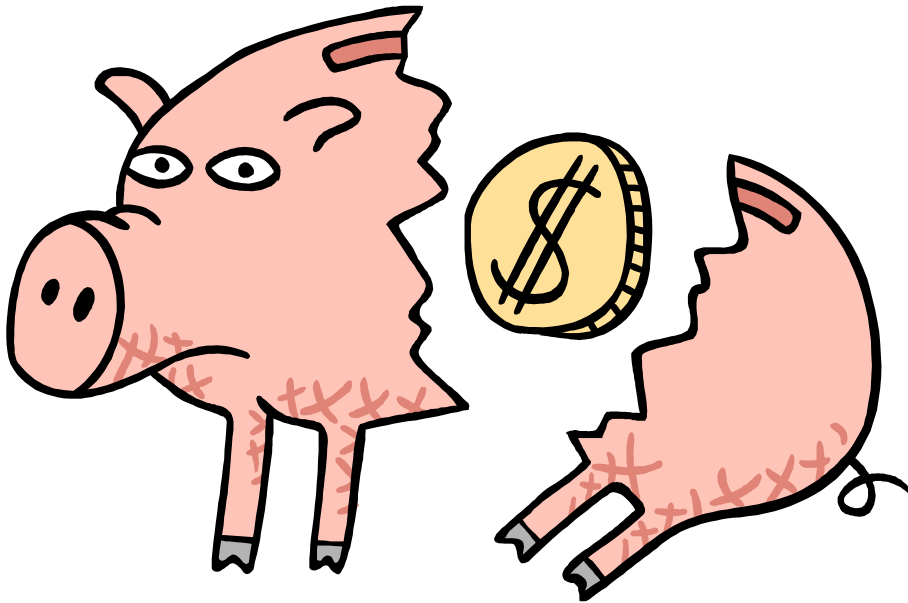


# National School Finance Overview



# National School Finance Overview

Current expenditures: \$352 billion

Facilities worth: \$600 billion

Number of teachers: 2.9 million

Number of school districts: 14,505

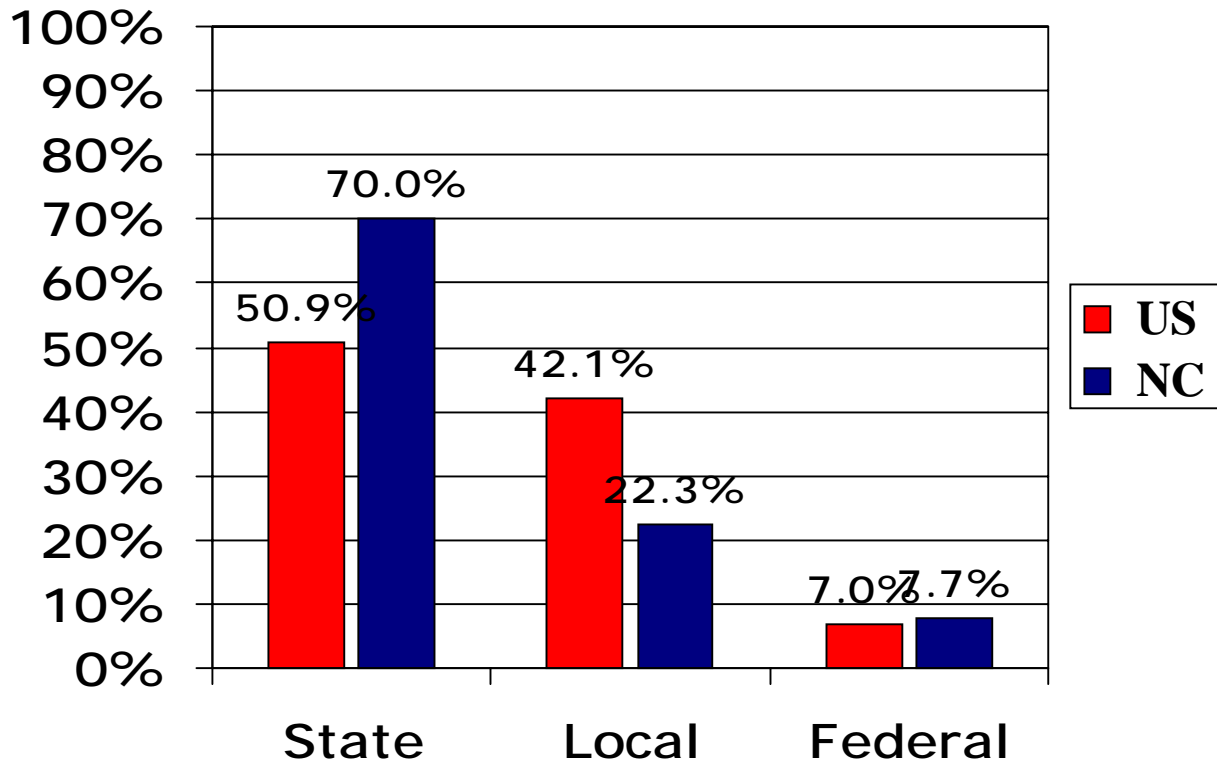
Number of schools: 83,725

Pre-K-12 enrollment: 53.2 million

Children in poverty: 11.6 million (16.3%)



# Comparison of School Funding



# Age Old Question:

Are we spending too little,  
enough, or too much?

NC ranks 39<sup>th</sup> in school spending



US Average \$7,079

NC Average \$6,028

Difference (\$1,051)

(\$1.36 billion)

# Sources of School Funding

State Funding

Sales Tax & Income Tax

Local Funding

Property Tax

State spending: US Average: 50.7%

25 states are above the US average

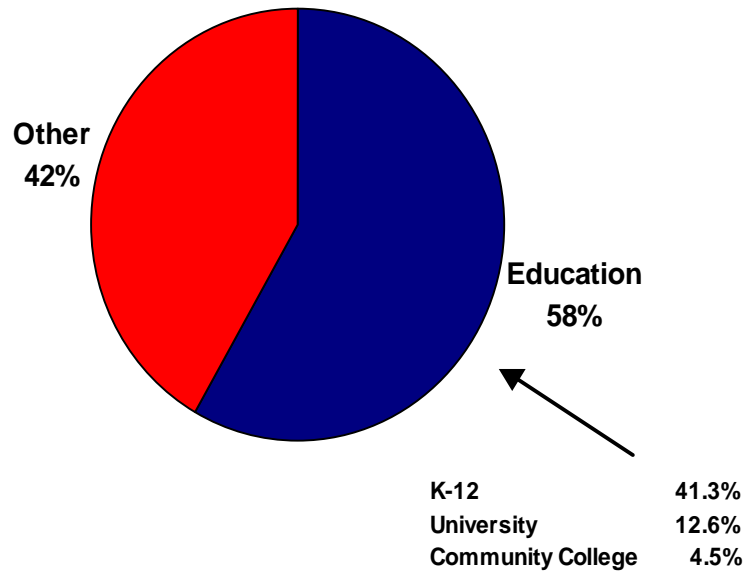
NC ranks 4<sup>th</sup> (70%)

Local spending: US Average: 42.1%

26 states are above the US average

NC ranks 47<sup>th</sup> (22.3%)

# Largest Share of the State Budget (Education=\$8.4 B)



# School Finance Impact

## Impact on Other Agencies

- Since 1997, Teacher Pay ↑\$1.4 B
- K-12 lion's share of revenue (1% raise=\$34 mm)
- Enrollment Growth=\$100+mm
- ABCs bonuses=\$101 mm
- State budget cut 3%; K-12 budget cut .5%
- Education & Human Services=83% of the budget

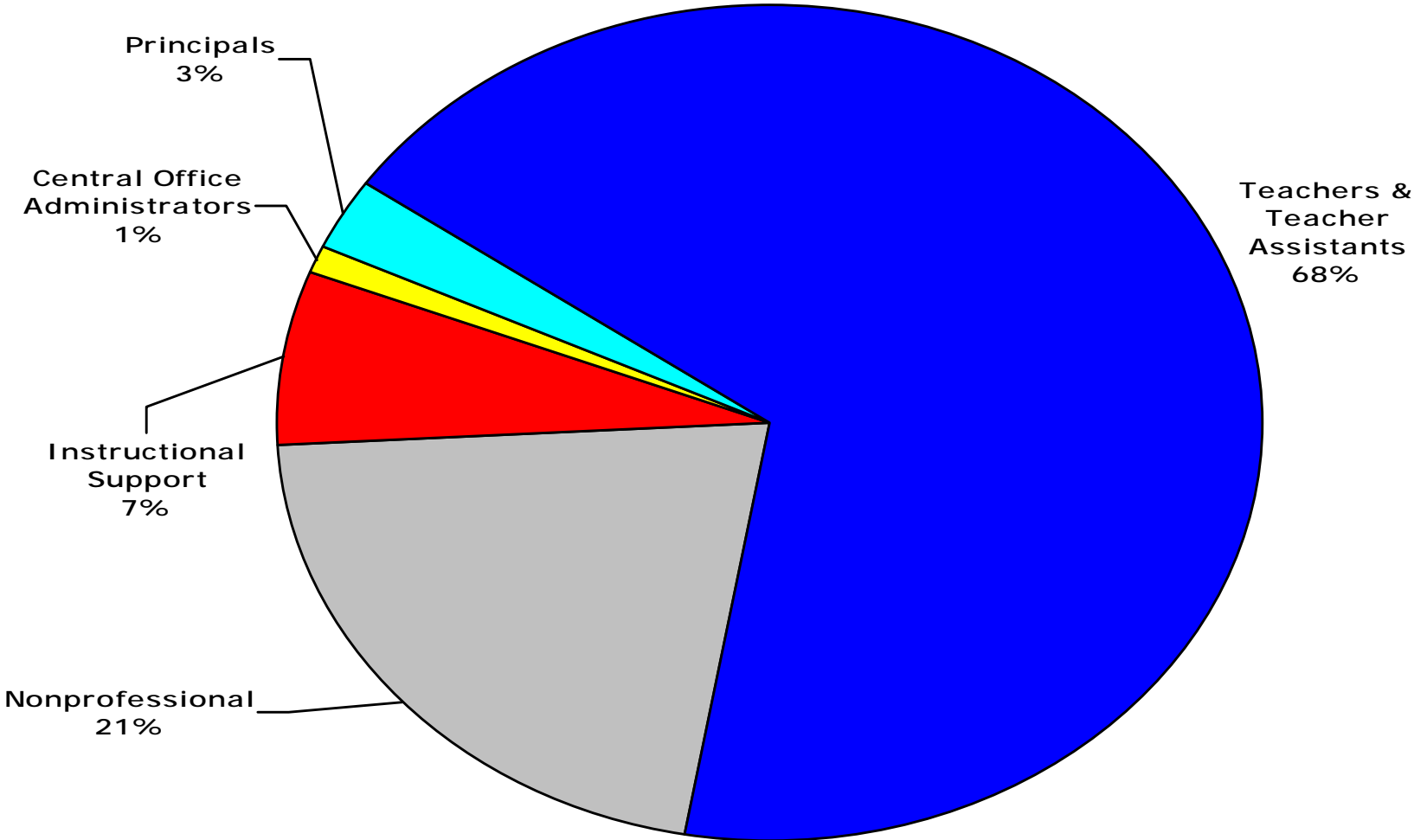
# Who Pays For What?

## State Funds Provide (70%--\$5.7 B)



- ✓ School Personnel (94.2%)
- ✓ Services for at-risk students, children with special needs, funding for gifted children, driver's education, vocational education
  - ✓ School technology
- ✓ Professional Development
  - ✓ ABCs Incentive Awards
- ✓ Supplemental funding for low wealth and small schools

# State Summary of School Personnel, 2001-02



•Teacher assistants have been included with teachers  
•Source: DPI, 2002 Statistical Profile

## Local Funds Provide (22%--\$2 B)

- ✓ Additional teachers & teacher assistants (9,470)
  - ✓ Salary Supplements  
(CH-C=\$5,520, State Average=\$2,545,  
Mitchell=\$100, Seven LEAs=0)
- ✓ School Building Construction & Maintenance



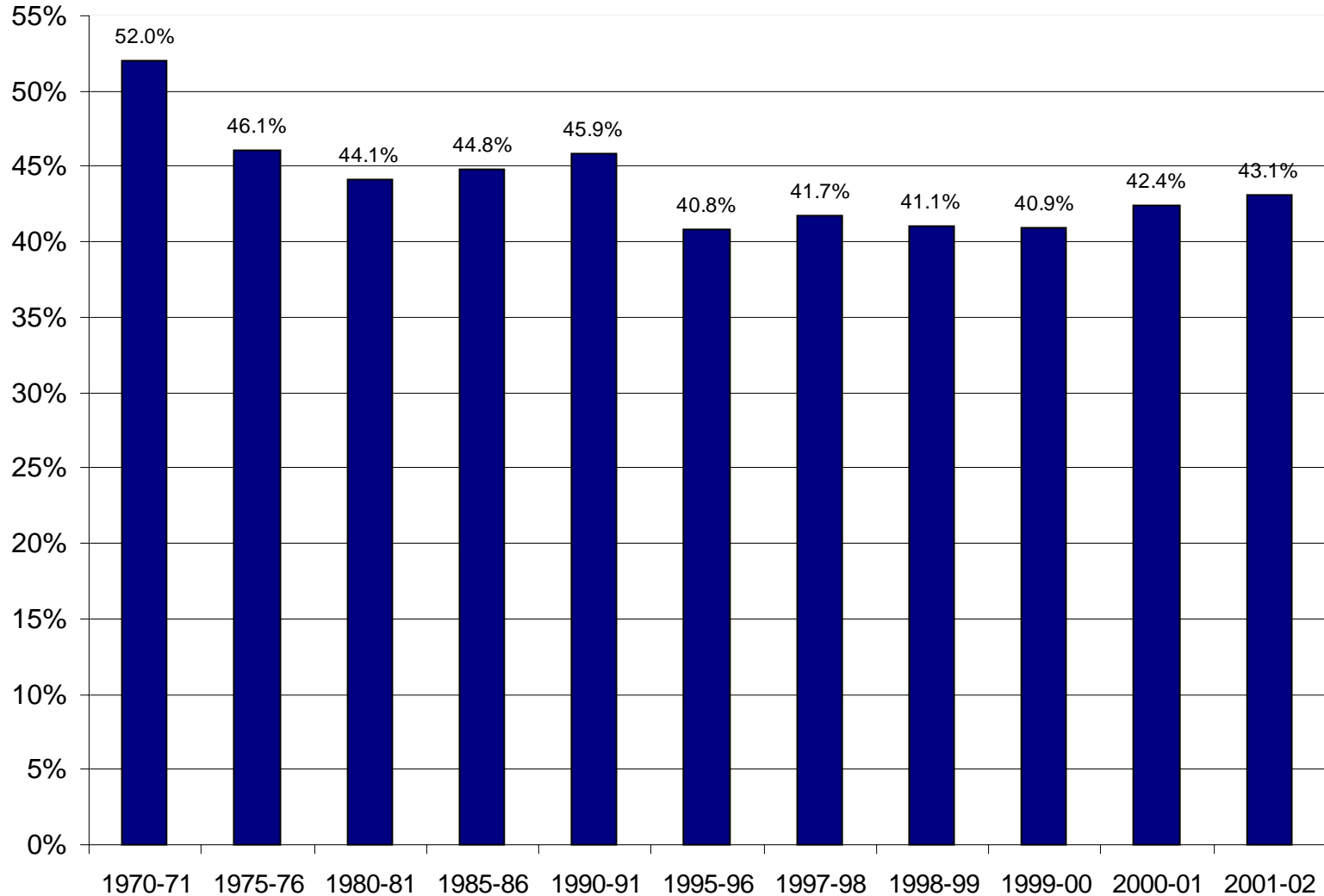
- ✓ Honors, AP and Advanced Courses  
(such as Trigonometry &  
Advanced Biology)
- ✓ Capital Reserves &  
Debt Service Payments

## Federal Funds Provide (8%--\$657 m)

- ✓ Targeted funds for poor and handicapped students, and other special populations
- ✓ National Education Goals Resources
- ✓ Vocational Education Courses
- ✓ Safe/Drug Free School Programs
- ✓ Professional Development



# K-12 Authorized Budget (% of General Operating Fund)



# North Carolina's Funding Process

Position Allotments: pays whatever is required

teachers

principals



e.g., State will pay...

30 yr. teacher w/Ph.D. NBPTS=\$58,440

new teacher = \$25,250

# North Carolina's Funding Process

## Dollar Allotments: fixed amount

textbooks

teacher assistants (aides)

central office administration

e.g., State pays...

textbooks=\$51.45 per child in K-12

teacher assistants=\$15,719



# North Carolina's Funding Process

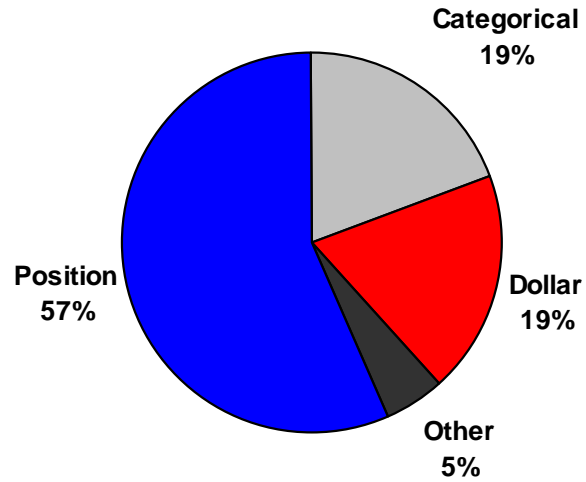
Categorical Allotments: specific need or group  
transportation  
disabled children  
at-risk children

e.g., State pays...

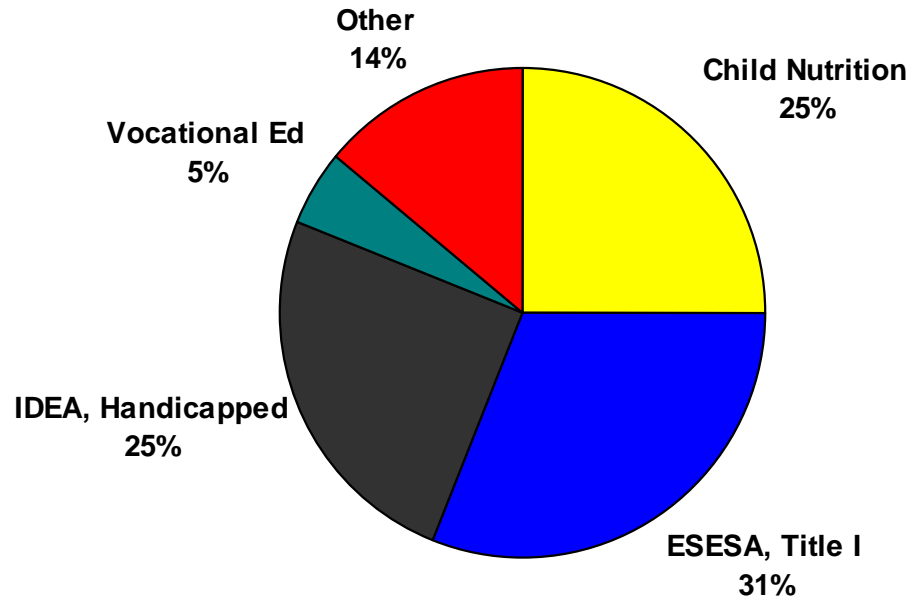
disabled children=\$2,612  
per child in K-12



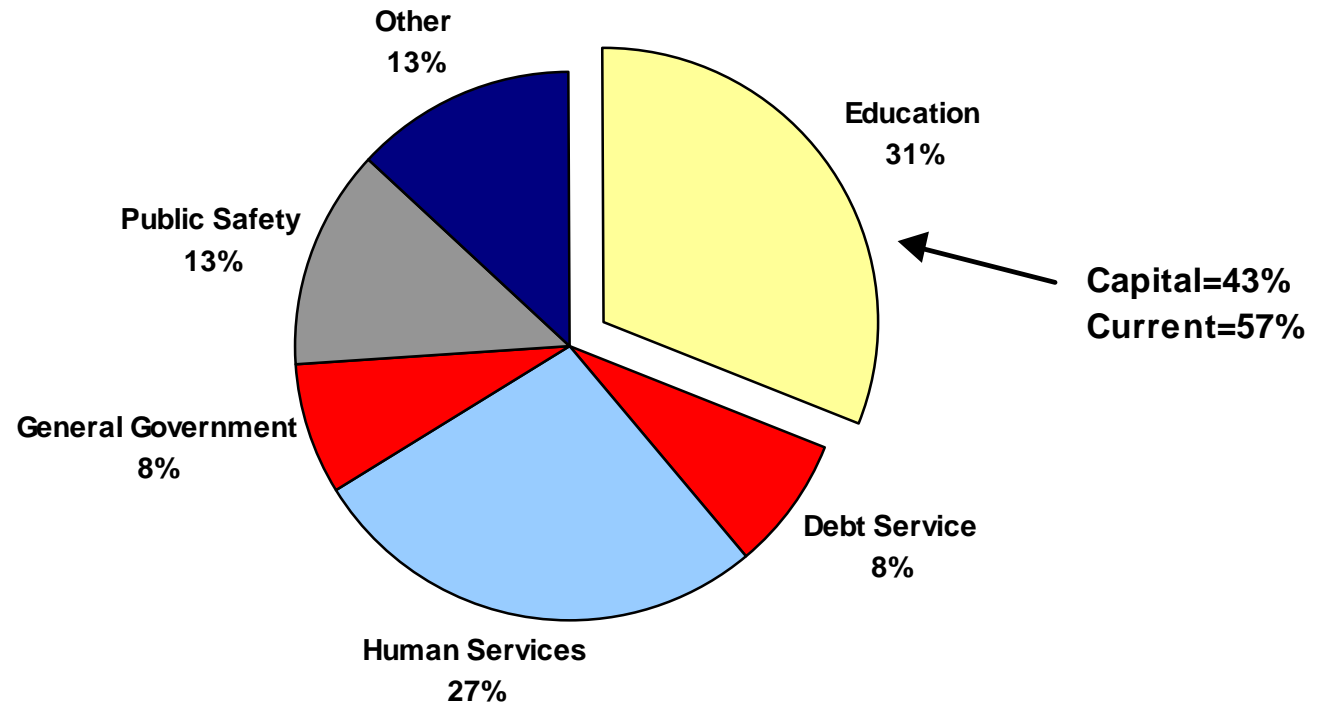
# Types of State Funding



# Federal Funds Received



# 2000-01 County Expenditures



# School Finance Litigation

Unconstitutional funding systems: 18 states

Constitutional funding systems: 18 states



Litigation changing from  
equity to adequacy

Equity: fairness of resources

Adequacy: enough resources

On July 24, 1997 the North Carolina state Supreme Court ruled as part of Leandro v. North Carolina that disparities in county funding were constitutional:

“Because the North Carolina Constitution expressly states that units of local governments with financial responsibility for public education may provide additional funding to supplement the educational programs provided by the state, **there can be nothing unconstitutional about their doing so or in an inequality of opportunity occurring as a result.**”

“... there can be nothing unconstitutional about their doing so or in an inequality of opportunity occurring as a result.”

--*Leandro v. N.C.* (1997)

## Annual Spending Gap (62.6% ↑)

