



HENRY McMASTER
GOVERNOR

January 17, 2019

Mr. Frank Rainwater
Executive Director
South Carolina Revenue and Fiscal Affairs
1000 Assembly Street, Suite 421
Columbia, South Carolina 29201

Dear Mr. Rainwater,

I, along with President Peeler and Speaker Lucas, have studied the funding model and formula for education and share the same goal—ensuring that every man, woman or child has prosperity and the brightest of futures before them. That goal begins with education. We must improve scholastic outcomes in South Carolina, but true reform requires more than simply sending money from Columbia.

Reforming the education funding formula is a necessary step to ensure more equitable distribution of dollars to South Carolina's school districts. The formula must meet the requirements of the 21st century economy and a 21st century education. Proposals to offer more spending flexibility to school districts merit consideration.

The primary funding formula for public education, the Education Finance Act, was established over forty years ago. That formula has become outdated and fails to provide sufficient measures of accountability in student outcomes. Therefore, we recognize the need to establish a new, updated funding model to guide state appropriations and local school district expenditures for public education in order to improve efficiency, transparency, accountability, and affordability.

We request that Revenue and Fiscal Affairs work in concert with the South Carolina Department of Education, the South Carolina Education Oversight Committee, local school districts, and other agency or education associations to develop a report and funding model that includes, at a minimum but not limited to, the following items:

- (a) A review of current state, federal, and local appropriations, revenues, and expenditures for the operation of public schools in the state and other documents that support the options or recommendations in its report; and
- (b) Options or recommendations for simplifying and streamlining state appropriations for public education; and
- (c) Recommendations for consolidating existing current line item appropriations into fewer line items by major education programs; and

- (d) Options for improving the alignment of appropriations and revenues with local school district expenditures by major education programs;
- (e) Options for standards or measures of fiscal accountability for funding categories as recommended by the South Carolina Department of Education and options for standards or measures of student performance accountability as recommended by the South Carolina Education Oversight Committee; and
- (f) Examples of reports that improve simplicity and transparency in reviewing and monitoring state and local funding and revenues, local school district expenditures, and accountability measures at the state and local level; and
- (g) Methods to simplify estimating or projecting future educational funding needs; and
- (h) A recommendation to create and maintain a competitive work force of teachers by examining the teacher salary structure and providing options to increase the minimum teacher salary to \$35,000 or more; and
- (i) Options or incentives for encouraging consolidation or shared services among local school districts; and
- (j) Options to phase-in a higher percentage of state funding than is outlined in the Education Finance Act; and
- (k) Recommendations to phase in any funding changes over time and to estimate the cost to hold harmless local school districts during a transition to a new funding method.

South Carolina Department of Education, the South Carolina Education Oversight Committee, local school districts, and other agency or education associations will earnestly support the Revenue and Fiscal Affairs Office in this endeavor by providing, upon request, technical and programmatic information or advice, and any data necessary to achieve the purpose of this joint resolution in order

We ask that Revenue and Fiscal Affairs provide this report to us no later than May 9, 2019. This report will help ensure that all of our children have the necessary resources to meet the requirements of the 21st century economy.

Yours very truly,



Henry McMaster



Jay Lucas



Harvey Peeler