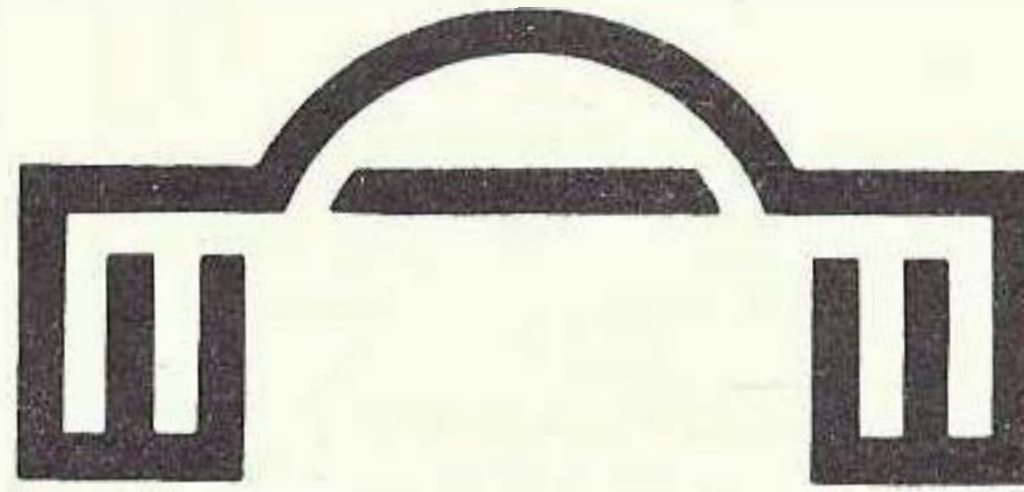




NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

NEWS RELEASE

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Center Examines Disparities in School Finance

The N.C. Center for Public Policy Research says per-pupil spending in North Carolina varies widely among the state's 142 public school systems, by as much as 60 percent. The Center says the disparities between school districts are caused mainly by differences in local supplements and lead to greatly differing educational programs among the city and county systems.

In an article in the Center's quarterly magazine, North Carolina Insight, author Lanier Fonvielle first summarizes the conventional wisdom that financial disparity among the 142 school systems is not a major problem because the state provides a "foundation" to support local districts' operating cost. Fonvielle, a member of the Durham city council who is on the staff of the Atlantic Center for Research in Education, then explains why two trends in the last decade have diluted the foundation of state support.

First, the share of school budgets from federal sources has decreased from 14.2 percent in 1972 to 10.5 percent in 1982. Second, since 1973-74, the state's share has decreased from 69 to 64 percent. "Thus, since 1973-74," writes Fonvielle, "the most flexible and controversial part of school budgets -- the local contribution -- has increased from 19 to 25 percent."

The state foundation funding does little to counteract the differences in local supplements. In 1983, local per-pupil spending ranged from a high of \$978 in the Chapel Hill/Carrboro City Schools to a low of \$188 in Hoke County Schools, a five-fold difference. The variation in these local supplements is

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the chief reason for the disparities in total per-pupil spending. In 1982, total spending (excluding food service) in the Randolph County system was \$1614 per pupil, the lowest of any of the 142 districts. The Durham City system ranked first with \$2578 spent on each pupil -- 60 percent more than the Randolph County system. (For more data, see table on page 4.)

"The disparity in local supplements presents a difficult political problem," says Fonvielle. "You don't want to discourage county commissioners from appropriating local funds in efforts to improve their schools," she explains, "but you don't like to see kids get differing educational opportunities either, simply because of where they live."

In explaining the possible consequences of disparities in school financing, Fonvielle points to differences in course offerings. A student in Blue Ridge High School in Jackson County has 56 fewer courses (including computer math and Latin) available to him or her than a student in Northern Durham High School. Other possible consequences of the disparities are that better teachers might be attracted to school systems that offer higher wages and better benefits or that better buildings might be available, since the responsibility for facilities lies mostly with the counties.

In a companion article, the N.C. Center for Public Policy Research reviewed court cases across the country involving the constitutionality of disparities in school financing. Though the court decisions are split, the Center noted that many of the successful challenges to school financing schemes were based on state constitutions with provisions similar to North Carolina's. North Carolina's constitution has a clause guaranteeing a uniform system of education*, as well as an equal protection clause. Both of these guarantees

*"The General Assembly shall provide by taxation and otherwise for a general and uniform system of free public schools..." North Carolina Constitution, Article IX, Section 2.

have been important in school financing cases in California, Connecticut, New Jersey, Washington, and Wyoming. However, in six other states, courts did not strike down unequal financing among local school districts under their state constitutions.

In interviews published in Insight, many North Carolina officials expressed concern about the disparities uncovered by the Center. State Treasurer Harlan Boyles went so far as to say, "We may have a constitutional or legal problem on our hands."

Gene Caubsey, director of the N.C. School Boards Association, commented, "The spending levels among the counties are bordering on being too far apart."

Ron Aycock, director of the N.C. Association of County Commissioners, observed, "Our [North Carolina] history of providing equal access to quality public education is at risk if we allow an increasing share of essential school operating expenditures to be financed by widely varied local revenues. Also, the counties' primary responsibility, school facilities, is undermined by competing needs for increasing aid to school operations. Only state resources can ensure equalization."

The N.C. Center for Public Policy Research is an independent, nonprofit corporation created to examine the policies and practices of state government. It is supported in part by grants from the Mary Reynolds Babcock and Z. Smith Reynolds foundations, both in Winston-Salem. Other funding support comes from 27 corporate contributors and over 700 individual and organizational members.

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Table 1. Per-Pupil Expenditures (PPE) by School District, 1982-83 (Excluding Food Service)¹

School District, Ranked by Total PPE	(1) Total PPE Amount	(2) State	(3) Federal	(4) Local
Top Ten		% Rank ²	% Rank ³	% Rank ³
1. Durham City	\$2578	52 84	13 25	35 2
2. Asheville City	2546	54 46	12 36	34 3
3. Hyde County	2531	63 1	16 12	22 17
4. Tyrrell County	2458	62 4	19 4	19 33
5. Fayetteville City	2405	57 55	13 34	30 7
6. Chapel Hill/Carrboro City	2402	55 109	4 142	41 1
7. Hendersonville City	2375	60 26	10 72	31 6
8. Greene County	2366	61 17	19 5	20 34
9. Gates County	2357	67 2	16 21	17 51
10. Northampton County	2340	61 24	21 3	18 45
(Average)		59%	14%	27%
Bottom Ten				
134. Caldwell County	\$1778	73 130	8 127	19 86
135. Catawba County	1746	75 129	5 143	21 70
136. Davie County	1745	74 132	8 129	18 101
137. Iredell County	1743	76 103	10 110	13 127
138. Union County	1740	76 120	8 135	17 111
139. Gaston County	1738	74 138	8 128	18 96
140. McDowell County	1735	75 135	12 89	13 128
141. Alexander County	1706	78 106	10 108	11 141 ⁴
142. Davidson County	1622	79 141 ³	9 133	13 136
143. Randolph County	1614	79 139	6 141	14 129
(Average)		76%	8%	16%

¹ Low-income students receive reduced-price or free school meals, and others pay for meals. The figures in this chart exclude all food service funds.

² Rank is out of 143 school districts (the number in 1982-83). There are now 142 districts.

³ The lowest district in state per-pupil expenditures is Cumberland County at \$1266, which is 67% of the total district PPE.

⁴ The lowest district in local per-pupil expenditures is Hoke County at \$188, which is 9.8% of the total district PPE.

Source: "Selected Financial Data, 1982-83", State Board of Education, Controller's Office, Division of Planning Research, pp. 6-9.