**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY REPEALING SECTIONS 4‑10‑810 AND 59‑21‑1030 RELATING TO THE LEVEL OF FINANCIAL EFFORT PER PUPIL REQUIRED OF EACH SCHOOL DISTRICT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. The General Assembly finds that:

(1) The “Maintenance of Effort” provision of the Education Improvement Act is irrelevant and must be eliminated for the following reasons:

(a) School districts, at best, can only estimate their contributions to the funding scheme provided in the Education Improvement Act because of the restrictive timeline for which predictions must be made according to the Maintenance of Effort requirement. School districts must predict revenues in March, which are not realized until July first. In May, school districts predict student population for the next school year, and these determinations are not reviewed by the State for more than one year.

(b) Because of the timing constraints, no school district has ever been penalized in the over thirty‑year existence of the Maintenance of Effort requirement. Furthermore, four different attorney generals have ruled that no penalty will ever be imposed.

(c) While waivers to parts of the Maintenance of Effort provision are routinely generated, the annual level of grade improvement, a particularly rigorous requirement, remains mandatory and is difficult to achieve in some excellent school districts.

(d) Audits, which occur approximately two years after predictions are made, never produce a rollback in property taxes in the event actual revenues exceed the estimates.

(e) Unfortunately, school districts in this State now routinely use this law as a basis by which to increase millage and then place blame on state legislators who force them to raise millage because of the Maintenance of Effort.

(2) Repeal of the Maintenance of Effort provision is necessary to allow school districts to acquire funding based on need and not on an artificial construct.

SECTION 2. Sections 4‑10‑810 and 59‑21‑1030 of the 1976 Code are repealed.

SECTION 3. This act takes effect upon approval by the Governor.

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