



Disparity in Public School Financing—An Update

by Bill Finger

Philip Ray Dail, the state's 1984 Teacher of the Year, called disparity in funding among the 142 school districts the greatest problem in North Carolina education. The *Report of the Commission on the Future of North Carolina* recommended that the state "devise and apply a system of public school finance that will provide equal educational opportunity to all schoolchildren."¹ Most recently, the Public Education Policy Council concluded that a major clarification of state and local funding responsibilities is needed in order to assure an equal educational opportunity for all schoolchildren.² This 47-member council, created by the General Assembly in 1983 to study the public school system, is the latest and perhaps most important education reform effort in recent years.

Any student of the state's education system should by now—after the spate of reports in the last year—have read Article IX, Section 2 of the N.C. Constitution. Short and to the point, that

section requires that the General Assembly "shall provide by taxation and otherwise for a general and uniform system of free public schools."

In June 1984, *North Carolina Insight* reported a widening gap in per-pupil spending among the 142 school systems, despite this constitutional guarantee. "Financial disparity is not the only factor leading to educational disparity, but financial equity does represent the cornerstone of any effort to build a 'uniform system of free public schools,'" wrote education analyst Lanier Fonvielle in *Insight*.³

Fonvielle's article, "Disparity in Public School Financing—Where North Carolina Stands," summarized the strengths and weaknesses in the funding system used in North Carolina and examined various school finance reform efforts in their historical context. Fonvielle pointed out the wide variety in course offerings among the 142 systems, and explained how spending relates to programs.

A recent graduate of Northern High School in

Durham, for example, had advanced Latin and computer math courses under his belt. But a graduate of the K-12 Blue Ridge School in the mountain community of Glenville (Jackson County) could take neither of those courses. In fact, the Durham County school had 56 more course offerings (28 academic and 28 vocational). Metropolitan area school districts can generally offer more courses than rural districts. While every school cannot offer advanced Latin and computer math, minimum course requirements and creative efforts such as cross-district services and access to community colleges can round out course offerings.

"Expenditure equity is not the same as program equity," cautioned Fonvielle. "By funding a minimum, comprehensive program and imposing statewide standards, the state could focus on *program equity as well as expenditure equity*."⁴

In 1985, the General Assembly has the opportunity to meet the challenge put forth by Fonvielle, the Commission on the Future of North Carolina, and the Public Education Policy Council. In February, Sen. Robert Warren (D-Johnston) and Rep. Jo Graham Foster (D-Mecklenburg) introduced legislation which recognizes that "the quality and the quantity of the school program is in part dependent upon where a child lives."⁵ The 27-page bill attempts to clarify state and local funding responsibilities for public schools, including funding for the new "basic education program." The State Board of Education proposed the basic education program in October 1984 (with revisions in February 1985), as required by legislation passed first in 1983 and again in 1984.⁶

The basic education program incorporates both philosophy and details. For example, the program calls for mastery of integrated knowledge and skills necessary to cope with contemporary society. It also specifies a core curriculum, standards for student performance, and appropriate class size for each course.

The proposals put forth by Sen. Warren and Rep. Foster, who co-chaired the Public Education Policy Council, appear to address the issue of disparity among the state's 142 school districts. While far-reaching in its broad sweep and in its details, the legislation nevertheless raises some important questions that need adequate debate.

■ Under the state and local financial partnership, will raising the "foundation" level of state funding to all districts alleviate problems of disparity in financing among school districts? Or will this increased "foundation" only raise the overall state contribution and serve to perpetuate spending gaps among districts?

■ Can *program equity* (through the new basic education plan) be achieved by the funding system outlined in the legislation?

■ Along with proposals to fund the basic education program are proposals to increase local discretion in spending state funds. Where will responsibilities lie, as a practical matter, for ensuring that every child receives an equal opportunity for the basic program?

■ The legislation continues to allocate funds for instructional personnel, support personnel, instructional equipment, and general administration through the traditional "average daily membership" formula. Is this the most equitable means of funding a basic education plan?

■ Can program equity be achieved without addressing the question of a local district's ability to pay?

As legislators debate these and other questions, two basic considerations must be kept at the forefront: the *quality* of a "general and uniform system of free public schools" and the degree of *financial equity* among the districts. With the Fonvielle article last June, *Insight* published the top 10 and bottom 10 school districts, according to total per-pupil expenditures in 1982-83. After releasing the rankings to the media, reporters from around the state called asking, "Where does our system rank?"

The latest rankings in per-pupil spending—covering the 1983-84 school year—have recently become available from the State Board of Education Controller's Office. To be sure that reporters and legislators throughout the state can find at a glance where their districts rank, the newest per-pupil spending data for all 142 districts are included here. Note that the city districts are included under the respective counties.

In North Carolina, the state currently provides a "foundation" for a local school district's operating costs. About four of every five state public school dollars go for instructional salaries according to an allotment system. Using the projected average daily membership of each district, the state determines the number of positions eligible for state funding.

State per-pupil funding does not vary extensively among districts but *total per-pupil spending* does. In 1983-84, *total per-pupil spending* (excluding food service) ranged from a low of \$1,686 in Davidson County to a high of \$2,665 in Chapel Hill/Carrboro City—a difference of 58 percent. This wide range stems from the huge variation in *local spending levels*. In 1983-84, Cherokee County contributed \$195 per pupil, the lowest in the state, while Chapel Hill/Carrboro contributed nearly six times as much (\$1,159 per pupil).

Total Per-Pupil Expenditures, 1983-84

The Top Ten

1. Chapel Hill-Carrboro
2. Asheville City
3. Hyde County
4. Durham City
5. Hendersonville City
6. Fayetteville City
7. Greensboro City
8. High Point City
9. Mecklenburg County
10. Tyrrell County

The Bottom Ten

142. Davidson County
141. Randolph County
140. Iredell County
139. Cherokee County
138. Gaston County
137. McDowell County
136. Union County
135. Alexander County
134. Onslow County
133. Richmond County

In the last decade, the gaps in total per-pupil spending among districts have widened, because of two main trends. First, the share of school budgets from federal sources has decreased from 14.2 percent in 1972 to 10.5 percent in 1982. Second, local spending, the most flexible part of school budgets, has increased from 19 to 25 percent of the statewide total for schools. Consequently, the state foundation support for public schools is being diluted.

Those who want to understand the complicated issue of school finance should view these per-pupil spending figures only as a beginning point. Important factors do not show up in the per-pupil spending data for each district, particularly per-capita income, spending for transportation (which varies extensively among rural and

urban districts), tax effort, and tax base.⁷ Sampson County, for example, ranks only 115th in the local per-pupil spending but 27th in tax effort (.856 per \$100 property valuation), reports the Atlantic Center for Research in Education in Durham. A low property tax base keeps Sampson County low in the rankings of local per-pupil spending. □

FOOTNOTES

¹*The Future of North Carolina—Goals and Recommendations for the Year 2000*, Report of the Commission on the Future of North Carolina, N.C. Department of Administration, 1983, p. 30.

²"Report of the Public Education Policy Council," Report to the 1985 General Assembly of North Carolina, Sen. Robert D. Warren and Rep. Jo Graham Foster, co-chairs, December 1, 1984.

³Lanier Fonvielle, "Disparity in Public School Financing," *North Carolina Insight*, Vol. 7, No. 1, August 1984, p. 31.

⁴*Ibid.*, p. 36.

⁵Senate Bill 49, preamble. See also, House Bill 102 and Senate Bill 68.

⁶Chapter 761 of the 1983 Session Laws (SB 23), Section 86, and Chapter 1103 of the 1983 Session Laws (Regular Session, 1984) (HB 1567), Section 2.

⁷"Tax effort," as used here, refers to the portion of county taxes allocated for public schools. "Tax base" refers to overall revenues available to a county (countywide property taxes, school district property taxes, fines, license taxes, excise stamps, local sales taxes, ABC profits, intangibles taxes, beverage taxes, revenue sharing, and other miscellaneous sources). Both of these measurements are usually by county, not by school district, which further complicates this issue. (In North Carolina, there are 100 counties and 142 school districts.)

Resources on Disparity in Spending Among School Districts

Atlantic Center for Research in Education (ACRE), 604 W. Chapel Hill St., Durham, N.C. 27701, (919) 688-6464. ACRE is in the process of compiling per-capita income and property tax values for all 142 school districts. The group will also furnish interested legislators and citizens brief financial profiles of a school district. For more information, contact Elisa Wolper.

Lanier Fonvielle, "Disparity in Public School Financing," *North Carolina Insight*, Vol. 7, No. 1, August 1984, pp. 30-37. Fonvielle explains why per-pupil spending varies among school districts and how the disparity might be addressed.

The Future of North Carolina—Goals and Recommendations for the Year 2000, Report of the Commission on the Future of North Carolina, N.C. Department of Administration, 1983, pp. 27-32.

Jody George, "Courts Split on School Fi-

nance Issue," *North Carolina Insight*, Vol. 7, No. 1, August 1984, pp. 38-41. George puts the disparity issue in a national context, showing the major state court decisions that found disparities in school finance unconstitutional and those that found no constitutional violations.

Don Liner, Institute of Government, University of North Carolina at Chapel Hill, N.C. 27514. Liner has compiled data on disparity in school financing.

"Report of the Public Education Policy Council," Report to the 1983 General Assembly of North Carolina, 1984 Session, Sen. Robert D. Warren and Rep. Jo Graham Foster, co-chairs, June 1, 1984. See particularly pp. 14-18 and Appendix H.

"Report of the Public Education Policy Council," Report to the 1985 General Assembly, Sen. Robert D. Warren and Rep. Jo Graham Foster, co-chairs, December 1, 1984.

**Table 1. Per-Pupil Expenditures (PPE) by School District, 1983-84
(Excluding Food Service)¹**

SCHOOL DISTRICT ²	STATE		FEDERAL ³		LOCAL		TOTAL	
	PPE	RANK	PPE	RANK	PPE	RANK	PPE	RANK
Alamance County	\$1412	118	\$ 92	125	\$ 378	78	\$1881	118
Burlington City	1412	116	102	113	602	19	2117	47
Alexander County	1436	86	118	99	246	134	1800	135
Alleghany County	1620	8	157	56	359	89	2136	39
Anson County	1493	47	172	43	290	118	1955	91
Ashe County	1628	7	183	32	308	113	2120	46
Avery County	1557	20	153	60	295	116	2006	78
Beaufort County	1423	100	187	28	244	135	1854	127
Washington City	1427	96	182	34	347	97	1956	90
Bertie County	1503	40	268	5	246	133	2017	74
Bladen County	1499	43	224	16	365	87	2088	54
Brunswick County	1406	120	125	89	458	47	1989	83
Buncombe County	1424	99	96	120	479	42	2000	80
Asheville City	1533	25	188	26	932	3	2653	2
Burke County	1437	84	99	118	391	72	1926	103
Cabarrus County	1436	85	96	121	358	90	1891	116
Kannapolis City	1393	130	122	92	415	61	1929	102
Caldwell County	1391	132	88	130	350	93	1828	129
Camden County	1650	4	218	19	382	74	2250	22
Carteret County	1361	140	96	122	371	83	1828	130
Caswell County	1506	36	156	57	229	139	1891	115
Catawba County	1394	129	72	141	414	62	1880	121
Hickory City	1431	90	110	103	(tie) 440	54	1981	85
Newton City	1476	54	132	81	430	58	2037	64
Chatham County	1481	52	123	91	505	38	2109	48
Cherokee County	1448	76	125	90	195	142	1767	139
Chowan County	1521	28	184	30	456	48	2161	33
Clay County	1596	14	157	55	265	125	2017	73
Cleveland County	1452	74	96	123	313	109	1861	126
Kings Mtn. City	1435	87	183	33	406	64	2024	69
Shelby City	1577	17	161	53	509	37	2247	24
Columbus County	1505	38	251	8	317	107	2073	58
Whiteville City	1459	68	147	65	291	117	1897	113
Craven County	1419	109	116	100	450	50	1985	84
Cumberland County	1345	142	160	54	394	71	1899	112
Fayetteville City	1499	42	176	40	782	10	2456	6
Currituck County	1503	41	147	67	535	29	2185	31
Dare County	1385	136	87	132	690	11	2162	32
Davidson County	1368	138	77	138	240	137	1686	142
Lexington City	1422	105	140	71	522	33	2084	56
Thomasville City	1492	48	132	80	396	69	2020	72
Davie County	1413	114	105	112	349	94	1867	125
Duplin County	1511	33	185	29	265	124	1961	87
Durham County	1399	125	86	133	790	8	2276	19
Durham City	1429	92	156	58	1000	2	2585	4
Edgecombe County	1484	51	221	18	379	77	2084	55
Tarboro City	1388	133	139	73	412	63	1939	100
Forsyth County	1469	61	102	114	787	9	2358	12
Franklin County	1462	67	170	46	381	75	2013	75
Franklinton City	1470	59	169	47	312	110	1952	95

SCHOOL DISTRICT ²	STATE		FEDERAL ³		LOCAL		TOTAL	
	PPE	RANK	PPE	RANK	PPE	RANK	PPE	RANK
Gaston County	\$1367	139	\$ 80	136	\$ 333	104	\$1779	138
Gates County	1644	6	224	17	463	46	2332	15
Graham County	1617	9	148	63	355	91	2120	44
Granville County	1427	94	152	61	333	103	1913	108
Greene County	1595	15	240	12	515	35	2350	14
Guilford County	1423	103	67	142	645	14	2135	40
Greensboro City	1495	45	110	105	840	6	2445	7
High Point City	1454	72	125	88	846	5	2425	8
Halifax County	1546	23	294	3	256	129	2095	52
Roanoke Rapids City	1432	89	127	83	539	27	2098	51
Weldon City	1612	10	250	9	402	66	2263	20
Harnett County	1407	119	120	97	281	122	1807	132
Haywood County	1462	66	121	93	479	41	2062	60
Henderson County	1386	135	120	95	373	81	1880	122
Hendersonville City	1505	39	184	31	806	7	2494	5
Hertford County	1506	37	244	11	375	80	2125	43
Hoke County	1398	128	194	24	278	123	1870	124
Hyde County	1761	1	244	10	593	20	2598	3
Iredell County	1392	131	84	135	284	120	1759	140
Mooresville City	1474	56	89	128	442	52	2005	79
Statesville City	1464	63	121	94	626	16	2210	27
Jackson County	1457	70	137	76	348	95	1942	98
Johnston County	1416	111	138	75	367	86	1920	106
Jones County	1653	3	260	6	344	99	2257	21
Lee County	1420	108	114	101	475	43	2009	77
Lenoir County	1515	30	175	42	436	55	2126	42
Kinston City	1423	101	(tie) 176	39	521	34	2120	45
Lincoln County	1422	106	92	126	328	106	1842	128
Macon County	1532	26	127	85	399	67	2058	61
Madison County	1605	11	178	36	211	140	1994	81
Martin County	1492	49	177	37	537	28	2206	28
McDowell County	1402	124	143	68	250	131	1795	137
Mecklenburg County	1441	79	101	115	859	4	2401	9
Mitchell County	1556	21	165	51	347	98	2068	59
Montgomery County	1463	65	148	62	282	121	1893	114
Moore County	1472	58	135	78	546	26	2153	34
Nash County	1402	123	171	45	379	76	1953	93
Rocky Mount City	1404	121	100	117	530	30	2034	67
New Hanover County	1373	137	107	108	557	23	2038	63
Northampton County	1519	29	318	1	304	114	2140	36
Onslow County	1353	141	139	74	311	111	1802	134
Orange County	1457	69	105	110	638	15	2200	29
Chapel Hill/Carrboro City	1429	93	78	137	1159	1	2665	1
Pamlico County	1565	19	182	35	289	119	2035	65
Pasquotank County	1439	82	169	49	354	92	1962	86
Pender County	1480	53	169	48	373	82	2022	71
Perquimans County	1596	13	232	14	523	32	2351	13
Person County	1497	44	176	38	465	45	2138	38
Pitt County	1439	80	162	52	480	40	2082	57
Greenville City	1413	113	167	50	547	25	2128	41
Polk County	1687	2	127	84	436	56	2250	23
Tryon City	1492	50	193	25	606	18	2291	16

SCHOOL DISTRICT ²	STATE		FEDERAL ³		LOCAL		TOTAL		
	PPE	RANK	PPE	RANK	PPE	RANK	PPE	RANK	
Randolph County	\$1387	134	\$ 73	140	\$ 262	126	\$1723	141	
Asheboro City	1430	91	105	109	513	36	2049	62	
Richmond County	1422	104	126	87	257	128	1805	133	
Robeson County	1439	81	272	4	249	132	1960	88	
Fairmont City	1495	46	212	20	204	141	1911	109	
Lumberton City	1421	107	142	70	348	96	1910	110	
Red Springs City	1452	73	176	41	253	130	1880	119	
Saint Pauls City	1414	112	201	23	257	127	1871	123	
Rockingham County	1474	57	120	96	397	68	1990	82	
Eden City	1438	83	88	129	396	70	1922	105	
Western Rockingham	1413	115	136	77	384	73	1933	101	
Reidsville City	1448	77	126	86	454	49	2028	68	
Rowan County	1403	122	75	139	406	65	1884	117	
Salisbury City	1514	31	206	21	654	13	2374	11	
Rutherford County	1427	95	108	107	416	60	1951	96	
Sampson County	1573	18	226	15	303	115	2102	50	
Clinton City	1468	62	148	64	524	31	2140	37	
Scotland County	1423	101	(tie)	172	44	427	59	2022	70
Stanly County	1464	64	87	131	367	85	1918	107	
Albemarle City	1512	32	100	116	618	17	2230	26	
Stokes County	1412	117	98	119	444	51	1955	92	
Surry County	1450	75	113	102	342	100	1905	111	
Elkin City	1539	24	120	98	581	21	2240	25	
Mount Airy City	1435	88	109	106	561	22	2105	49	
Swain County	1645	5	205	22	434	57	2284	17	
Transylvania County	1417	110	95	124	440	53	1952	94	
Tyrrell County	1602	12	303	2	470	44	2375	10	
Union County	1398	127	86	134	314	108	1798	136	
Monroe City	1456	71	134	79	499	39	2089	53	
Vance County	1399	126	147	66	335	102	1880	120	
Wake County	1424	98	92	127	683	12	2199	30	
Warren County	1592	16	232	13	329	105	2153	35	
Washington County	1511	34	187	27	337	101	2035	66	
Watauga County	1527	27	110	103	(tie)	376	79	2013	76
Wayne County	1445	78	130	82	369	84	1943	97	
Goldsboro City	1476	55	255	7	548	24	2279	18	
Wilkes County	1470	60	105	111	241	136	1816	131	
Wilson County	1425	97	155	59	360	88	1940	99	
Yadkin County	1509	35	140	72	310	112	1958	89	
Yancey County	1548	22	142	69	232	138	1922	104	

FOOTNOTES

¹Low-income students receive reduced price or free school meals, and others pay for meals. The figures in this chart exclude all food service funds. This data is rounded to the nearest dollar. In the original data (taken to the penny), two ties resulted. These two ties are noted in the table.

²This table covers 142 districts, the number in 1983-84 and in 1984-85. In 1982-83, there were 143 districts; in 1985-86, there will be 141.

³Federal funds are designed to supplement, not supplant, state and local efforts. Federal funds are included in this table to give the total funding picture for each school district. Federal monies, however, should not be considered as a way to address disparities in per-pupil spending among districts.

Source: "Selected Financial Data 1983-84," State Board of Education, Controller's Office, Division of Planning and Research, pp. 6-8.