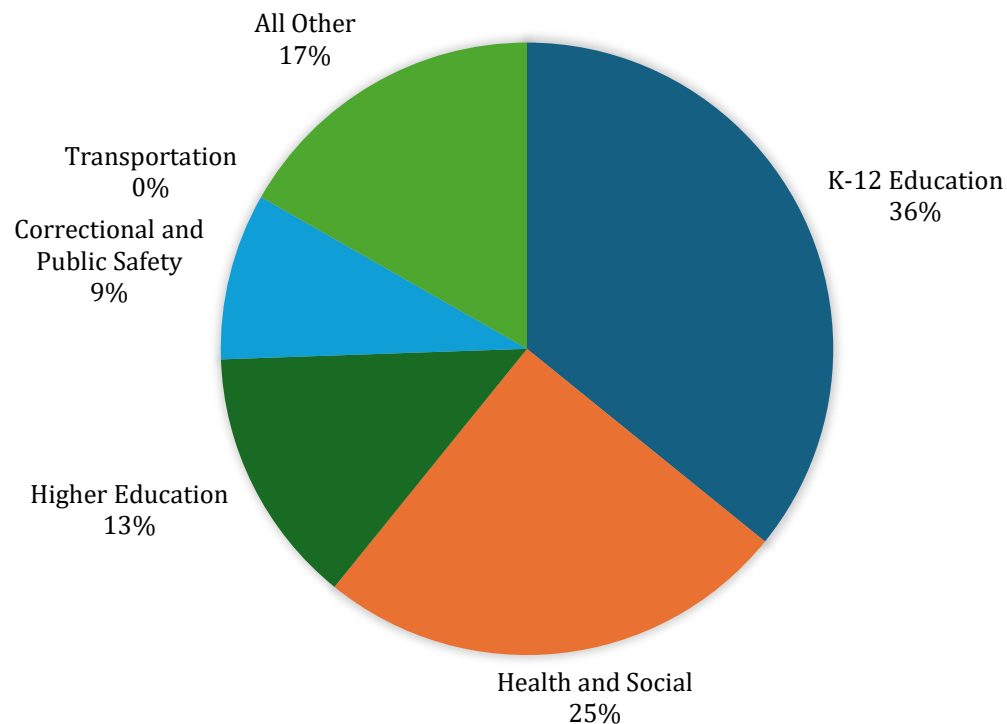


Where is the General Fund Money Spent?

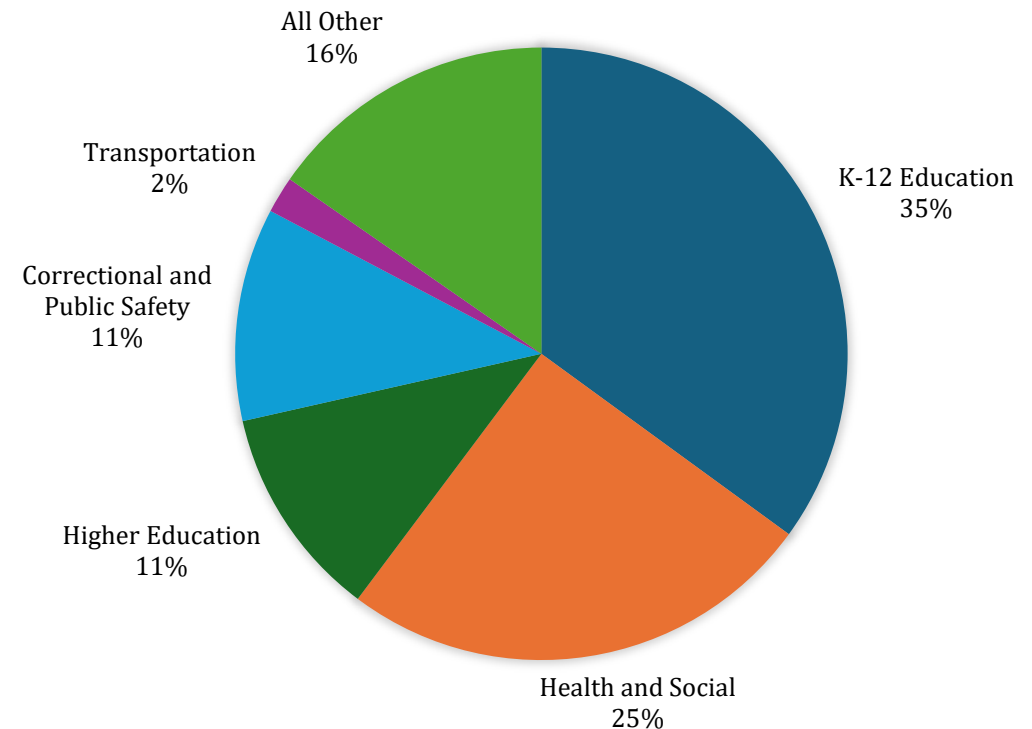
Pre and Post Great Recession

(General Funds only)

FY 2007-08



FY 2025-26



Top 10 Statewide Federal Revenue Sources Fiscal Year 1994-95 and 2024-25

Description	FY94-95		FY24-25		\$ Change
DHHS Medicaid (MAP) Assistance Payments	\$1,443,188,191		\$6,919,823,516		\$5,476,635,325
DSS Food Stamp Coupons	\$301,893,005		\$1,390,322,020		\$1,088,429,015
DOT Federal Grants	\$206,374,744		\$918,135,836		\$619,540,123
Universities Federal Grants and Indirect Cost Recovery	\$245,045,118		\$825,914,867		\$673,090,718
SDE School Food Services - District	\$93,806,685		\$521,885,042		\$428,078,357
SDE Chapter I - Low Income	\$87,104,395		\$306,970,263		\$219,865,868
SDE Title IV Part B Handicapped	\$29,305,979		\$237,620,849		\$208,314,870
DHHS Disproportionate Share (DISH)	\$93,746,470		\$222,710,628		\$128,964,158
State Housing Authority - Contract Administration	\$0		\$163,285,112		\$163,285,112
DSS Temporary Assistance to Needy Families	\$0		\$82,439,353		\$82,439,353
Totals	\$2,500,464,587		\$11,589,107,486		\$9,088,642,899

Top 10 Statewide Other Revenue Sources Fiscal Years 1994-95 and 2024-25

Description	FY94-95		FY24-25		\$ Change
Higher Education Revenues	\$428,475,336		\$ 4,674,871,027		\$4,246,395,691
Sales Tax - EIA	\$366,650,309		\$ 1,240,755,453		\$874,105,144
Homestead Exemption			\$ 1,137,040,264		\$1,137,040,264
Hospital Tax (Medicaid)	\$93,746,470		\$ 918,526,751		\$824,780,281
Gasoline Tax	\$214,376,940		\$ 794,680,299		\$580,303,359
Motor Vehicle Licenses & Fees			\$ 752,641,111		\$752,641,111
Lottery Proceeds			\$ 602,655,309		\$602,655,309
Medicare and Medicaid Reimbursements	\$375,563,268		\$ 280,972,715		-\$94,590,553
Cigarette Surcharge & Tobacco Master Settlement Agreement			\$ 84,027,127		\$84,027,127
Medicaid CPE			\$ 59,382,961		\$59,382,961
Totals (Top 10)	\$1,478,812,323		\$ 10,545,553,017		\$ 9,066,740,694

Senate Floor Process

- Chairman Peeler and Finance Budget Subcommittee Chairmen will offer summaries of their respective budget areas.
- Chairman Peeler will then move for the Finance Committee amendment to be the document upon which amendments are drawn. Also, he will request unanimous consent for the privilege of the floor to be afforded to staff.
- Amendments will be considered. The amendments are considered in the order of the General Appropriations Bill, not numerical order.
- At some point during debate, Chairman Peeler usually moves to give the bill second reading, carrying over all amendments to third reading (simple majority for voting) and maintaining the ability to raise any points of order.
- Should amendments continue, Chairman Peeler may move to set a time certain to cut off amendments and bring the process to a conclusion.
- The next step is usually voting using a matrix (spreadsheet).
- If the budget is out of balance, staff will develop a “balancing amendment.”



After the Budget Leaves the Senate

- Chairman Bruce Bannister and “House 2.”
- House completes H2 budget, budget conferees appointed.
- Budget Conference Committee work.
- Consider budget conference report.
- Budget Vetoes (2/3rds majority to override line-item veto).



State Aid to Classrooms

- The new funding formula is a hybrid funding model.
- The hybrid funding model incorporates a resource-based allocation formula and a student-based formula that provides more total funding to the state's foundation program as outlined in the Education Finance Act.
- The new funding formula simplifies and updates various features of the old formula to provide more transparency and accountability.



State Aid to Classrooms

Resource-Based Allocation Formula

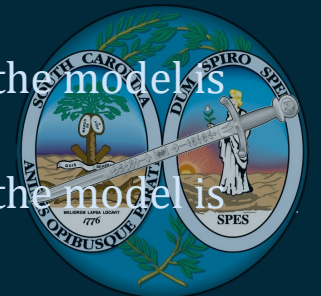
- The model funds an average, statewide student to “teacher” ratio.
- For Fiscal Year 2025-26, the ratio is **11.2** students to one teacher.
- The term “teacher” includes classroom teachers, librarians, guidance counselors, psychologists, social workers, occupational and physical therapists, school nurses, orientation/mobility instructors, and audiologists.
- The number of students is the average daily membership (ADM).



State Aid to Classrooms

Resource-Based Allocation Formula

- The cost of a teacher is the cost of hiring a teacher with a master's degree and 12 years of experience using the state minimum teacher salary schedule.
- This is the average experience level and educational level for all classroom teachers in South Carolina.
- Fringe benefits are also included in the cost.
- The model requires all traditional school districts to pay teachers at or above the state minimum salary schedule.
- For Fiscal Year 2022-23, the cost of a teacher is \$69,153, and the number of teachers funded by the model is 67,685.
- For Fiscal Year 2023-24, the cost of a teacher is \$72,991 and the number of teachers funded by the model is 68,048.
- For Fiscal Year 2024-25, the cost of a teacher is \$75,891 and the number of teachers funded by the model is 68,661.
- For Fiscal Year 2025-26, the cost of a teacher is \$77,879 and the number of teachers funded by the model is 68,729.



State Aid to Classrooms – FY 2022-23

Resource-Based Allocation Formula

The state then allocates state revenues equivalent to 75 percent of the cost of hiring 67,685 teachers at \$69,153 per teacher:

$$67,685 \times \$69,153 = \$4,680,620,805$$

$$\begin{aligned} 75\% \times \$4,680,620,805 &= \$3,510,465,604 \\ 25\% \times \$4,680,620,805 &= \$1,170,155,201 \end{aligned}$$

The Fiscal Year 2022-23 General Appropriation Act contains two line items for State Aid to Classrooms, which total \$3.7 billion:

General Fund	\$3,161,425,448
Education Improvement Act (EIA)	\$ 557,686,435
TOTAL:	\$3,719,111,883



State Aid to Classrooms – FY 2023-24

Resource-Based Allocation Formula

The state then allocates state revenues equivalent to 75 percent of the cost of hiring 68,048 teachers at \$72,991 per teacher:

$$68,048 \times \$72,991 = \$4,966,891,568$$

$$\begin{aligned} 75\% \times \$4,966,891,568 &= \$3,725,168,676 \\ 25\% \times \$4,966,891,568 &= \$1,241,722,892 \end{aligned}$$

The Fiscal Year 2023-24 General Appropriation Act contains two line items for State Aid to Classrooms, which total \$4.1 billion:

General Fund	\$3,392,786,411
Education Improvement Act (EIA)	\$ 709,106,434
TOTAL:	<u>\$4,101,892,845</u>



State Aid to Classrooms – FY 2024-25

Resource-Based Allocation Formula

The state then allocates state revenues equivalent to 75 percent of the cost of hiring 68,661 teachers at \$75,891 per teacher:

$$68,661 \times \$75,891 = \$5,210,751,951$$

$$75\% \times \$5,210,751,951 = \$3,908,063,963$$

$$25\% \times \$5,210,751,951 = \$1,302,687,988$$

The Fiscal Year 2024-25 General Appropriation Act contains two line items for State Aid to Classrooms, which total \$4.4 billion:

General Fund	\$3,667,238,424
Education Improvement Act (EIA)	\$ 738,826,434
TOTAL:	\$4,406,064,858



State Aid to Classrooms – FY 2025-26

Resource-Based Allocation Formula

The state then allocates state revenues equivalent to 75 percent of the cost of hiring 68,729 teachers at \$77,879 per teacher:

$$68,729 \times \$77,879 = \$5,352,545,791$$

$$\begin{aligned} 75\% \times \$5,352,545,791 &= \$4,014,409,343 \\ 25\% \times \$5,352,545,791 &= \$1,338,136,448 \end{aligned}$$

The Fiscal Year 2025-26 General Appropriation Act contains two line items for State Aid to Classrooms, which total \$4.5 billion:

General Fund	\$3,760,647,982
Education Improvement Act (EIA)	\$ 770,826,434
TOTAL:	\$4,531,474,416



State Aid to Classrooms

Resource-Based Allocation Formula

The Fiscal Year 2022-23 General Appropriation Act further simplified budgeting by consolidating the following five EIA line item appropriations into State Aid to Classrooms + \$100 million additional dollars for EIA State Aid to Classrooms

Aid to Districts	\$24,401,779
Students at Risk of School Failure	\$79,551,723
Alloc EIA - Teacher Salaries	\$181,230,766
Alloc EIA - Employer Contributions	\$43,533,934
SC Public Charter Schools	<u>\$129,162,798</u>
Total:	\$457,881,000

State Aid to Classrooms

Resource-Based Allocation Formula

The Fiscal Year 2023-24 General Appropriation Act further simplified budgeting by consolidating the following five additional line item appropriations into State Aid to Classrooms + \$261 million additional dollars in the General Fund and EIA for State Aid to Classrooms

Student Health & Fitness	\$26,297,502
Guidance / Career Specialist	\$31,362,113
Handicapped – Profoundly Mentally	\$85,286
Aid to Districts	\$23,698
Student Health & Fitness - Nurses	<u>\$5,577,165</u>
Total:	\$63,345,764

State Aid to Classrooms

Resource-Based Allocation Formula

The Fiscal Year 2025-26 General Appropriation Act increased the starting teacher salary to \$48,500 + \$112 million additional dollars in the General Fund and EIA for State Aid to Classrooms

Fiscal Year	Starting Teacher Salary
2020-21	\$35,000
2021-22	\$36,000
2022-23	\$40,000
2023-24	\$42,500
2024-25	\$47,000
2025-26	\$48,500



State Aid to Classrooms

Resource-Based Allocation Formula

- The additional \$ 361.8 million ensures that no school district receives less funds in Fiscal Year 2025-26 than in the prior fiscal year.
- The additional funds also include allocations for special school districts, career centers, and alternative schools.



State Aid to Classrooms



Student-Based Formula



Funds are allocated to each traditional school district based on the proportion of weighted pupil units (WPU) in the district as compared to the state total WPU count and by the district's Index of Taxpaying Ability



The South Carolina Public Charter School District and any approved institution of higher education who authorizes charter schools receives 100 percent of the Aid to Classrooms funding from the State.

Weights

Weights	Prior Weights	Revised Weights FY2022-23
K-12 Pupils	1.00	1.00
Residential Treatment Facility	2.10	2.10
Students with Disabilities	From 1.74 to 2.57	2.60
Pre-career and Career Technology	1.29	1.20
Charter Districts Brick and Mortar Virtual School	\$3,600 per WPU \$1,900 per WPU	1.25 0.65 0.50
Additional weights are added to the above for:		
Gifted and Talented	0.15	0.15
Academic Assistance	0.15	0.15
Limited English Proficiency	0.20	0.20
Pupils in Poverty	0.20	0.50
Dual Credit Enrollment	0.15	

Calculating State Aid to Classrooms

District Example

- Each district's Total Cost is its share of the Aid to Classroom Program

Example:

Statewide WPU's 1,300,000

District A has 2,700 ADMs and 4,400 WPUs

$4,400 \text{ WPUs} / 1,300,000 \text{ WPUs} = .34\% \text{ of all WPUs}$

District A's Total State Aid to Classrooms:

$\$5,352,545,791 \times .34\% = \$18,198,656$



Index of Taxpaying Ability

State Summary

Index Year 2025
Tax Year 2023

Owner Occupied Homes	4% (Exempt from School Operating Taxes)	12,821,642,761
All Other Real Property	6% (Second Homes etc)	13,155,288,344
Agricultural Property	4% and 6%	126,201,875
Motor Vehicles	6%	3,254,717,805
Other Personal Property	10.5% (boats and airplanes mainly)	514,833,106
Manufacturing Property (DOR)	10.5%	1,140,116,026
Utility Property	10.5%	2,261,786,441
Business Personal Property	10.5%	854,116,682
Motor Carrier	9.5%	137,634,827
Fee in Lieu and Joint Industrial Park		1,933,724,339
Tier 1, 2 and 3 Imputed (Owner Occupied Homes)		7,741,490,043
TOTAL		31,119,909,489 **

**Does NOT include Owner-Occupied Homes





South Carolina Department of Revenue Index of Taxpaying Ability

District Name: **ABBEVILLE**

Generated On: **01/28/2025**

Index Year: **2025**

Tax Year: **2023**

Owner Occupied Residential	34,415,610
All Other Real Property	19,300,377
Agricultural Property-Use Value	1,323,940
Personal Property-Locally Assessed	12,255,746
Real and Personal Property-DOR Assessed	17,367,227
Fee-in-Lieu and Joint Industrial Park	1,051,802
Tier 1, 2, and 3, Replacement Assessment	25,686,856

Total Adjusted Assessed 76,985,947

Index of Taxpaying Ability

District Fiscal Capacity	/	Statewide Fiscal Capacity	=	Index of Taxpaying Ability
76,985,947		31,119,909,489		0.00247

Tax Base	Appraised	Ratio	Assessed	NBR
Owner Occupied				
Agricultural (Private)	27,087,000	0.04	1,083,480	4,856
Agricultural (Corporate)	4,007,667	0.06	240,460	172
All Other	321,672,950	0.06	19,300,377	11,604
Subtotal	352,767,617		20,624,317	16,632
Motor	183,566,583	0.06	11,013,995	
Other Personal	11,826,200	0.105	1,241,751	
Total Under County	548,160,400		32,880,063	
Fee-in-Lieu and Joint Industrial Park Assessed			1,051,802	
Manufacturing Property	47,210,381	0.105	4,957,090	
Utility Property	87,414,952	0.105	9,178,570	
Business Personal Property	11,885,276	0.105	1,247,954	
Motor Carrier	18,891,549	0.105	1,983,613	
Tier 1, 2, and 3			25,686,856	
Total SCDOR	165,402,159		44,105,884	
Grand Total	713,562,559		76,985,947	



Calculating State Aid to Classrooms

District Example

- A district's Local Share is the districts Index of Taxpaying Ability multiplied by the Total Local Share

Example:

Total Local Share	\$1,338,136,448
District A's Index	0.00247

District A's Local Share:

$\$1,338,136,448 \times 0.00247 = \$3,305,197$



Aid to Classrooms Program – State Allocation Example

- A district's State Aid to Classrooms Program allocation is the district's Total Program less the district's Local Share

Example:

District A's Total Program = \$ 18,198,656

District A's Local Share = \$ 3,305,197

District A's State Aid to Classrooms Allocation:

\$ 18,198,656 - \$ 3,305,197 = \$14,893,459



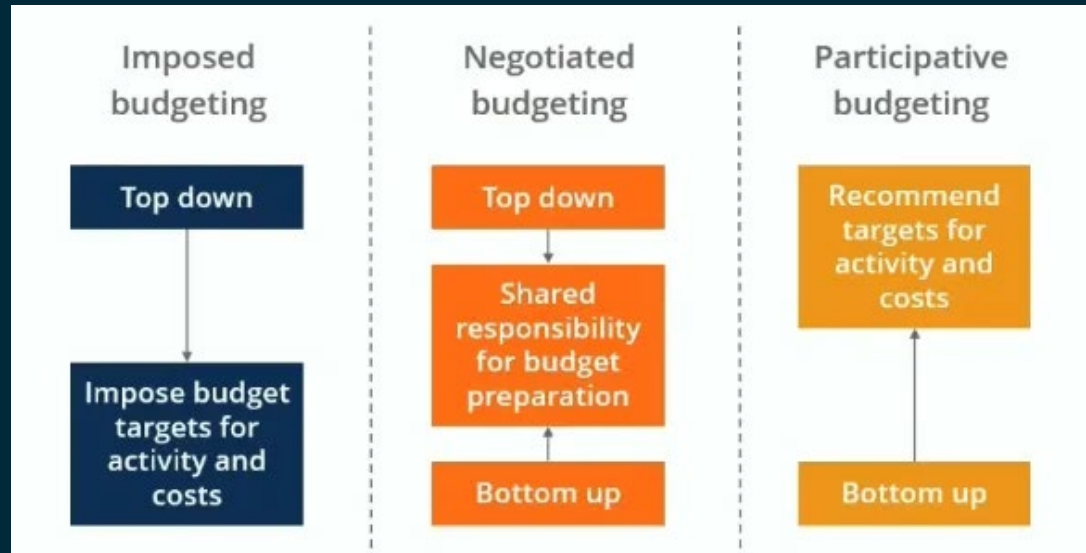
District	Category	135-Day ADM	Weighted Pupils	Total Entitlement	Local Share	State Share
Abbeville	Kindergarten	160.53	160.53	\$630,570.88	\$108,087.20	\$522,483.68
	Primary	510.96	510.96	\$2,007,079.67	\$344,036.85	\$1,663,042.81
	Elementary	847.31	847.31	\$3,328,281.42	\$570,506.23	\$2,757,775.19
	High School	368.48	368.48	\$1,447,410.20	\$248,102.98	\$1,199,307.22
	EM H	29.56	76.85	\$301,894.69	\$51,748.27	\$250,146.42
	LD	204.83	532.55	\$2,091,917.83	\$358,579.10	\$1,733,338.73
	TM	3.46	8.99	\$35,336.79	\$6,057.13	\$29,279.65
	EH	0.00	0.00	\$0.00	\$0.00	\$0.00
	OH	2.40	6.24	\$24,511.07	\$4,201.48	\$20,309.58
	VH	6.00	15.60	\$61,277.67	\$10,503.70	\$50,773.97
	AUT	24.09	62.63	\$246,029.88	\$42,172.38	\$203,857.49
	HH	0.00	0.00	\$0.00	\$0.00	\$0.00
	SP H	102.98	267.74	\$1,051,729.23	\$180,278.64	\$871,450.58
	HB	0.89	0.89	\$3,495.97	\$599.25	\$2,896.72
	CTE	378.24	453.88	\$1,782,897.63	\$305,609.43	\$1,477,288.20
	Total ADM		2639.73			
	HIAC	148.28	22.24	\$87,367.82	\$14,975.86	\$72,391.96
	ACAS	732.89	109.93	\$431,824.98	\$74,019.83	\$357,805.14
	LEP	47.76	9.55	\$37,520.79	\$6,431.50	\$31,089.29
	PIP	1902.62	951.31	\$3,736,799.28	\$640,530.95	\$3,096,268.32
	B&M	0.00	0.00	\$0.00	\$0.00	\$0.00
	VIRT	0.00	0.00	\$0.00	\$0.00	\$0.00
	Total WPU		4405.72			
	Proportionate Share of WPU		0.334074%			
	ITA		0.002570			
	Student Teacher Ratio		11.58			

Abbeville Totals:

	Total Entitlement	Local Share	State Share
Unadjusted Totals	\$17,305,945.87	\$2,966,440.85	\$14,339,505.01
Additional Funding	\$964,370.00		\$964,370.00
Adjustments	\$0.00	\$0.00	\$0.00
Adjusted Totals	\$18,270,315.87	\$2,966,440.85	\$15,303,875.01

Why is this important?

What signals are being sent?

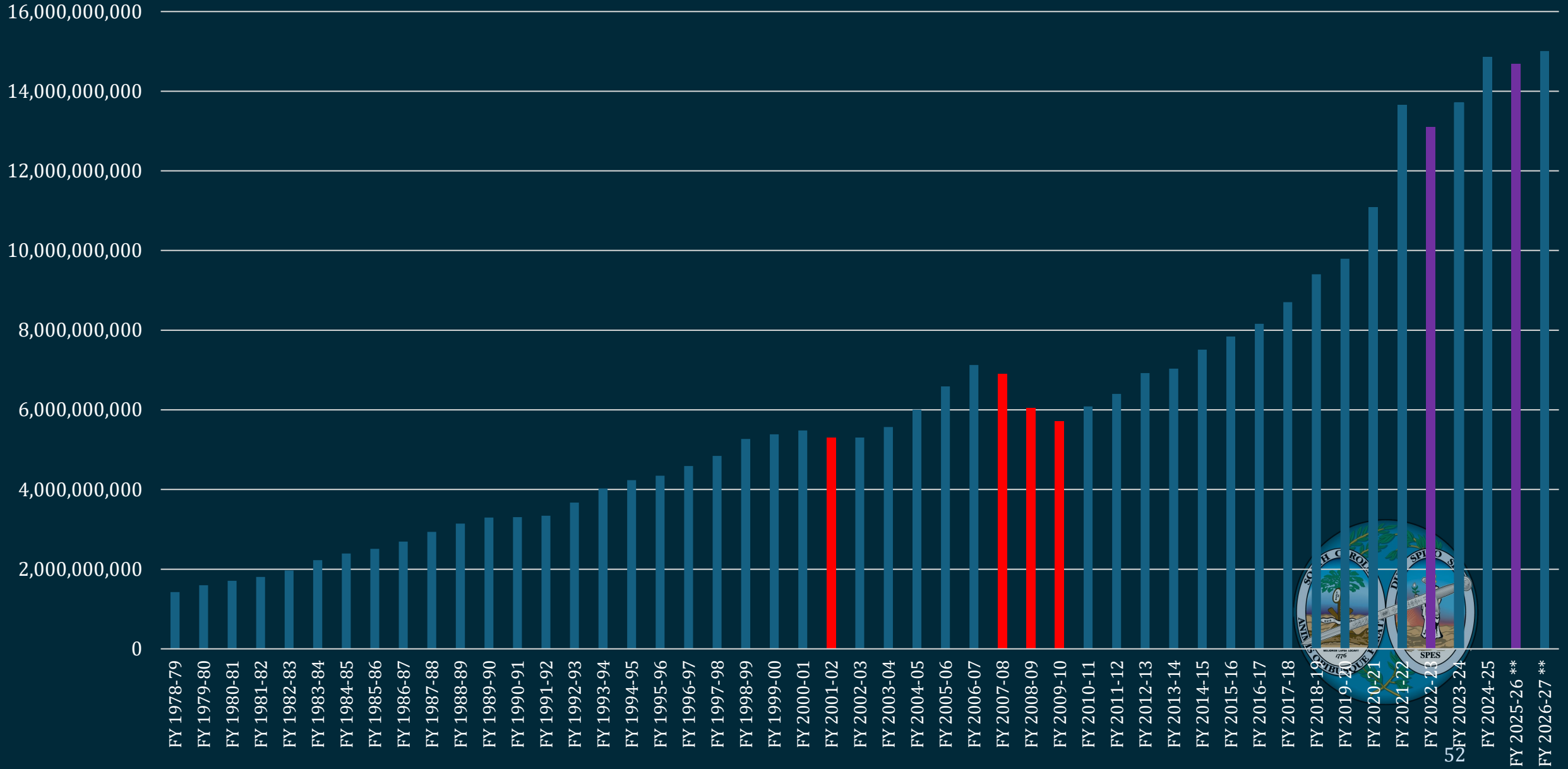


- By moving to a budget display with fewer line items, more flexibility is offered to the School District. But, with this flexibility comes more responsibility for outcomes.
- The focus is shifted from the number of inputs being purchased to the attainment of desired outcomes.

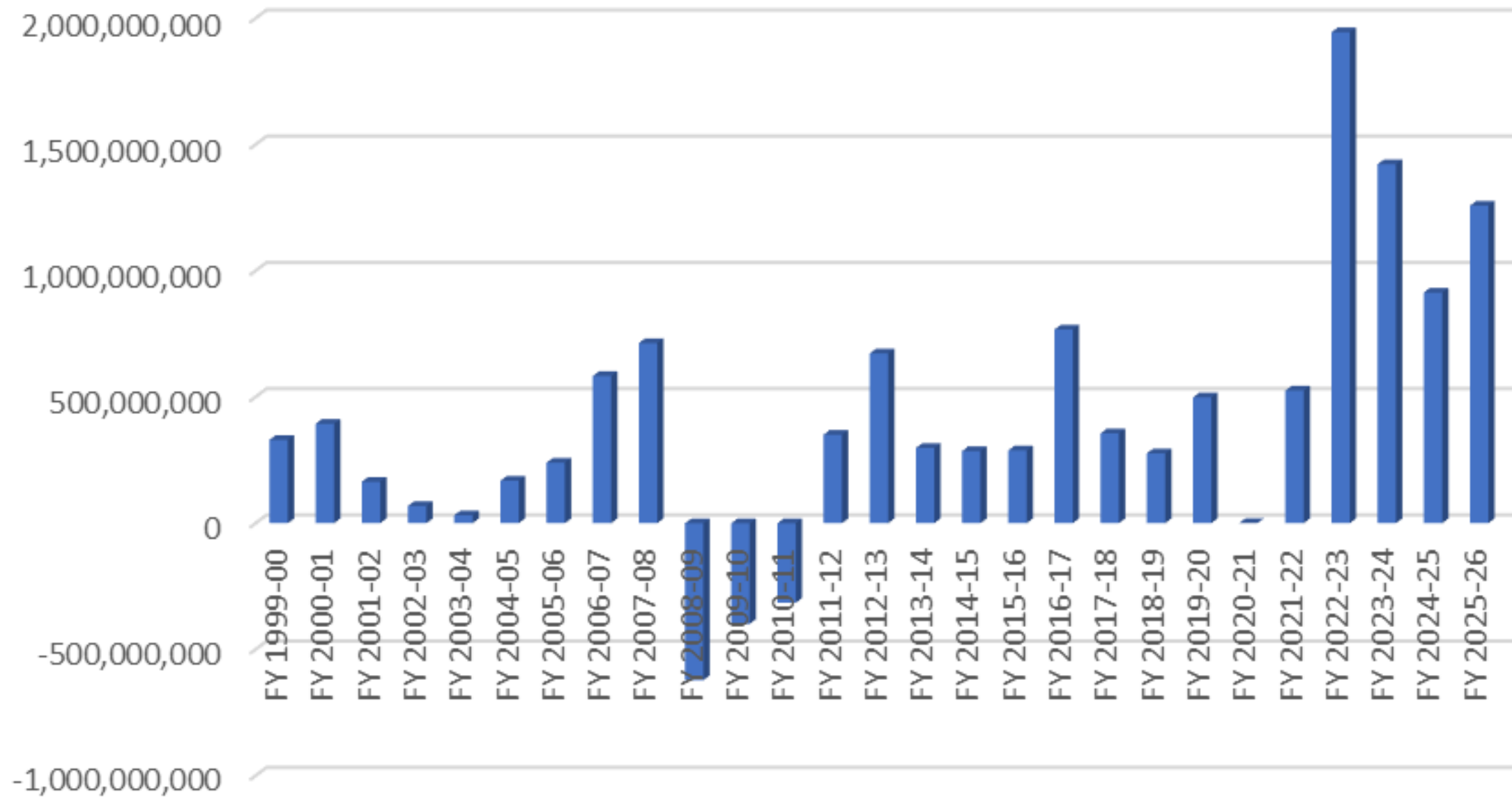
Budget Outlook



Total General Fund Revenue



"New" Recurring Revenues



Contingency Reserve Fund balance

6/30/25

FY 24-25 Budgetary surplus:

Actual revenue over estimated revenue.....	\$ 1,736,967,093
FY 24-25 appropriations lapsed by agencies to General Fund at June 30, 2025.....	4,717,549
Funding of "open-ended" appropriations.....	(19,282,733)
FY 25-26 118.22 (A)(4) Nonrecurring source: FY 24-25 debt service lapse.....	1,643,873
FY 25-26 118.22 (A)(6) Nonrecurring source: FY 24-25 Governor Vetoes.....	2,290,000
FY 25-26 118.22 (A)(7) Nonrecurring source: Excess statewide employee benefits.....	6,254,723
FY 25-26 118.22 (A)(8) Nonrecurring source: Workers Compensation Commission overage of IT project.....	4,000,000
Available to fund FY 25-26 supplemental appropriations per Proviso 118.22.....	<u>1,736,590,505</u>

FY 25-26 Transfers from other sources to fund supplemental appropriations per Proviso 118.20 & 118.22:

Contingency Reserve Fund.....	332,294,362
Litigation Recovery Account.....	34,054,856
FY 25-26 Debt Service Appropriated Above Obligations.....	109,752,745
Homestead Exemption Fund.....	124,319,000
	<u>600,420,963</u>

Total available for distribution.....	2,337,011,468
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Distribution of surplus and transfers:

FY 25-26 Supplemental appropriations per Proviso 118.22 ^(a)	(1,486,799,738)
FY 25-26 Proviso 118.20 Homestead Exemption Fund ^(b)	(124,319,000)

Excess Budgetary General Fund balance at June 30, 2025 after distributions ^(c)

\$ 725,892,730

^(a) Supplemental appropriations to be released by February 20, 2026, with the exception of items (1) and (68)(b) which shall be disbursed by September 30, 2025.

^(b) Homestead Exemption Fund amount shall be disbursed to FY 25-26 Part 1A General Fund to provide income tax relief by September 30, 2025.

^(c) Amount is available to be transferred to the Contingency Reserve Fund as of July 1, 2025.



General Fund Revenues – Fiscal Year-to-date



REVENUES V. BEA MONTHLY ESTIMATES

JULY - OCTOBER

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full FY ^{/3}		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full FY ^{/3}
Total General Fund Revenue	\$4,491.0	\$4,735.7	\$244.6	(0.6%)	4.8%	(4.5%)	Other Revenue Items, Sub-Total	\$406.0	\$525.4	\$119.4	(2.8%)	25.8%	(4.9%)
Sales Tax	1,239.3	1,312.3	73.0	1.2%	7.2%	1.2%	Admissions Tax	3.3	3.2	(0.2)	11.7%	5.5%	5.5%
Individual Income Tax	2,489.6	2,570.9	81.3	2.2%	5.5%	(7.2%)	Alcoholic Liquors Tax	30.8	31.9	1.1	(0.7%)	2.8%	1.1%
Withholdings	2,385.4	2,358.8	(26.6)	3.7%	2.6%	3.1%	Bank Tax	11.7	19.7	8.0	(47.9%)	(12.2%)	(39.6%)
Non-withholdings	388.8	513.4	124.6	2.3%	35.1%	(10.1%)	Beer and Wine Tax	29.9	28.7	(1.2)	0.1%	(4.0%)	1.9%
Refunds	284.6	301.3	16.7	16.8%	23.6%	23.5%	Corporate License Tax	90.4	122.5	32.2	(0.2%)	35.4%	(1.4%)
Corporate Income Tax	261.0	221.0	(40.0)	(15.3%)	(28.3%)	(8.9%)	Deed Rec. (Doc. Tax)	32.9	34.8	1.9	3.7%	9.7%	(0.8%)
Insurance Tax	95.1	106.0	10.9	(27.2%)	(18.8%)	(12.3%)	Earned on Investments	163.6	223.9	60.3	(0.2%)	36.7%	(5.8%)
Other Revenue Items, Sub-Total	406.0	525.4	119.4	(2.8%)	25.8%	(4.9%)	Residual Revenue	43.4	60.8	17.4	(4.0%)	34.5%	(2.8%)

Forecast as of May 20, 2025, with legislative adjustments

^{/1} Estimate year-to-date reflects expected growth in collections fiscal year-to-date over prior fiscal year-to-date based on anticipated monthly collection patterns.

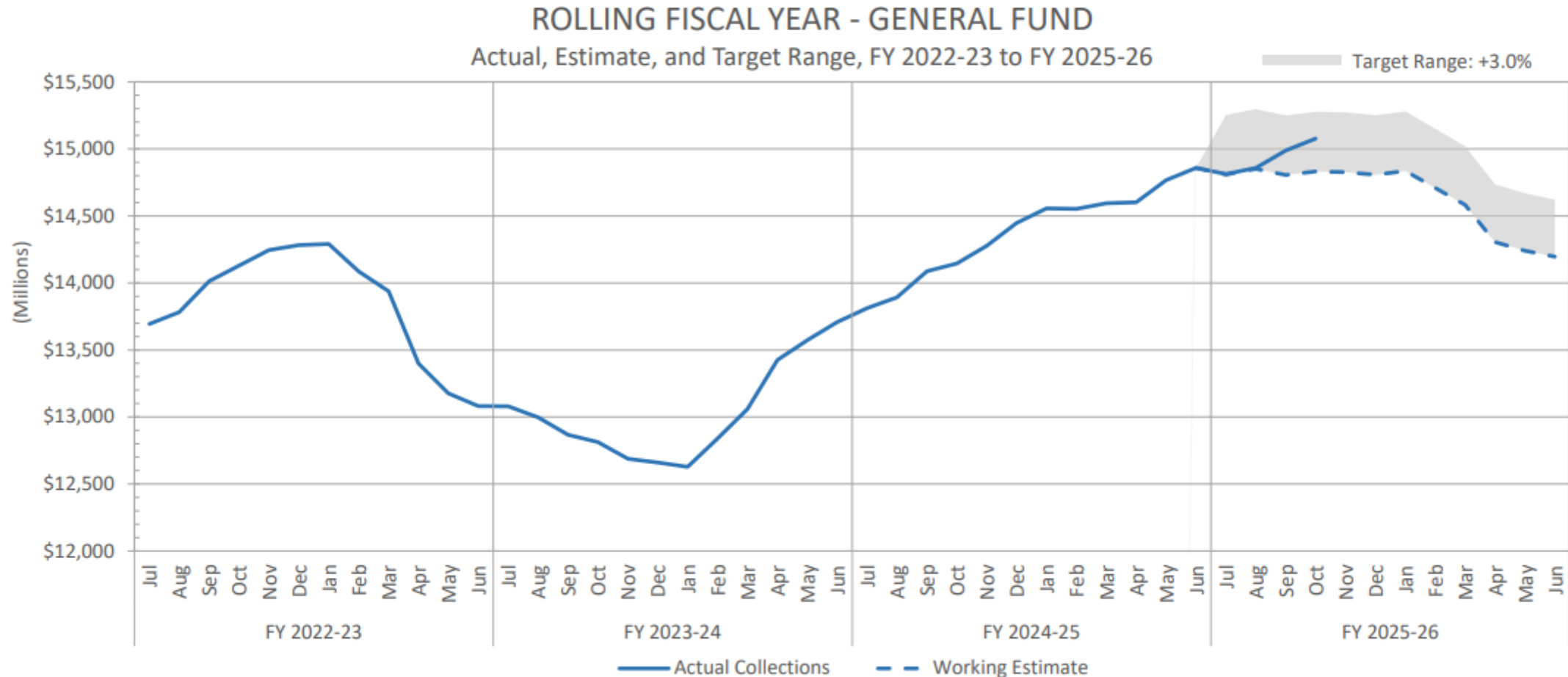
^{/2} Actual year-to-date reflects actual fiscal year-to-date growth in collections over prior fiscal year-to-date collections.

^{/3} Estimate full fiscal year reflects projected growth for the full fiscal year over the prior fiscal year.



General Fund Revenue – May 2025 Estimate

Collections are \$244.6 million ahead of the current forecast; revenues have grown more than expected in some key categories while others are behind



FY 2026-27 Budget Outlook

Recurring General Fund Revenue

(Millions)

FY 2026-27 Revenue Estimate (11/18/25)	\$15,009.9
General Fund Appropriation Base	(\$13,246.2)
Tax Relief Trust Fund	(\$824.6)
Aid to Fire Districts Shortfall	<u>(\$26.0)</u>
Estimated "New" General Fund Revenue	\$913.0*
Reserve Fund Contributions	
Incremental General Reserve Fund	(\$144.8)
Incremental Capital Reserve Fund	<u>(\$34.4)</u>
Estimated "New" General Fund Revenue Available for Appropriation (after Reserve Fund Contributions)	\$733.9

*Budgetary growth is larger than the revenue increase because \$249 million of projected revenue was not appropriated in FY 26



FY 2026-27 Budget Outlook

Non-recurring Revenue

(Millions)

FY 2025-26 Revised Revenue Estimate (11/18/25)	\$14,681.4
General Fund Appropriation Base	(\$13,246.2)
Tax Relief Trust Fund (Act)	(\$814.0)
Aid to Fire Districts Shortfall	<u>(\$20.4)</u>
Total FY 2025-26 Projected Surplus	\$600.8*

FY 2025-26 Capital Reserve Fund	\$387.4
FY 2024-25 Contingency Reserve Fund	<u>\$725.9</u>
Total Non-recurring Revenue	\$1,714.0

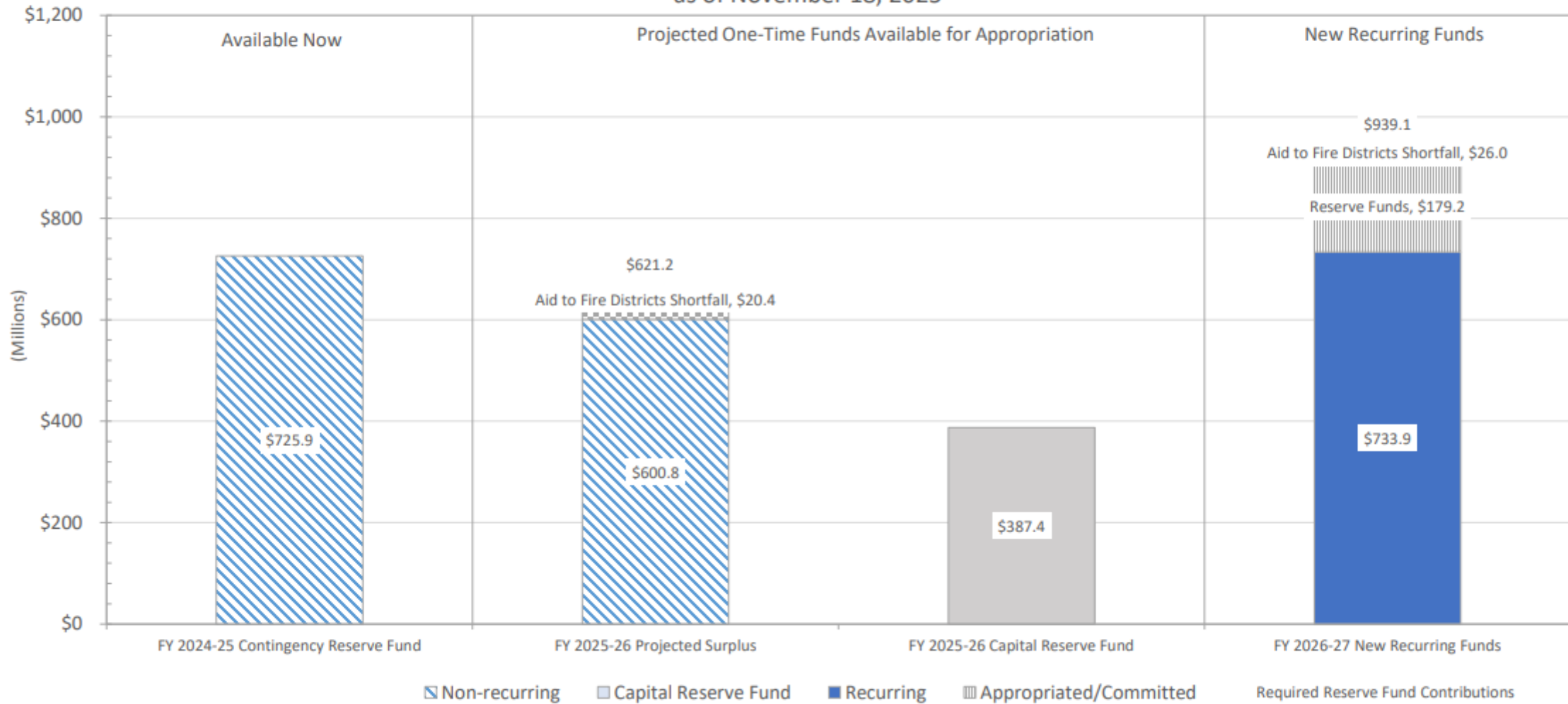
Other Non-recurring Revenue

Litigation Recovery (preliminary)	\$2.4
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*Budgetary growth is larger than the revenue increase because \$249 million of projected revenue was not appropriated in FY 26

FY 2026-27 Available Funds

AVAILABLE FUNDS - FY 2026-27 BUDGET PROCESS
as of November 18, 2025



Source: S.C. Revenue and Fiscal Affairs 297/RFA/11/18/2025

Thank You

