



## MEMORANDUM

**TO:** District Superintendents

**FROM:** Elizabeth Carpentier  
Deputy Superintendent

**DATE:** June 22, 2007

**RE:** Requests for Waiver of Requirement to Reduce Millage

For the first time in several years, revenues have been good enough to permit the funding of the School Building Aid trust. Those funds must be used for capital projects and millage reduction pursuant to S.C. Code § 59-21-420.

If your district has had any capital improvement programs or bonds within the last 5 years, then – unless the district obtains a waiver - 50% of the funds must be used to reduce millage. For purposes of this statute, “capital improvement program” means that over the last five fiscal years debt for school buildings or levying school taxes for building purposes averaged at least one-half of the amount the district was entitled to receive during state FY 1985 from the initial School Building Aid program (see below for the amounts). If during the last five years the district has not issued bonds or if the district’s annual capital improvement programs have not, on average, exceeded 50% of the FY 1985 allocation, then the requirement that 50% of the current funds be used for millage reduction does not apply and the district may use up to 100% of its allocation for capital improvements.

The statute permits a district to request a waiver of the millage reduction requirement from the State Board of Education. “[T]he Board may grant a waiver if the evidence is substantiated.” In recent months several applications have come before the Board and no waiver requests have been approved. At the June 13, 2007, meeting of the Board, we obtained some clarification of information that the Board would like to see accompanying

these requests. The Board anticipates adopting a formal policy related to these waivers, but in the meantime I am forwarding this information.

- The statute requires “consultation with the State Treasurer on the prevailing interest rates.” The application must have “certification by the State Treasurer that rates are beneficial to the local school district.” The concept here is that if the rates on the bonds are lower than current interest rates, then use of the School Building Aid funds on capital projects, as opposed to millage reduction, can be beneficial to the district.
  - Obtain certification from the State Treasurer that it is in the school district’s interest to maintain the debt at its interest rates, with indication of what the current prevailing rates are on bonded indebtedness.
  - Indicate the total amount of the current bonded indebtedness.
  - Indicate the interest rates on the current bonded indebtedness.
- Provide a five (5) year history of the district’s budget, millage increases or decreases, and debt service.
- Indicate the past bond referenda and results, and indicate what plans there are for future referenda.
- The statute requires that the district have “an identified need for funds” in the amount for which the waiver is requested.
  - Be specific in identifying the need and the amount needed.
  - Indicate how this need was otherwise going to be addressed or why the district had not already planned to meet this need. For example, perhaps a roofing problem has been newly identified and was therefore not in the budget, but needs to be fixed to prevent other capital damage.
- Similar to the above, indicate whether any unusual circumstances exist that weigh in favor of the request, as opposed to using funds appropriated through the regular budget process or a bond referendum. An example might include tornado or hurricane damage. Another noted example was that unexpected increases in oil prices might have caused construction costs unexpectedly to exceed the estimates used in obtaining a bond through an earlier referendum.
- The statute also refers to situations in which the district “anticipates a significant increase in need for additional classroom space.” Although some waiver applicants have supplied information on the growth of their student populations, none of those applications have been deemed to have sufficient evidence to substantiate the requests by the Board.
  - If your request is based on need for more classroom space, please be sure that the student numbers provided to support the request are statistically valid.
  - Another indication of space needs is information on the number of relocatable classrooms that exist or will be needed if the funds are not used for new classrooms.
  - Unexpected influxes of students may also be explained, e.g., if a large new business recently located in the area, influx of immigration, etc.

- The statute states that the capital improvements must have been “otherwise authorized during the then-current fiscal year.”
  - Indicate how the administration or board authorized these capital improvements, including information on authorization levels.
  - If this capital improvement is listed in the district’s approved budget for the fiscal year, attach a copy and sufficient information so that the State Board can determine that the item is included.
- Describe local level approval authorizations.
  - Indicate the type of local board for the district (appointed, elected).
  - If your board is legislatively appointed, include the signatures of your local delegation in support of the application.
  - include information on the fiscal authority levels of the board and administration.
- The State Board wants assurances that the public has had notice of the issue of requesting a millage waiver and an opportunity to be heard on the proposed request.
  - Attach copies of the meeting notice at which your local board approved making this waiver request and at which this request was listed as an agenda item.
  - Include information on how the public was given notice of this agenda item. E.g., was the agenda published in a newspaper with large circulation in the area or simply published by posting on the district office door?
- Although not a comment by a Board member, in conversations with districts we have heard concern about the costs of conducting a referendum, especially in light of the amount for which a waiver is requested. If you have evidence of what a referendum would cost and indications of whether or not those costs are reasonable in relation to the amount for which a waiver is requested, you may wish to supply that information.
- We have also heard concerns that recent statutory changes limit the districts’ ability to use regular budget processes and millage to cover capital expenditures. If you have evidence that the proposed expenditures cannot be accomplished within those caps without adversely impacting instructional programs, you may wish to include this information in your application.
- We recommend that you contact the State Board member for your area before presenting this item on their agenda. If your Board member has questions, please be sure to have information to answer those questions and evidence to substantiate your position on that issue.
- The Chair of the Board indicated that he would accept other comments from Board members after the close of Wednesday’s meeting. Therefore, please be aware that other issues not listed here may be raised at any meeting or in the final policy.

Following are the 1985 EIA School Building Aid allocations referenced above:

1985 EIA SCHOOL BUILDING FUND  
ALLOCATIONS

	<u>District Name</u>	<u>Amount</u>	<u>50%</u>
0160	ABBEVILLE 60	\$ 379,506	\$ 189,753
0201	AIKEN 01	\$ 1,988,441	\$ 994,221
0301	ALLENDALE 01	\$ 219,568	\$ 109,784
0401	ANDERSON 01	\$ 526,451	\$ 263,226
0402	ANDERSON 02	\$ 337,864	\$ 168,932
0403	ANDERSON 03	\$ 228,502	\$ 114,251
0404	ANDERSON 04	\$ 232,632	\$ 116,316
0405	ANDERSON 05	\$ 1,037,333	\$ 518,667
0501	BAMBERG 01	\$ 183,596	\$ 91,798
0502	BAMBERG 02	\$ 151,964	\$ 75,982
0619	BARNWELL 19	\$ 112,571	\$ 56,286
0629	BARNWELL 29	\$ 94,879	\$ 47,440
0645	BARNWELL 45	\$ 217,880	\$ 108,940
0701	BEAUFORT 01	\$ 900,564	\$ 450,282
0801	BERKELEY 01	\$ 2,174,166	\$1,087,083
0901	CALHOUN 01	\$ 188,932	\$ 94,466
1001	CHARLESTON 01	\$ 3,821,555	\$1,910,778
1101	CHEROKEE 01	\$ 822,546	\$ 411,273
1201	CHESTER 01	\$ 622,895	\$ 311,448
1301	CHESTERFIELD 01	\$ 751,125	\$ 375,563
1401	CLARENDON 01	\$ 139,703	\$ 69,852
1402	CLARENDON 02	\$ 290,956	\$ 145,478
1403	CLARENDON 03	\$ 112,868	\$ 56,434
1501	COLLETON 01	\$ 596,454	\$ 298,227
1601	DARLINGTON 01	\$ 1,215,395	\$ 607,698
1701	DILLON 01	\$ 98,251	\$ 49,126
1702	DILLON 02	\$ 434,535	\$ 217,268
1703	DILLON 03	\$ 159,635	\$ 79,818
1802	DORCHESTER 02	\$ 994,760	\$ 497,380
1804	DORCHESTER 04	\$ 245,590	\$ 122,795
1901	EDGEFIELD 01	\$ 322,005	\$ 161,003
2001	FAIRFIELD 01	\$ 396,455	\$ 198,228
2101	FLORENCE 01	\$ 1,323,342	\$ 661,671
2102	FLORENCE 02	\$ 128,829	\$ 64,415
2103	FLORENCE 03	\$ 403,487	\$ 201,744
2104	FLORENCE 04	\$ 128,804	\$ 64,402
2105	FLORENCE 05	\$ 121,340	\$ 60,670
2201	GEORGETOWN 01	\$ 925,024	\$ 462,512
2301	GREENVILLE 01	\$ 4,724,343	\$2,362,172
2450	GREENWOOD 50	\$ 824,381	\$ 412,191
2451	GREENWOOD 51	\$ 111,222	\$ 55,611
2452	GREENWOOD 52	\$ 140,344	\$ 70,172
2501	HAMPTON 01	\$ 243,239	\$ 121,620
2502	HAMPTON 02	\$ 137,133	\$ 68,567

2601	HORRY 01	\$ 1,949,497	\$ 974,749
2701	JASPER 01	\$ 264,111	\$ 132,056
2801	KERSHAW 01	\$ 788,335	\$ 394,168
2901	LANCASTER 01	\$ 1,039,052	\$ 519,526
3055	LAURENS 55	\$ 518,590	\$ 259,295
3056	LAURENS 56	\$ 350,673	\$ 175,337
3101	LEE 01	\$ 328,145	\$ 164,073
3201	LEXINGTON 01	\$ 802,094	\$ 401,047
3202	LEXINGTON 02	\$ 960,008	\$ 480,004
3203	LEXINGTON 03	\$ 218,846	\$ 109,423
3204	LEXINGTON 04	\$ 162,405	\$ 81,203
3205	LEXINGTON 05	\$ 973,742	\$ 486,871
3301	MCCORMICK 01	\$ 165,644	\$ 82,822
3401	MARION 01	\$ 318,646	\$ 159,323
3402	MARION 02	\$ 261,347	\$ 130,674
3407	MARION 07	\$ 119,567	\$ 59,784
3501	MARLBORO 01	\$ 643,814	\$ 321,907
3601	NEWBERRY 01	\$ 575,672	\$ 287,836
3701	OCONEE 01	\$ 918,723	\$ 459,362
3803	ORANGEBURG 03	\$ 371,765	\$ 185,883
3804	ORANGEBURG 04	\$ 312,743	\$ 156,372
3805	ORANGEBURG 05	\$ 733,105	\$ 366,553
3901	PICKENS 01	\$ 1,288,222	\$ 644,111
4001	RICHLAND 01	\$ 2,616,017	\$1,308,009
4002	RICHLAND 02	\$ 978,008	\$ 489,004
4101	SALUDA 01	\$ 221,799	\$ 110,900
4201	SPARTANBURG 01	\$ 370,529	\$ 185,265
4202	SPARTANBURG 02	\$ 596,999	\$ 298,500
4203	SPARTANBURG 03	\$ 315,691	\$ 157,846
4204	SPARTANBURG 04	\$ 239,792	\$ 119,896
4205	SPARTANBURG 05	\$ 391,244	\$ 195,622
4206	SPARTANBURG 06	\$ 716,531	\$ 358,266
4207	SPARTANBURG 07	\$ 987,497	\$ 493,749
4302	SUMTER 02	\$ 779,466	\$ 389,733
4317	SUMTER 17	\$ 815,149	\$ 407,575
4401	UNION 01	\$ 560,082	\$ 280,041
4501	WILLIAMSBURG 01	\$ 764,071	\$ 382,036
4601	YORK 01	\$ 339,443	\$ 169,722
4602	YORK 02	\$ 276,310	\$ 138,155
4603	YORK 03	\$ 1,149,153	\$ 574,577
4604	YORK 04	\$ 255,023	\$ 127,512
5208	DEPT OF JUVENILE JUSTICE	\$ 50,222	\$ 25,111
5209	DEPT OF CORRECTIONS	\$ 39,299	\$ 19,650
	TOTAL	<u>\$55,738,136</u>	