

9/16/08 w/ SBAC

Fiscal Autonomy

Fiscal Autonomy for a school district in South Carolina refers to the authority of the local school board of trustees to approve a school district budget without the oversight of another governing body. In layman's terms, this means that a local school board has the authority to raise taxes to support the school district budget. Fiscal autonomy can be unlimited (no limit to the amount that taxes can be raised) or limited (the amount that taxes can be raised is regulated by law). The passing of Act 388 by the SC legislature in 2006 limited all local governments' ability to increase property taxes (millage may now only be increased by a percentage that is based on CPI and population growth). As a result, no South Carolina county government or school district has unlimited fiscal autonomy.

According to the SC School Boards Association, in 2007, only 26 of the state's 85 school districts had no fiscal autonomy (see attachment 1). This means that in those districts, the *elected* school boards could not approve funding for district needs without seeking approval from another governing body or citizen group. Oconee County is one of those 26 districts.

There are many arguments that are often used against fiscal autonomy. Many will state that it increases the number of government bodies with taxing authority, and that checks and balances between local governments may be diminished. However, our argument is that decisions should be made by the *elected* officials who have the most knowledge of the situation. In this case the School Board is the *elected* body who has the most information regarding the priorities and needs of the school children in Oconee County.

Additional arguments for fiscal autonomy include:

- 1) The School Board has the ability to respond directly to state mandates and any financial demands that are placed upon it by state and national governing entities.
- 2) Act 388 actually provides limitations on the authority of local School Boards to raise taxes beyond set limits, which is a function currently held by County Council.
- 3) Research indicates that fiscal autonomy does not necessarily lead to higher tax rates, again this supports the idea that tax decisions are best made by the body that is locally *elected* to make such decisions.
- 4) There needs to be a match between accountability measures. The School Board is responsible for student performance, as measured on many accountability measures, and the same Board should be accountable to voters based on the use of locally raised tax funds. School Boards have the ultimate responsibility for the community's return on their tax investment (academic and financial).

Fiscal Autonomy - 23 districts

No overseeing body, school board votes by majority

Aiken
Berkeley
Charleston
Cherokee
Chester
Darlington
Edgefield
Georgetown
Horry
Lexington 1, 2, 3, 4, 5
Marlboro
Spartanburg 1, 2, 3, 4, 5, 6, 7
Union

No Authority - 26 districts

Legislative Delegation approves budget & sets millage rate

Dillon 1, 2, 3

Town/Citizens meeting to approve budget

Florence 2, 3, 5

County council approves budget

Beaufort
Calhoun
Clarendon 1, 2, 3
Colleton
Greenwood 50, 51, 52
Hampton 1, 2
Jasper
Lee
McCormick
Oconee
Richland 1, 2
Saluda
Sumter 2, 17

Limited Authority- 33 districts

Referendum to exceed this limit

| | |
|---------------------|---------------------|
| Allendale | Inflation + 4 mills |
| Bamberg 1, 2 | 3 mills |
| Barnwell 19, 29, 45 | 10 mills |
| Florence 4 | 10 mills |
| Greenville | 4 mills/formula |
| Lancaster | 5 mills |
| Pickens | Formula |

County council approval to exceed this limit

| | |
|-----------------|--|
| Dorchester 2, 4 | EFA local effort |
| Fairfield | 3% above previous year's budget or CPI, whichever is lower |
| Newberry | 4 mills |

Legislative delegation approval to exceed this limit

| | |
|----------------|--|
| Chesterfield | 8% |
| Laurens 55, 56 | 7 mills +EFA inflation factor not to exceed 10 mills |
| York 1 | 6 mills |
| Clover 2 | 6 mills |
| Rock Hill 3 | 6 mills |
| Fort Mill 4 | 6 mills |

County board has authority to increase-referendum to exceed

| | |
|---------------------------------|-----------------------------------|
| Anderson 1, 2, 3, 4, 5 | 8 mills |
| Marion 1, 2, 7 | Up to annual EFA inflation factor |
| Orangeburg 3, 4, 5 (Commission) | 3 mills over EFA inflation factor |

Special law to exceed this limit

| | |
|--------------|---------|
| Williamsburg | 3 mills |
|--------------|---------|

Statutory Cap - 3 districts

Requires county council approval to exceed

| | |
|-----------|----------------|
| Abbeville | Same millage |
| Kershaw | Limit 74 mills |

Requires referendum to exceed

| | |
|------------|--------------|
| Florence 1 | Same millage |
|------------|--------------|

This information was verified by the school districts in September 2007

Beth Hulse

From: Bo Home [c:home@orohelp.com]
Sent: Tuesday, September 16, 2008 12:45 PM
To: Beth Hulse; ainab.net@oconee.k12.sc.us; drmcormick@oconee.k12.sc.us;
mlucas@oconee.k12.sc.us; schbrd@oconee.k12.sc.us; hmays@oconee.k12.sc.us;
kposton@oconee.k12.sc.us; jerrytee@oconee.k12.sc.us
Subject: Fiscal Autonomy for SDOC

Ms. Hulse: Please forward to all five Council members.

As Bill Sandifer has said, we do not need another taxing authority in Oconee County.

The Delegation is against the idea, and taxpayers are against it.

The County Council ignored the Delegation and taxpayers in 2006. You saw the reaction then, you saw the loss of the sales tax, and you saw more taxpayer and voter retribution in June 2008.

The anger among taxpayers has not abated; in fact, it is growing.

Does SDOC really want to expose itself to the same loss of confidence and support?

SDOC is ill-advised to continue floating this trial balloon.

The delegation will not allow autonomy to pass. Should the delegation waver, taxpayers will correct the wavering quickly.

Taxpayers understand SDOC is attempting to use the County Council to apply pressure to the delegation, but that strategy cannot succeed. Should the Council support SDOC, it will quickly find even more loss of confidence and support.

Should it become necessary, TargetOC is committed to using its entire South Carolina network to place pressure upon the full General Assembly to pressure the Oconee County Delegation NOT to allow any form of autonomy for SDOC to proceed.

Should it somehow pass the General Assembly, the Governor is absolutely certain to support Oconee County taxpayers with a veto that will be unanimously difficult to override. Do the math. No matter how you calculate it, the veto will be sustained. Remember: TargetOC asked the Governor to veto the Water and Sewer Authority for us, and he did.

Taxpayers are every bit as committed to stopping autonomy for SDOC as we were to deferring reassessment for one year. We lost that battle, but the County Council lost huge amounts of public confidence and support because it ignored the taxpayers and voters.

TargetOC is far better organized, both here in Oconee County and throughout South Carolina, than we were two years ago. From a small group planted right here in 2006, we have become a major statewide organization that played a major role in the 2008 passage of controls against illegal immigration.

The School Board is backing itself into the same hot corner where the Oconee County Council finds things to be so unpleasant.

We are watching closely and taking the names of all elected and appointed officials, anywhere in Oconee County, who support

authority.

Neither side of Pine Street will win anything by ONCE AGAIN opposing taxpayers, voters, and the Delegation.

C. J. (Bo) Horne
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Beth Hulse

From: Mike Lucas [mlucas@occonee.k12.sc.us]
Sent: Tuesday, September 16, 2008 3:47 PM
To: Bo Home
Subject: RE: Fiscal Autonomy for SDOC



Exhibit 4 Fiscal Autonomy E

83 / 80.

I appreciate your sharing your opinion regarding fiscal autonomy, and I would be happy to discuss it with you.

The passing of Act 489 and other issues related to the restructuring of school finance in our state are critical for our continued success as a school district. The Board, for this reason, has established fiscal autonomy as a critical goal for 2008-09.

I'm attaching a copy of a handout you may find helpful, and I am willing to sit down with you at your convenience so you have another perspective regarding the need for fiscal autonomy.

Again, I value your opinion, and I would love the opportunity to share with you a different perspective on the issue, as well as to more fully hear your reasoning.

Mike

Michael Lucas, S.D.
District Superintendent
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<Lucas@Blog>

The School District of Oconee County does not discriminate on the basis of race, color, religion, national origin, sex, age, or handicap in admission to, access to, treatment in, or employment in its programs and activities. Ernestine Williams, Executive Director for Human Resource Services, Yarge Bright, 504/ADA/ Coordinator, and Diane England, Assistant Superintendent for Instruction (Title III) have been designated to handle inquiries or complaints regarding any discrimination matter. Their offices are located at 414 S. Pine St., Walhalla, SC 29691. They may be contacted 864.866.4400 if you have questions.

-----Original Message-----

From: Bo Home [mailto:bohome@prohelp.com]
Sent: Tuesday, September 16, 2008 12:45 PM
To: b.hulse@occoneesc.com; Andy Inabinet; Denise McCombs; Mike Lucas; schhrf; Harry Mays, Jr.; Ken Poston; Jerry Lee
Subject: Fiscal Autonomy for SDOC

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We are watching closely and taking the names of all elected and appointed officials, anywhere in Coconee County, who support autonomy.

Neither side of Pine Street will win anything by ONCE AGAIN opposing taxpayers, voters, and the Delegation.

C. J. (Bo) Burns
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NOTE: Email is provided to employees for the instructional and administrative needs of the district. E-mail correspondence to/from a district e-mail account may be considered public information and subject to release under the South Carolina Freedom of Information Act or pursuant to subpoena.

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BRADLEY A. NORTON

KAREN F. BALLENGER

MEMORANDUM

Date: September 16, 2008
To: Oconee County Council
From: Bradley A. Norton
County Attorney
Re: Meeting with Oconee County School Board on September 16, 2008

There are a couple of things to keep in mind during your meeting with the Oconee County School Board.

1. Limited Physical Autonomy: Granting limited fiscal autonomy to the School Board would have to be done by the legislative delegation and not County Council. If Council supports the School Board in its effort to obtain limited fiscal autonomy, Council could direct that a letter be written in support of the School Board's position or could pass a resolution in support of this position.

2. Seneca Library Property: According to the local papers, the School Board is going to offer to Oconee County approximately 5 acres near the new elementary school in Seneca for a new library for Seneca. According to the paper, the School Board would want to have a reverter clause in the deed, which would result in the property reverting back to the School District if the County did not build a library within five (5) years.

If the County accepts this offer, the County would want to make sure that the reverter clause is the only restriction on the property. In other words, we would not want to obligate ourselves to anything with the property other than have the option to build a library. In addition, we would not want the reverter clause to take effect if the County has signed a contract for the building of the library within the five (5) year period.

The down side of owning the property is that the County will have to maintain the property. An elementary school is being built on the adjacent parcel. The County would need to take steps to make sure that the property was properly maintained and that it was safe for children who might be traversing the property from time to time.

If the County wants to tie up the property without owning the property, another option would be for the School District to give the County an option to purchase the property for one (\$1.00) dollar (or some other nominal consideration). By doing this, liability for the property would remain with the School District, but we would be able to obtain the property for a library if County Council decides to build a library on that site. The option to purchase could be for five (5) years and the County could pay nominal consideration for the option.

A third option would be for the School District to give the County the first right of refusal to purchase the property. Again, this could be for nominal consideration and would result in the property remaining in the hands of the School District. The down side of this option would be that the School District could force the County to make a decision concerning the use of the property for a library by finding another purchaser of the property. Also, under such a scenario, it might require the County to purchase for the property at or near market value.

Finally, remember that the Seneca Library was one of the projects on the list for the 1% Project Sales Tax referendum two (2) years ago. Unless Council decides to build the library using GO Bonds, it seems likely that the Seneca Library would again be a future project on the list from the 1% Project Sales Tax Commission in 2010.