Funding for Public Education in South Carolina

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Since 1977, the major influence on education funding in South Carolina has been the landmark Education Finance Act, which established a base student cost, committed to an average 70% state and 30% local funding of that base student cost, and gave individual districts more or less than 70% of that amount per pupil (weighted) based on the local district's ability to pay. Ability to pay is measured by the Index of Taxpaying Ability (ITA), which is the district's share of the total state taxable property base. In 2004-05, prior to Act 388 (see below) total expenditures on public education came to $5.5 billion. The state share, including EFA, EIA, state grants, and property tax relief payments, was approximately 49%. Another 39% came from local sources, primarily the property tax, and 12% from federal aid.

In 2000, voters agreed to amend the constitution to permit a state lottery, which would be dedicated to education. The bulk of the funds (64% in 2008-09) go to college scholarships, tuition grants, and related programs to help pay for college education.. Public education receives about 20% of lottery funds, or about $50 million in 2008-09. The legislature determines the specific use of these funds on an annual basis.

The state funds three kinds of relief for homeowners from property taxes that are used for K-12 education. Elderly and disabled homeowners are exempt from all property taxes—school, city, county—on the first $50,000 of market value of their homes. Beginning in 1994, all homeowners received state-funded relief for the school operating taxes on the first $100,000 of market value of their homes. In 2006, the General Assembly passed Act 388, increasing the state sales tax rate from 5% to 6% in order to generate revenue to fund total elimination of property taxes for school operations on owner-occupied residential property. Since the average school district's tax base is about 28% owner-occupied property, increases in the mill rate will only apply to non-owner-occupied property, while the state-funded relief will grow at the same rate as inflation and population. The economic downturn that began in late 2007 raised concerns about the ability of the state to honor that commitment to fund property tax relief and the effect of that legislation on funding for all other public services.