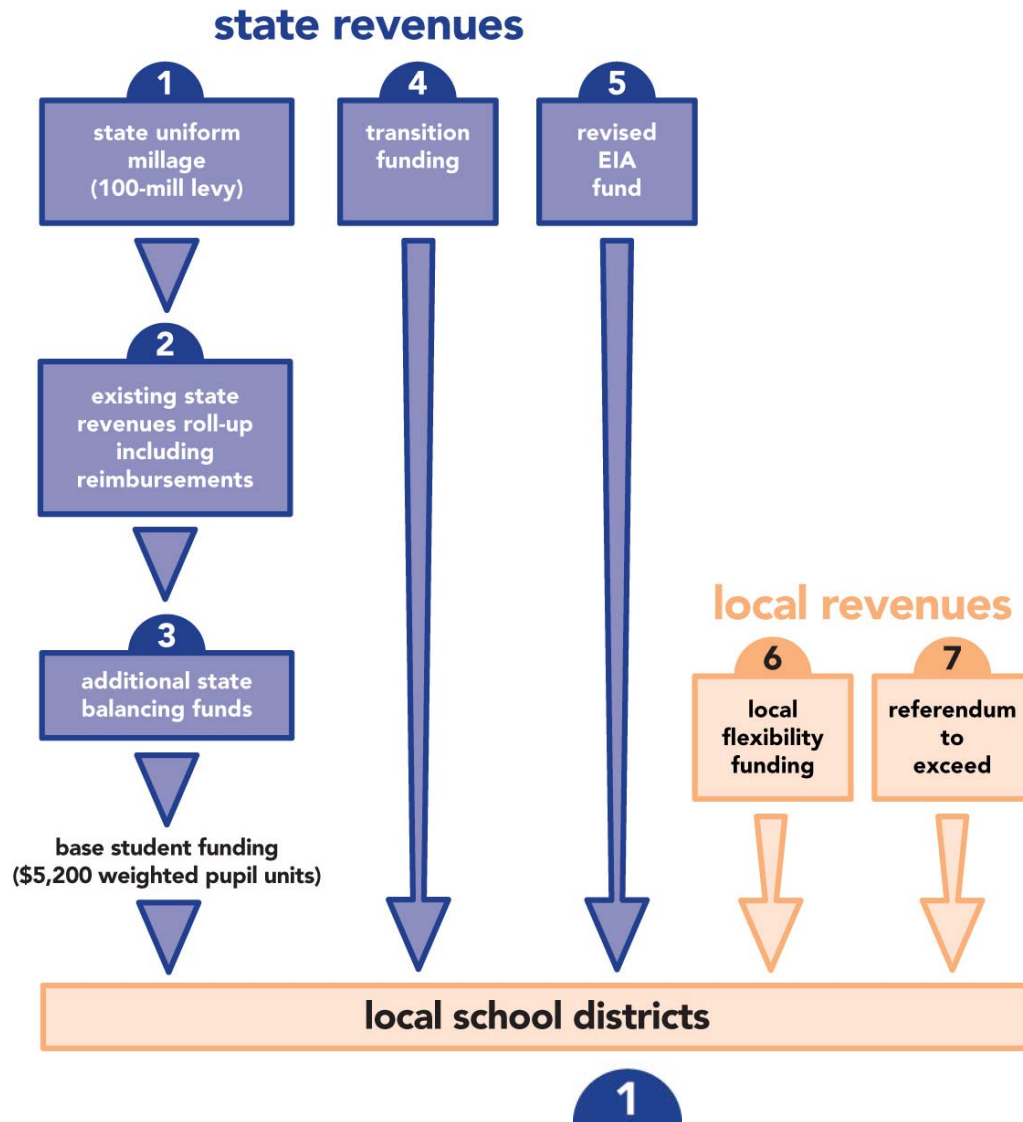


EFRA: a plan to restructure educational funding



The state would levy a uniform millage (SUM) rate of 100 mills on all total taxable property (does not include homestead property) in the state for each school district. Currently, millage rates range of 306 mills in Hampton Two to 94 mills in Georgetown County. Some of the benefits of the SUM are:

- provides more than **\$500 million** (based on 2008-09 data) in **tax relief** to businesses, industries and other non-owner occupied properties to encourage economic growth;
- provides stable and sound growth of revenues for schools; and
- makes funding more understandable to citizens and millage will be levied and collected in same manner as other ad valorem property taxes.

2

Existing state revenues including Education Finance Act (EFA) funds, Homestead Exemption Fund (HEF) funding, Education Improvement Act (EIA) funds (about 60 of 70 EIA programs) will be rolled up to allow districts greater flexibility in using the resources in ways that best meet the needs of their students.

3

Additional state dollars will be necessary to attain a base student revenue (BSF) amount of \$5,200. The BSF amount was generated by using the total amount of money the SUM and roll-up fund would generate and dividing it by a weighted pupil units (WPU) formula used by the South Carolina Education Oversight Committee. WPUs provide incremental increases in funds based on student demographics and programs required by law.

4

Additional state funding will be necessary to ensure districts do not receive fewer dollars than they currently receive (transition funding to hold district's "harmless"). This funding will be necessary in order to avoid hurting districts that currently spend more than the \$5,200 BSF and to grant the tax relief from reducing property tax millage rates to 100 mills.

5

All of the programs not included in the rollup funding (see number 2) are retained in a separate, revised EIA fund. Some of the non rolled up programs are:

- transportation related
- national board certification
- palmetto priority schools
- retiree insurance
- 4K programs

6

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%) required by Act 388, to fund district operations that would be above what the state allocation. This is similar to the authority boards currently have for funding capital expense (8% constitutional debt limit).

7

The district voters by referendum may exceed the 8% limit. If approved, the property tax millage would apply to ALL property including homestead or 4% property, which is the same as a referendum under the constitutional debt section.