

2019 LOCAL SCHOOL FINANCE STUDY



> INTRODUCTION

For more than 30 years, the Public School Forum of North Carolina's Local School Finance Study has shined a light on variations and changes in local spending for public education across the state. The purpose of this annual study is to isolate local spending from state and federal spending to examine the capacity and actual effort of counties to support public schools. The Local School Finance Study focuses not only on the amount that counties spend on schools, but also on each county's investment in relation to their taxable resources.

Under North Carolina's school finance system born more than eight decades ago, it is the state's responsibility to pay for instructional expenses (including personnel) while county governments pay for capital expenses (buildings and maintenance). Cuts to the state budget during the Great Recession, however, have yet to be restored to pre-recession spending levels, leaving districts across the state struggling to meet

their students' needs. This, coupled with increasing costs for education stemming from population growth and a changing economy, has forced local districts to take on a larger share of instructional expenses, exacerbating inequalities in educational opportunities between those with the least and the greatest need.

Our research has identified two key trends in local school finance that have led to deepened educational inequality across districts over time.

First, there is a widening gap between wealthier counties and those with lower levels of wealth. As a result, there is a growing disparity in counties' abilities to provide their schools with the resources they need, particularly given the increasing role of local spending over time.

Second, we demonstrate that wealthier counties are able to allocate more local dollars to public schools while

simultaneously making less taxing effort. Because wealthier counties have more taxable resources, they are able to keep tax rates low while still generating significant revenue. Conversely, lower wealth counties with fewer taxable resources have to make greater taxing effort to support their schools. Thus, residents living in lower wealth districts face substantially greater financial burden to support public education while at the same time finding that their schools are more poorly resourced than those in wealthier counties.

These funding disparities have tangible impacts in North Carolina classrooms. Local salary supplements for educators are generally greater in high-wealth and larger districts, which better positions them to attract and retain top talent. Rural districts, which already face challenges in recruiting and retaining highly skilled teachers, are at an even greater disadvantage if they are not able to offer competitive pay. In low-wealth districts, schools are often unable

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> INTRODUCTION (CONTINUED)

to offer the diversity of class offerings found in wealthier counties, meaning that some students have restricted access to advanced courses or electives that are important to a well-rounded education. For example, rural districts in North Carolina have less than half the number of high school AP course offerings of urban districts - 5.8 versus 11.9.¹ And while higher wealth districts are able to tap deeper wallets as they cope with decreased state-level investments, low-wealth districts must scramble to pull together scarce local resources to pay for basic classroom supplies such as paper, pencils and textbooks.

In 2016-17, counties spent approximately \$3.1 billion to fund instructional expenses, accounting for 24 percent of the combined federal, state, and local total. Counties provided funding for 809 principals and assistant principals (15 percent of the total), 6,313 teachers (6.7 percent of the total), 1,937 teacher assistants (9 percent of the total), and 3,143 professional instructional support personnel (20.2 percent of the total).

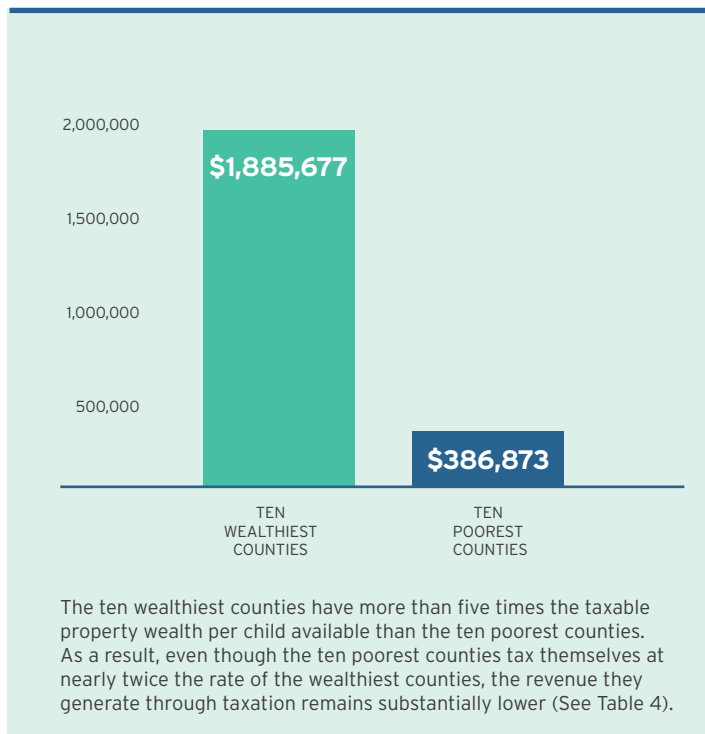
Given the increasing burden on all local districts to fund instructional expenses and the rising inequality in funding capacity across counties, spending disparities between low-wealth and higher-wealth counties have grown substantially in recent years. In 2016-17, the state's ten counties that spent the

most dollars per student averaged \$3,200 in local spending per student as compared with the ten that spent the least, which averaged \$755 per student. That represents a gap of \$2,445 between the top ten and bottom ten counties in local spending, the largest gap since we began tracking this figure in 1987. Of the state's 100 counties, 59 were below the state average of \$1,652 local dollars per student.

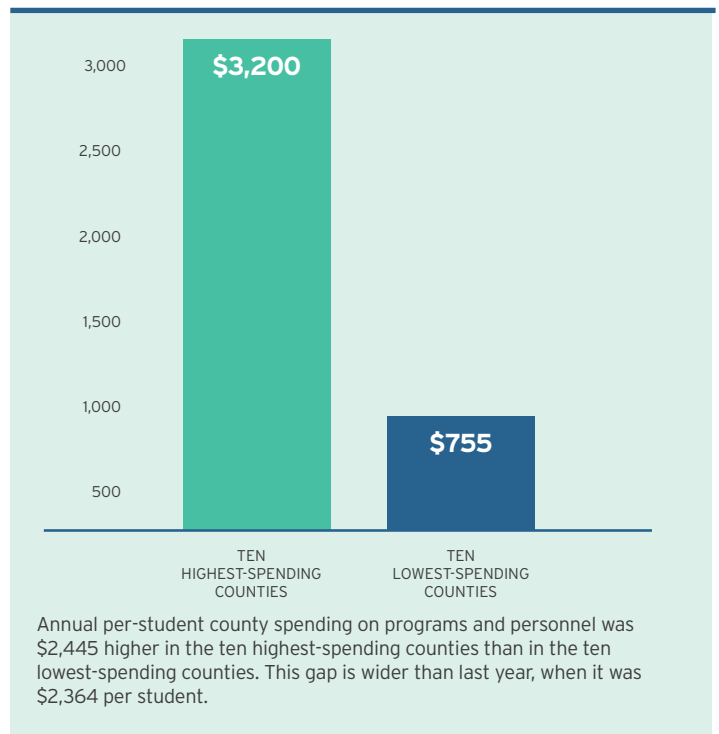
This discrepancy exists primarily because of the variation in property wealth across the state. In 2016-17, every county in the top ten spending districts had a per student real estate wealth capacity above \$1.5 million, and together had an average five times greater than the bottom ten counties. The ten wealthiest counties had an average real estate capacity of \$1,885,677 per student, compared with the ten poorest counties, which had, on average, a real estate capacity of \$386,873 per student.

Under North Carolina's school finance system, it is the state's responsibility to pay for instructional expenses while counties pay for capital expenses. However, in 2016-2017, counties spend approximately \$3.1 billion to fund instructional expenses.

TAXABLE REAL ESTATE WEALTH PER CHILD (2016-17)

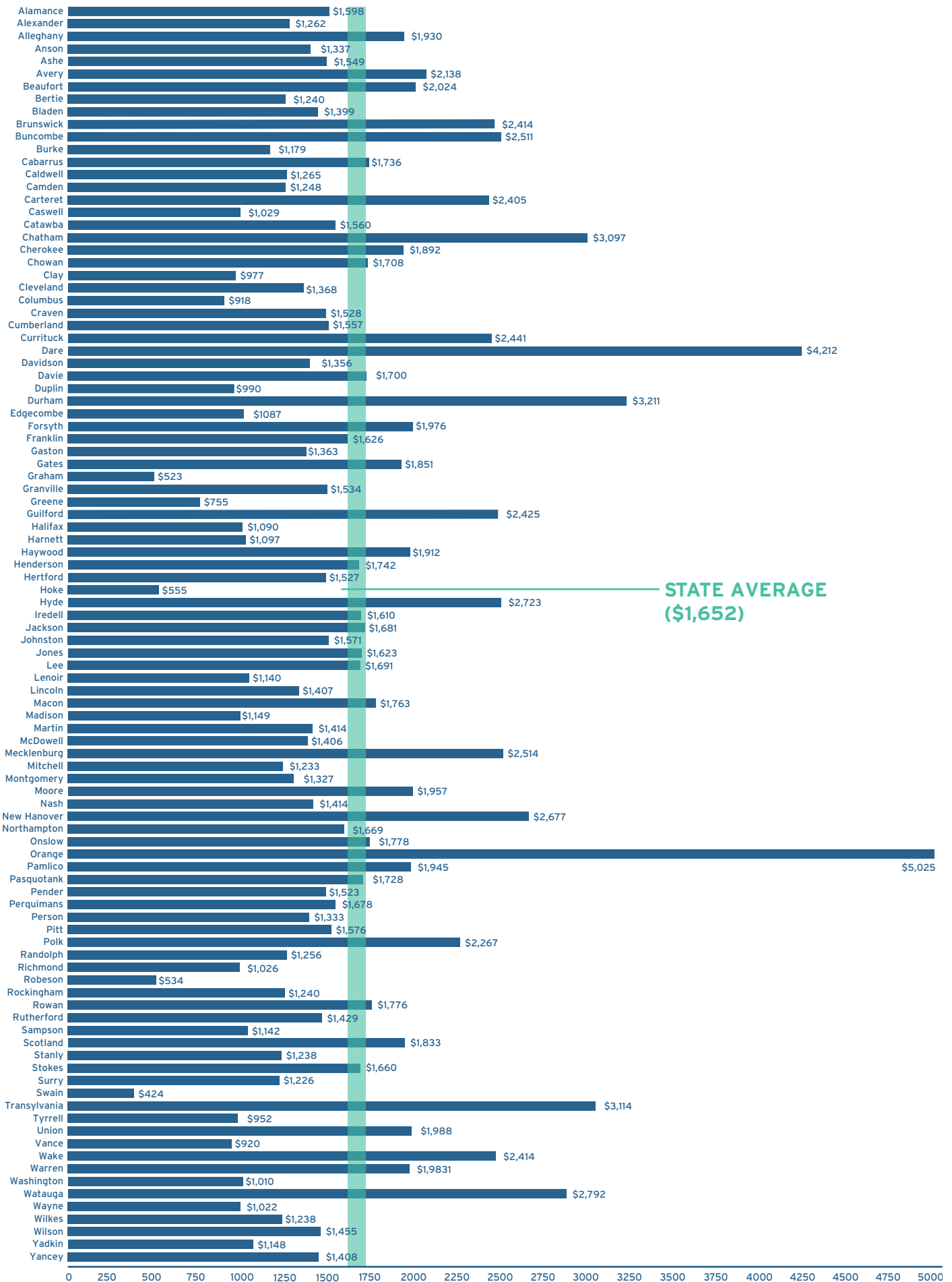


COUNTY-LEVEL SPENDING PER STUDENT (2016-17)



¹ North Carolina Rural Center

2016-17 TOTAL LOCAL CURRENT SPENDING PER STUDENT



**STATE AVERAGE
(\$1,652)**

> HIGHLIGHTS OF THE 2019 LOCAL SCHOOL FINANCE STUDY

WHAT'S NEW

This year, the Local School Finance Study includes new additions in the expanded "Gaps and Trends" section of the report. We conducted interviews with local school finance officers and administrators to gain a deeper understanding of the needs of different districts and the impact of local finance inequities in different contexts. In three segments, we highlight the voices of experts from several rural and urban districts across the state.

A HISTORIC YEAR FOR SCHOOL FINANCE IN NORTH CAROLINA

In 2019, the work of several entities at the state level could lead to major changes to North Carolina's school finance system. Below, we provide an overview of the efforts being undertaken by an independent consultant, WestEd; the Governor's Commission on Access to Sound Basic Education; and the General Assembly's Joint Legislative Task Force on Education Finance Reform. Each of these groups is evaluating how our schools are funded, and what changes, if any, should be made to the current system.

Following the court ruling in the landmark *Leandro v. North Carolina*, which affirmed the state's constitutional duty to ensure all children have the opportunity to receive a sound basic education, independent consultant **WestEd** was brought in to create an in-depth report to be released this year. Based on extensive research and analysis of the state's school finance system and its goals of adequacy and equity, WestEd will release their findings in the spring of 2019.

Separately, Governor Roy Cooper established the **Commission on Access to Sound Basic Education** through Executive Order 10 in July 2017. The Commission was created to address North Carolina's challenges in meeting its constitutional obligation as outlined in *Leandro*. The Commission includes 19 members that were appointed by the Governor from the fields of education, business, local government, law, health care, early childhood development, psychology and counseling, and public safety. The Commission, working in collaboration with the WestEd consultants, will develop recommendations for the state. The key areas that the Commission will be addressing are:

- Staffing each classroom with a competent, well-trained teacher;
- Staffing each school with a competent, well-trained principal; and
- Identifying the resources necessary to ensure that all children including those at risk have an equal opportunity to obtain a sound basic education.

In addition, **The Joint Legislative Task Force on Education Reform** was created through the 2017 Appropriations Act (Senate Bill 257) in response to a General Assembly Program Evaluation Division report on the K-12 education finance system. The task force, made up of 18 members of the General Assembly, will consider implementing a new weighted-student funding model in North Carolina after reviewing and analyzing other school finance systems and student need within the state. The task force will submit a report on the results of its study, including proposed legislation, to the Joint Legislative Education Oversight Committee.

LOCAL SCHOOL FINANCE STUDY 2019: RANKINGS AT-A-GLANCE

The chart on the next page provides a summary of key rankings from our analyses, calculated in the five tables included in the appendices to this report.

Property Value Rank: The first column shows county rankings based on the real estate wealth available in each county. Most local funding for schools comes from property taxes. Counties ranked higher on this measure have more property available for potential taxation to support education. (See Table 1)

Actual Effort Rank: Rankings in the second column reflect the actual dollar effort of counties to fund schools, without taking into account property wealth. Counties that spend the most per student rank highest on this measure. (See Table 2)

Actual Effort Rank II: The rankings in the third column serve the same purpose as the second column but take into account supplemental state funding provided for low-wealth and small counties. Counties that spend the most per student

based on county spending combined with low-wealth and small county supplemental state funding rank highest on this measure. This column can be analyzed alongside the second column to show the impact of supplemental funding on counties' relative rankings. (See Table 3)

Ability to Pay Rank: The fourth column's rankings reflect an analysis of each county's fiscal capacity to support public schools, taking into account property values (from the first column, adjusted using the state's average effective property tax rate) and non-property tax revenues. Large, urban counties that combine high adjusted property valuations with broad-based economic activity and high per capita incomes tend to receive high rankings on this measure. (See Table 4)

Relative Effort Rank: The final column compares Actual Effort (from Table 2) and Ability to Pay (from Table 4). Low-wealth counties with comparatively high spending levels tend to rank highest in this measure. (See Table 5)

LOCAL SCHOOL FINANCE STUDY RANKINGS-AT-A-GLANCE

	FROM TABLE 1	FROM TABLE 2	FROM TABLE 3	FROM TABLE 4	FROM TABLE 5
COUNTY	PROPERTY VALUE RANK: Adjusted Property Tax Base Per ADM	ACTUAL EFFORT RANK: Total Current Spending Per ADM	ACTUAL EFFORT RANK II: Total Current Spending Per ADM with Low Wealth and Small County Funding	ABILITY TO PAY RANK: Revenue Per ADM	RELATIVE EFFORT RANK: Current Spending as Percentage of Revenue Per Student
TOP QUARTILE	Dare	1	2	3	97
	Jackson	2	38	69	7
	Watauga	3	6	14	3
	Avery	4	17	13	8
	Hyde	5	7	1	6
	Brunswick	6	15	28	4
	Carteret	7	9	19	2
	Macon	8	31	59	9
	Currituck	9	12	24	5
	Transylvania	10	4	8	12
	Polk	11	16	12	18
	Ashe	12	50	38	22
	Clay	13	92	32	26
	Alleghany	14	24	10	21
	New Hanover	15	8	17	10
	Pamlico	16	23	11	20
	Buncombe	17	11	23	13
	Yancey	18	59	33	27
	Chatham	19	5	9	11
	SECOND QUARTILE	Madison	20	80	54
Haywood		21	25	51	23
Warren		22	20	15	40
Graham		23	99	36	43
Henderson		24	32	64	24
Mitchell		25	77	34	46
Moore		26	22	48	19
Northampton		27	40	16	54
Durham		28	3	7	16
Cherokee		29	26	39	41
Perquimans		30	39	18	32
Orange		31	1	2	15
Wake		32	14	27	17
Mecklenburg		33	10	22	14
Person		34	67	93	42
Beaufort		35	18	35	34
Swain		36	100	99	38
Iredell		37	44	76	25
Montgomery		38	68	80	51
Jones		39	43	5	48
THIRD QUARTILE	Pender	40	54	57	49
	Davie	41	36	66	31
	Lincoln	42	60	92	33
	Chowan	43	35	20	47
	Catawba	44	48	82	30
	Rutherford	45	55	58	61
	Craven	46	52	78	35
	Tyrrell	47	93	4	76
	Guilford	48	13	26	28
	Stokes	49	41	43	63
	McDowell	50	61	60	69
	Rowan	51	30	40	52
	Wilkes	52	75	87	60
	Forsyth	53	21	46	29
	Caldwell	54	69	72	70
	Caswell	55	87	44	86
	Washington	56	90	29	79
	Bladen	57	62	61	78
	Stanly	58	76	84	55
	Davidson	59	65	83	59
FOURTH QUARTILE	Rockingham	60	73	79	65
	Yadkin	61	81	85	71
	Cabarrus	62	33	63	39
	Bertie	63	74	30	90
	Camden	64	72	31	58
	Anson	65	66	37	84
	Gates	66	27	6	89
	Union	67	19	41	44
	Burke	68	79	81	74
	Alamance	69	45	62	45
	Cleveland	70	63	68	68
	Alexander	71	70	74	81
	Lee	72	37	53	53
	Onslow	73	29	55	37
	Pasquotank	74	34	42	56
	Franklin	75	42	45	83
	Martin	76	58	47	75
	Pitt	77	46	56	50
	Hertford	78	53	21	85
	Wilson	79	56	67	62
Surry	80	78	86	57	
Randolph	81	71	73	73	
Gaston	82	64	90	66	
Granville	83	51	49	82	
Halifax	84	85	96	87	
Lenoir	85	83	91	72	
Edgecombe	86	86	88	91	
Nash	87	57	65	64	
Duplin	88	91	89	92	
Richmond	89	88	77	88	
Cumberland	90	49	70	67	
Johnston	91	47	52	80	
Columbus	92	95	95	95	
Wayne	93	89	97	77	
Hoke	94	97	100	98	
Harnett	95	84	75	96	
Sampson	96	82	71	94	
Scotland	97	28	25	97	
Greene	98	96	50	99	
Vance	99	94	94	93	
Robeson	100	98	98	100	

> STATE AND LOCAL SCHOOL FUNDING IN NORTH CAROLINA: A HISTORICAL PERSPECTIVE

North Carolina's first state constitution in 1776 included an education provision that stated, "A School or Schools shall be established by the Legislature for the convenient Instruction of Youth." The legislature provided no financial support for schools.

A century later, the constitution adopted after the Civil War required the state to provide funding for all children ages 6-21 to attend school tuition-free. In 1901, the General Assembly appropriated \$100,000 for public schools, marking the first time there was a direct appropriation of tax revenue for public schools. Today, the constitution mandates that the state provide a "general and uniform system of free public schools" and that the state legislature may assign counties "such responsibility for the financial support of the free public schools as it may deem appropriate." N.C. Const. art. IX, § 2 (see note, "Sources of Local School Finance Law: The North Carolina State Constitution").

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SOURCES OF LOCAL SCHOOL FINANCE LAW: THE NORTH CAROLINA STATE CONSTITUTION

Article IX, Sec. 2. Uniform system of schools.

(1) General and uniform system: term. The General Assembly shall provide by taxation and otherwise for a general and uniform system of free public schools, which shall be maintained at least nine months in every year, and wherein equal opportunities shall be provided for all students. **(2) Local responsibility.** The General Assembly may assign to units of local government such responsibility for the financial support of the free public schools as it may deem appropriate. The governing boards of units of local government with financial responsibility for public education may use local revenues to add to or supplement any public school or post-secondary school program.

Apart from the constitutional provisions, a major change in the school funding structure occurred during the Great Depression. Under the School Machinery Act (enacted in 1931 and amended in 1933), the state assumed responsibility for all current expenses necessary to maintain a minimum eight-month school term and an educational program of basic content and quality (instructional and program expenses). In exchange for the state's expanded role, local governments assumed responsibility for school construction and maintenance (capital expenses). The School Machinery Act established counties as the basic unit for operating public schools, which is maintained today with large county-wide school systems, except in the 11 counties that also have city school systems.

In 1975, the General Assembly enacted the School Budget and Fiscal Control Act, which delineated responsibility for school funding:

To ensure a quality education for every child in North Carolina, and to assure that the necessary resources are provided, it is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study. It is the policy of the State of North Carolina that the facilities requirements for a public education system will be met by county governments.

Over time the delineations proscribed by the School Machinery Acts and the School Budget and Fiscal Control Act have given way to increased local investment in instructional expenses. Even so, the North Carolina Supreme Court has made clear that it is *the state* that bears responsibility for fulfilling the constitutional obligation to guard and maintain the right of every North Carolina child to receive a "sound basic education." *Leandro v. North Carolina*, 346 N.C. 336 (1997).

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North Carolina has been engaged in litigation defending its system of school finance for more than twenty years. The legal action was instigated in part by spending inequities between low-wealth and higher-wealth counties—inequities that persist today.



SOURCES OF LOCAL SCHOOL FINANCE LAW: THE LEANDRO CASE

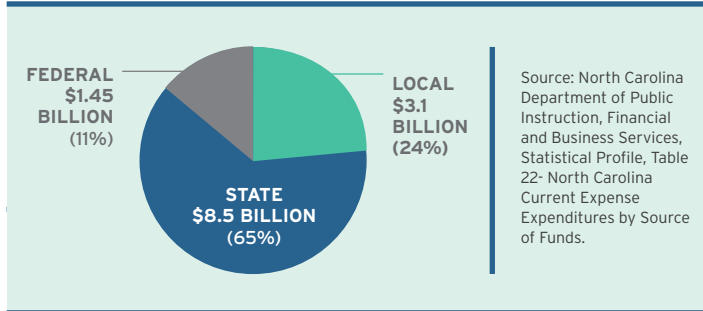
"Because the North Carolina Constitution expressly states that units of local governments with financial responsibility for public education may provide additional funding to supplement the educational programs provided by the state, there can be nothing unconstitutional about their doing so or in any inequality of opportunity occurring as a result... Clearly then, a county with greater financial resources will be able to supplement its programs to a greater degree than less wealthy counties, resulting in enhanced educational opportunity for its students."

Leandro v. State, 488 S.E.2d 249 (N.C. 1997).

> SCHOOL FUNDING: WHO PAYS FOR WHAT?

While the state bears responsibility for providing a sound basic education to every child, North Carolina schools have three sources of funding. In the 2016-17 school year, North Carolina public schools spent \$13 billion on instructional expenses, using a combination of state, federal, and local resources. State funding accounted for 65 percent of expenditures, federal funding accounted for 11 percent, and local funding accounted for 24 percent of spending.

SOURCES OF FUNDS FOR SCHOOLS IN NC, 2016-17



FEDERAL FUNDS

Resources from the federal government accounted for 11 percent of North Carolina public education spending on instructional expenses in 2016-17, and totaled \$1,452,167,878. Federal resources are given to states in the form of direct grants, state applications, state plans, or a combination of the three.

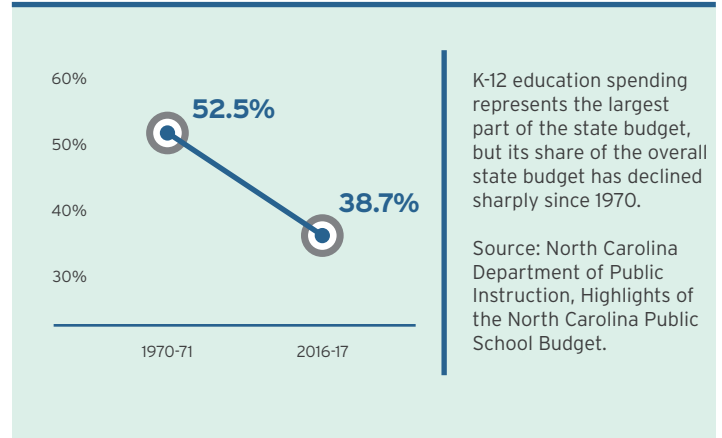
STATE FUNDS

In 2016-17, the state provided \$8.5 billion to operate 2,614 district, charter, and regional schools in 115 school systems across 100 counties for 1.54 million students. Approximately 93 percent of state funds were spent on salaries and benefits for 134,115 state-funded school personnel.

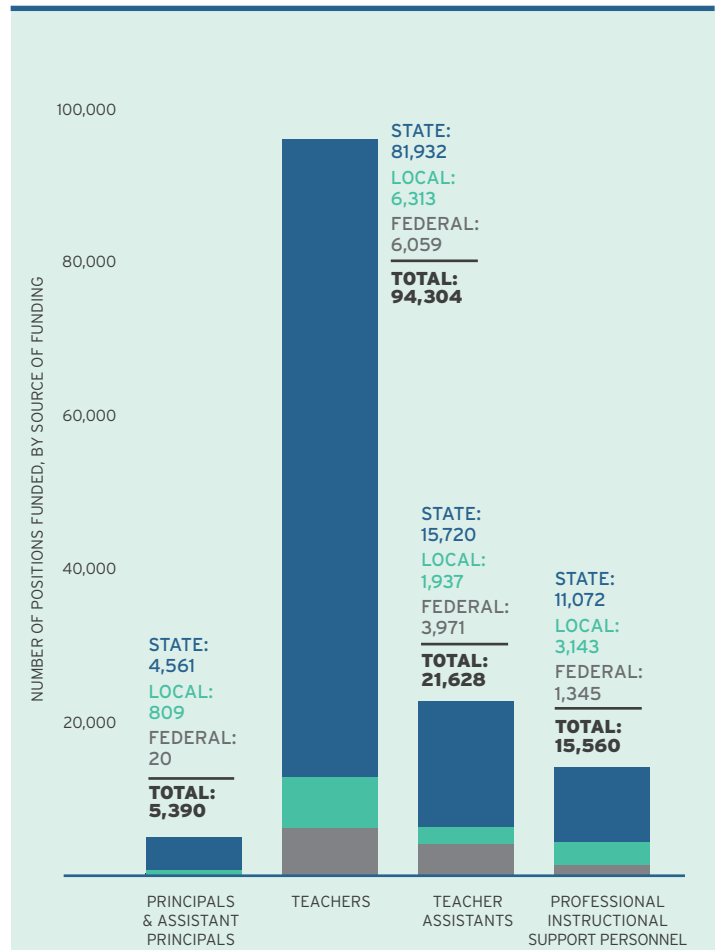
State funding for school operations has increased from \$3.44 billion in 1992-93 to \$8.5 billion in 2016-17. But while the level of funding has increased over time, the percentage of the state's General Fund dedicated to education has declined. In 2016-17, 38.7 percent of the state's General Fund was appropriated for K-12 public education, a significant drop from 1970, when it was 52.5 percent. If public education were funded at the same percentage of the General Fund as in 1970, districts and schools would have an additional \$3 billion to educate our students.

State funding for capital outlays has been relatively small compared with the state's investment in operations, and compared with what counties invest in facilities. In 2016-17, the state spent \$40 million on capital outlays, compared to \$1.1 billion spent by counties.

K-12 SPENDING (% OF GENERAL OPERATING BUDGET)



WHO PAYS FOR SCHOOL PERSONNEL? 2016-17



Source: North Carolina Department of Public Instruction, Statistical Profile

LOCAL FUNDS

The nearly century-old division of state and local responsibility for school funding still shapes the way North Carolina pays for public education today, with approximately 65 percent of instructional expenditures coming from the state and 97 percent of capital expenses paid at the local level. However, the division has eroded somewhat over the past 5 to 10 years, with counties funding approximately 15 percent of principal and assistant principal positions, 6.7 percent of teachers, 9 percent of teacher assistants, and 20.2 percent of professional instructional support personnel; and with the state paying 3 percent of capital expenses.

When examining local expenditures on programs and personnel, in 2016-17 the ten counties that spent the most per student averaged \$3,200 per student compared to the ten that spent the least, which averaged \$755 per student. That represents a gap of \$2,445 between the top and lowest spending districts. Of North Carolina's 100 counties, 59 fall below the state average of \$1,652 in funding for school personnel. Orange County alone spent \$396 more than the seven lowest-spending counties combined. These statistics continue the trend of increased responsibility being placed on counties to fund instructional expenditures as well as capital outlays. This increased responsibility has resulted in exasperated inequities already experienced by students of low-wealth counties.

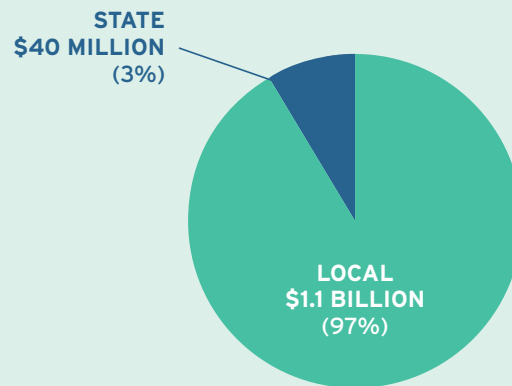
One of the primary challenges from the five low-wealth plaintiffs in the *Leandro* case dealt with the inequities between varying levels of county support for schools. However, the state Supreme Court ruled in 1997 that "the 'equal opportunities' clause of Article IX, Section 2(1) of the North Carolina Constitution does not require substantially equal funding or educational advantages in all school districts. Consequently, the provisions of the current state system for funding schools which require or allow counties to help finance their school systems and result in unequal funding among the school districts of the state do not violate constitutional principles."



LOCAL SCHOOL FUNDING: IMPACTS ON SCHOOLS AND CLASSROOMS

Differences in the ability of counties' to invest in their school systems translate into dramatically different options at the school and classroom level. As an illustration, at a statewide average class size of 20 students per classroom, the ten counties that spend the most per student would spend, on average, \$63,996 per classroom. By contrast, the ten counties that spend the least per child would spend, on average, \$15,096 per classroom - a difference of \$48,900 per classroom. At the state's average elementary school size of 490 students, that translates to a difference of \$1,198,054 per elementary school. At the state's average high school size of 848, it translates to a difference of \$2,073,368 per high school.

FUNDING FOR SCHOOL BUILDINGS, 2016-17



Source: North Carolina Department of Public Instruction, Statistical Profile.



> LOCAL SCHOOL FINANCE STUDY 2019: GAPS AND TRENDS

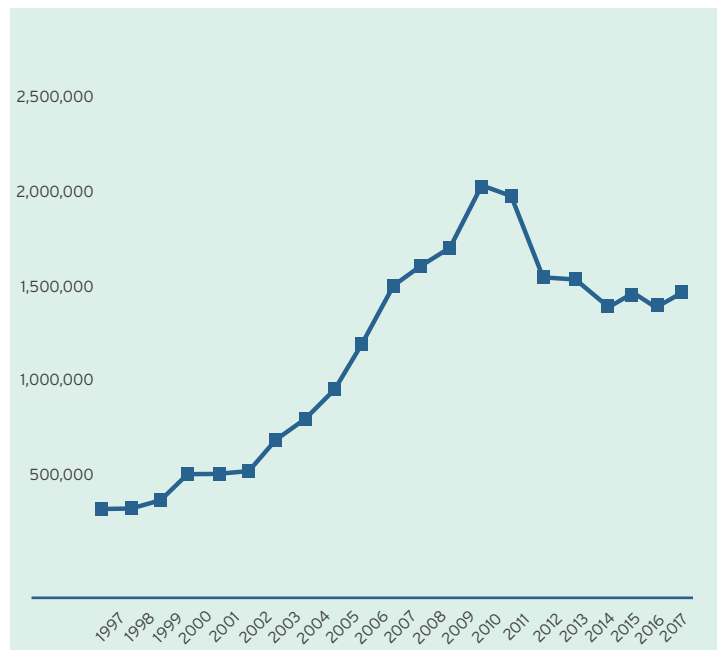
The primary source of revenue for county government is local property taxes. This year, our study once again revealed wide variation between the property values and revenues generated between the state's wealthiest and poorest counties. This year also saw the continuation of marked differences in spending per child across districts.

POOREST COUNTIES TAXED THEMSELVES AT HIGHER RATES WHILE STILL GENERATING SUBSTANTIALLY LESS REVENUE FOR EDUCATION

The ten poorest counties taxed themselves at nearly double the rate of the ten wealthiest counties - \$0.81 compared to \$0.44, a 37-cent difference. Despite having higher tax rates than wealthier districts, the revenue the poorest counties could generate was still substantially lower than that of wealthier counties. The poorest counties have raised their tax rates, while wealthiest counties have been able to lower theirs, and yet the substantial revenue disparity persists.

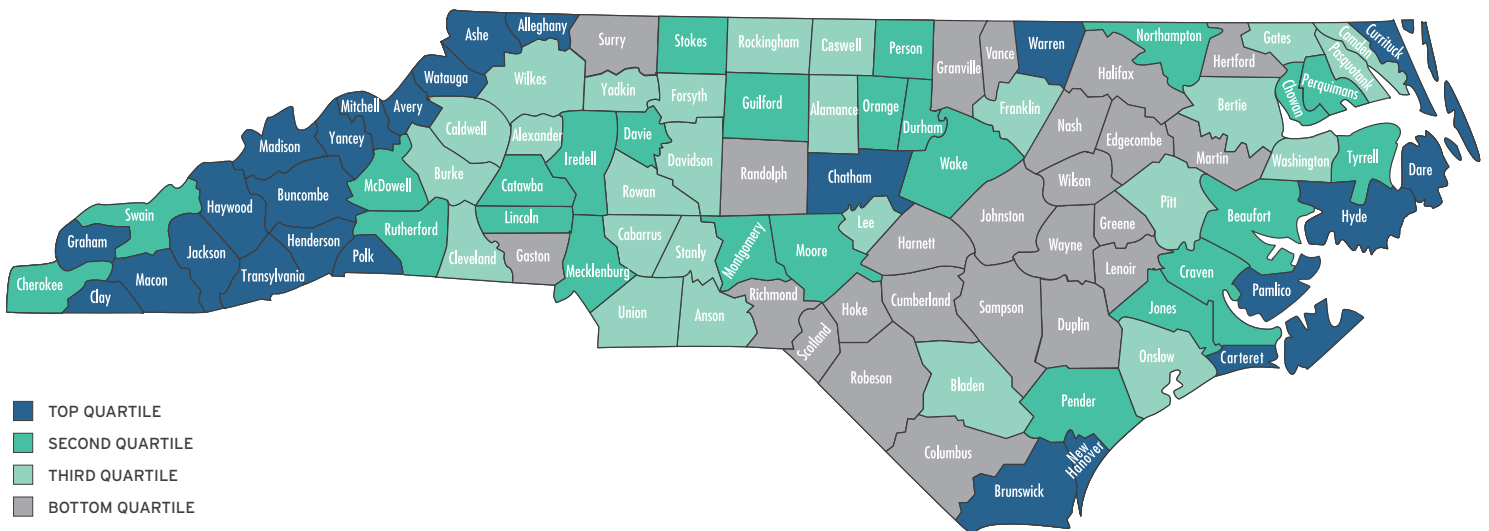
In 2016-2017, the taxable real estate gap between the top and bottom ten districts was \$1.49 million. This discrepancy has decreased somewhat in the past several years, after peaking at \$1.69 million in 2012-13, following many years of rapidly increasing wealth inequality. Major factors that contributed to the narrowing gap included reductions in real estate wealth in the wealthiest counties, some counties' 2011 revaluations, and increases in student enrollment in several counties. Still, as shown in the graph below, the gap is much more substantial than in earlier years, resulting in widening inequality in the ability of districts to fund schools to adequately serve their students' needs.

WIDENING REAL ESTATE WEALTH GAP



The difference in real estate wealth capacity between the ten wealthiest and ten poorest counties has grown from \$477,477 in 1997 to \$1,498,804 in 2017. (See Table 1)

DISPARITIES IN REAL ESTATE WEALTH PER ADM



TAXED TO THE MAX IN DUPLIN COUNTY

In Duplin County, which ranked 92nd out of 100 counties in terms of its fiscal capacity to support public schools, district leaders have had to be creative in order to mitigate the effects of the increased financial burden they face at the local level thanks to years of decreased state investment.

“Our school board is really trying to save the classroom by protecting the funds that go directly into instruction,” said Duplin County Schools’ Chief School Finance Officer Ashley Sutton. “In the past three years, we eliminated three principal positions and three assistant principal positions through school consolidation,” said Sutton. Duplin County closed three of its middle schools and created an additional four K-8 schools in order to create savings that would help address needs of the district by improving efficiency and maximizing resources. In addition, district reduction in positions was intended to address overall decreases in state investment in public schools.

“While state dollars allocated in many categories, like teacher assistants, custodians and central office have

increased due to changes in student enrollment, the actual purchasing power of those dollars has actually decreased over the past 10 years,” said Sutton. That’s because salary increases that require a match by the local district, employer retirement rate increases and employer hospitalization increases have eaten up local budgets. Finding additional local dollars to meet those requirements is becoming increasingly hard to do without impacting classrooms, Sutton said.

Duplin County’s tax base is limited, said Sutton, so raising additional revenues to make up for decreased state level investment is extremely challenging. In 2016-17, Duplin County taxed its residents at a rate of \$0.69 – higher than the state average – yet that was enough to only raise additional local funds of \$990 per student. By contrast, Wake County taxed its residents at a lower rate of \$.60, but its expansive tax base translated that into local funds of \$2,414 per student. The state’s low-wealth supplemental funding allocation helps bridge the gap some, but it’s not enough.



> GAPS AND TRENDS (CONTINUED)

LARGE SPENDING DISPARITIES CONTINUE TO INCREASE

The gap between the highest and lowest spending counties has increased dramatically since the mid-1990s. This year's study found a slightly larger gap than in previous years: \$2,445 per student, compared with \$2,364 last year, and \$2,316 the year prior. Orange County, the highest spending district in the state, spends more than eleven times more per student than Swain County at the bottom. The ten highest-spending counties spend 4.3 times more per child (\$3,200 per child) than the ten lowest-spending counties (\$755 per child).

LOCAL SCHOOL FUNDING: IMPACTS ON SCHOOLS AND CLASSROOMS

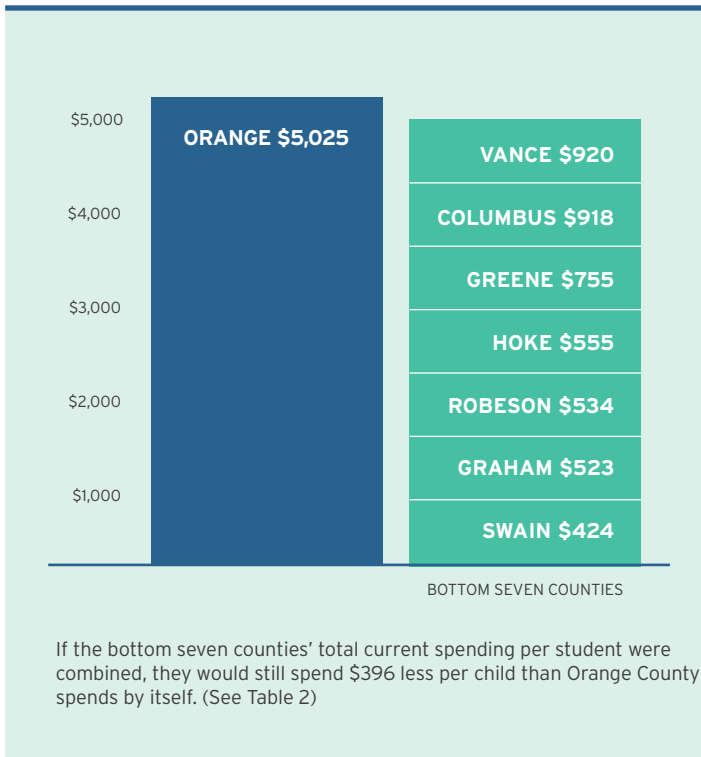
One of the most notable impacts of inadequate local resources is that low-wealth school districts have a harder time attracting and retaining high quality and experienced teachers due to their inability to offer competitive salary supplements like those offered in wealthier counties. Although these counties do obtain funding from the state for instructional staff, it is not enough to meet growing needs. Along with the population, the economy of North Carolina is changing - meaning that costs associated with hiring and retaining professionals have increased and state funding has not kept up with these increased costs.

25 YEARS AFTER LEANDRO: DISPARITIES REMAIN

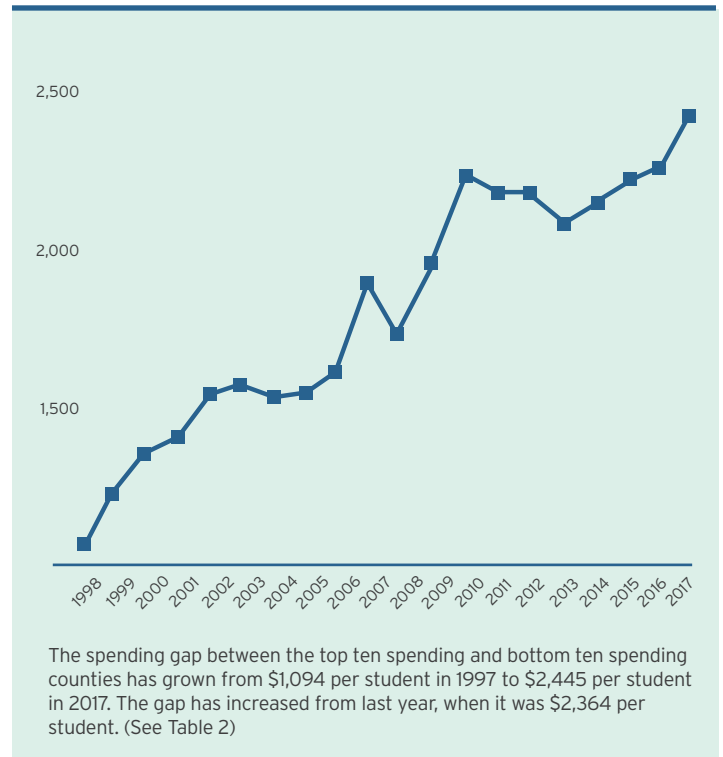
In 1994, five school districts in low-wealth counties along with families filed a lawsuit against the state (*Leandro v. State of North Carolina*) arguing that their school districts did not have enough money to provide an equal education for their children, despite the fact that they taxed their residents higher than average.

Twenty-five years later, those counties--Hoke, Halifax, Robeson, Vance and Cumberland-- which were among the lowest funded in the state, remain toward the bottom of our rankings in terms of their ability to support public schools on a per pupil basis. Robeson County once again ranks dead last in its ability to pay for the 15th year in a row.

SPENDING DISPARITIES (2016-17)



WIDENING SPENDING GAP





REDUCED PURCHASING POWER RESULTS IN INADEQUATE RESOURCES IN WILKES COUNTY

“One of the things that people who look at public education finance struggle with is that when both sides of an issue comment on school funding, they are both right,” said Wilkes County Schools’ chief finance officer, Seth Pevette. “For example, when the state says they are pumping more money into schools--if you look at total dollars, that’s true. But local school finance officers say that while there are more dollars, those dollars don’t purchase what they did previously,” said Pevette.

Pevette says increases in teacher salaries, retirement and health insurance costs toward which local districts must make contributions have eaten into other parts of public school budgets, and it’s becoming very difficult to avoid a scenario where classrooms are impacted.

Additionally, there are many parts of the budget that are simply inadequately funded by the state.

“There is not much money for instructional supplies,” said Pevette. “When we take that allotment and allocate it to schools, and all of your classroom teachers send a list home to parents saying we need you to go to Walmart and purchase all these things for your kids -- you know at that point, it’s just not enough.”

Textbook funding has been down since the Great Recession, when lawmakers nearly zeroed out that line item to cope with decreased state revenues. It’s crept back up since then, but it’s still not at pre-recession levels and in many cases district finance officers need to dip into that line item to purchase digital resources today. There’s not enough funding for the two, says Pevette.

“In Wilkes County, where we have a lot of technology capabilities, we have traditionally taken the textbook funds and used them for software and devices,” said Pevette. “When the funding was cut back in the 2008 timeframe it hurt our ability to make those purchases. More recently the ability to transfer textbooks for purchasing of technology devices has been removed. That further hurts our ability to purchase those type of items.”

Like Duplin County, Wilkes also has a smaller tax base on which it can rely to come up with local funds to fill in for decreased state investments. Taxing its residents at a rate of \$0.66, it can only provide local funding at an amount of \$1,238 per student, roughly half of what Wake County can spend on a per student basis.

> GAPS AND TRENDS (CONTINUED)

ALL DISTRICTS HAVE GREATER NEED

When it comes to local school finance, we have found that small, low-wealth, and rural districts are at a disadvantage when compared to larger and/or wealthier districts. However, we learned from our discussions with finance officers across the state that there is need for greater funding across the board.

One reason for this is that the cost of providing a high quality, twenty-first century education that serves the needs of all students is growing. In addition, students are coming to school with greater need, which requires schools to find ways to support their mental and physical health as well as their education. In 2016-2017, nearly sixty percent of public school students in North Carolina qualified for free and reduced-price lunch.² Schools with a large proportion of students living in poverty need even more resources than low-poverty schools

to ensure that their students are able to come to school ready and able to learn.

Reductions in state funding for instructional resources and increased state mandates are putting additional strains on urban districts who are working to serve increasing student populations. For example, many urban districts are stretched to capacity while trying to meet the state's class size requirements with inadequate funding.

Thus, while greater equity in spending across local districts would help low-wealth districts to better serve their students' needs, it is critical, based on our conversations with district leaders, that the state increase funding for education for all schools.

INADEQUATE FUNDING TO MEET GROWING DEMAND IN WINSTON-SALEM/FORSYTH

In Winston-Salem/Forsyth schools, recently retired school finance officer Kerry Crutchfield says that the impact of decreased state level support for public schools has had an unquestionably significant impact on their local budget, even though they are in a county with a larger tax base.

"We've lost over 40 percent of the state funding for teacher assistants," said Crutchfield. "And we've lost 50 percent of funding for textbooks and instructional supplies. Some may think since we've gone to digital resources, we can save money that way. But the reality is that we cannot – we simply don't have enough money to cover the textbooks we do still adopt as well as the digital resources."

Crutchfield stresses that it's not just the low wealth or small counties that are having a difficult time these days – everyone is.

"County funding for Winston-Salem/Forsyth schools has declined over the last 10 years on a per pupil basis – our district has been growing over the past few years while we've been hit with economic pressures that many locales have been facing. In addition, 10 years ago, assistant

principals were funded at a rate of 1 assistant principal for 700 students. Now that ratio is 1:1000 students, which results in either a heavier administrative load on principals or we have to use other local resources to keep more assistant principals."

Crutchfield says this comes at a time when students have more needs than ever before – school leaders in Winston, he says, are finding that the social-emotional needs of children are being left behind these days, and schools have to step in to fill that void. "We also don't have sufficient funding instructional support personnel, like school psychologists and nurses, to help," said Crutchfield.

"The General Assembly says they have increased funding for education every year," said Crutchfield. "But the major part of all of those funding increases is the required matching benefit rate increase for retirement and health insurance. This skews the fact that public school funding has been cut immensely. The money for retirement and health insurance costs is included in state per pupil funding rate too, so that also doesn't indicate how much we are really cutting into public school budgets."

² NC Department of Public Instruction as the source

> LOCAL PERSPECTIVES ON SCHOOL FINANCE POLICIES

In our conversations with district officials, we asked them about key school finance policies to understand their perspectives on what's working well in the context of their district's needs, and what needs to be improved.

Funding for a given number of **Position Allotments** is guaranteed to each local school district based on their average daily membership (ADM). Because these allotments are allocated as positions rather than a particular dollar amount, they can be used to hire certified educators irrespective of where they fall on the salary schedule. Local finance officers and district leaders we spoke to, especially those in small and low-wealth districts, repeatedly cited position allotments as a lifeline for them. Not being limited to a specific dollar amount allows low-wealth and small counties to hire the best teachers without having to supplement their salaries with local dollars. Without this allotment and the guarantee of positions, the ability of low-wealth and small counties to hire and retain certified and experienced teachers would plummet, exacerbating the already significant disparities.

Stricter limitations on budget flexibility have created additional challenges for districts in recent years. With a goal of building stronger accountability for local finance decisions, the General Assembly has placed greater restrictions on the ability of district leaders to move funding across five key allotment categories: teacher assistants, children with disabilities, academically or intellectually gifted, limited English proficiency, and textbooks. In previous years, districts could redistribute funding allocated for textbooks to use to purchase other resources, such as technology; or could use allotments for teaching assistant positions to fill a vacant teaching spot. Now, these funds must be used within their specific category allotment, leaving some local leaders in a bind as they seek to

find innovative ways to address gaps in funding the unique needs of their schools and classrooms.

We also learned from our conversations with officials in small and low-wealth counties that **supplemental funding** remains crucial, but is insufficient in fulfilling their financial needs. In 1991, the state enacted supplemental funding streams for low-wealth and small counties, in part to address the limited capacity that some counties have to raise revenues through taxation because of their limited local resources and size. In 2016-17 the General Assembly provided an appropriation of \$207 million for 68 low-wealth counties (79 districts) and \$40.9 million for 27 small counties. However, district leaders that we spoke to said that while these supplements help, their financial needs are much more substantial than what these allocations provide, and all districts need increased state funding across the board.

Low-wealth supplemental funding is provided to systems whose ability to generate local revenue per student is below the state average. Some of the factors used to determine eligibility are county adjusted property tax base, square miles in the county, and per capita income. In 2016-17, low-wealth eligible counties received total low-wealth supplemental funding ranging from \$3,375 to \$17.6 million.

Small county supplemental funding was provided in 2016-17 to those county school systems with average daily membership (ADM) less than 3,200. City school districts are not eligible for this funding. If a school district becomes ineligible due to an ADM greater than 3,200, the funding will be phased out over 5 years. In 2016-17 eligible counties received between \$646,444 and \$1.82 million in small-county supplemental funding.



> NOTES ON METHODOLOGY

CHARTER SCHOOL ENROLLMENT

The Department of Public Instruction's Division of School Business' *Report on Average Daily Membership and Membership Last Day by LEA* (ADM & MLD) provides estimates of charter school enrollment in each county. Adding charter school enrollments to the ADM of the county in which each charter school is located produces a base calculation of total ADM for each county. However, charter schools may enroll students from across county lines, with local funding flowing from each student's district of residence to the charter school he or she attends (this is different from state ADM funding for charter schools). These cross-district enrollments are not captured by the ADM & MLD report.

Therefore, the 2019 Local School Finance Study relies on results of a survey of districts conducted by the Division of School Business in 2017 to account for all students within each district who attend charter schools. Survey data are provided at the Office of Charter Schools website for information only and are not used for any financial or budget purposes.

CAPITAL SPENDING

Data from the North Carolina Department of State Treasurer's *Report on County Spending on Public School Capital Outlays* was used to calculate a six-year average of county appropriations for capital outlay, interest on debt for school construction, and the net change in capital reserves. Withdrawals from the Public School Building Capital Fund, Grants from the Public School Building Bond Fund, and the North Carolina Education Lottery Funds have been removed from the county total. The debt service includes expenditures for school bond repayment and lease purchase agreements. The capital outlay is actual spending on capital projects or equipment for buildings.

SALES/ASSESSMENT RATIO

In North Carolina, most residential and commercial property is revalued once every eight years. Prior to 1984 it was difficult to compare tax wealth and effort because of this impediment to estimating the market value of property valuations. In 1984 the Department of Revenue completed its first statewide Sales/Assessment Ratio Study, comparing the market value of recently sold property with its assessed value. Using the ratio of assessed property value to market value, the Department calculated an adjusted property tax rate for each county. The longer it has been since a county has undergone reevaluation, the more likely it is that the market value of property in the county exceeds its assessed valuation.

Rapidly growing communities have numerous demands on public services, and the demands tend to outstrip land value increases. Therefore, to meet the increase in demands for additional services, local officials must either revalue property more often or raise taxes. In an effort to make this study as accurate as possible, a three-year weighted average is used to calculate the adjusted property valuation. This approach is intended to result in more accurate valuations for small, rural counties where relatively few land transactions might have taken place during any given year.

OTHER REVENUE SOURCES

The primary source of local revenue is property taxes. In addition to property taxes, this study includes a county's share of local option sales taxes and fines and forfeitures. Allotments from the ADM fund and grants for school construction have been removed to isolate capital spending. Finally, 11 counties have supplemental school taxes, with additional revenue totaling \$68 million in 2016-17.



TABLE 1: RANKING OF ADJUSTED PROPERTY VALUATIONS PER STUDENT

This table reflects the real estate wealth available to counties to support education. The ranking is based on the total adjusted property valuation for each county, divided by the number of students attending public school in the county. The property valuation was adjusted using a three-year weighted average of the Sales/Assessment Ratios.

COUNTY	RANK	PREVIOUS YEAR'S RANK	LAST YEAR REVALUED	EFFECTIVE COUNTY TAX RATE	2016-17 ADJUSTED PROPERTY TAX BASE	2016-17 FINAL ADM	ADJUSTED PROPERTY TAX BASE PER ADM
Dare	1	1	2013	\$0.40	\$3,956,307,248	5,006	\$2,787,915.95
Jackson	2	2	2016	\$0.39	\$8,733,486,221	4,015	\$2,175,214.50
Watauga	3	3	2014	\$0.31	\$8,989,298,936	4,553	\$1,974,368.31
Avery	4	4	2014	\$0.41	\$4,026,733,714	2,063	\$1,951,882.56
Hyde	5	5	2009	\$0.69	\$1,085,837,805	580	\$1,872,134.15
Brunswick	6	7	2015	\$0.49	\$23,780,614,320	13,496	\$1,762,049.08
Carteret	7	8	2015	\$0.32	\$14,357,561,013	8,343	\$1,720,911.06
Macon	8	6	2015	\$0.38	\$7,420,995,265	4,367	\$1,699,334.84
Currituck	9	10	2013	\$0.45	\$6,400,930,685	4,004	\$1,598,634.04
Transylvania	10	9	2016	\$0.51	\$5,715,008,197	3,670	\$1,557,222.94
Polk	11	13	2009	\$0.53	\$2,895,925,551	2,263	\$1,279,684.29
Ashe	12	11	2015	\$0.45	\$3,790,227,911	2,997	\$1,264,673.98
Clay	13	14	2010	\$0.48	\$1,660,793,999	1,331	\$1,247,779.11
Alleghany	14	12	2015	\$0.53	\$1,665,295,355	1,344	\$1,239,059.04
New Hanover	15	15	2012	\$0.57	\$33,173,903,046	27,211	\$1,219,135.76
Pamlico	16	17	2012	\$0.57	\$1,790,422,413	1,505	\$1,189,649.44
Buncombe	17	19	2013	\$0.53	\$33,750,345,412	30,570	\$1,104,034.85
Yancey	18	16	2016	\$0.60	\$2,339,934,189	2,160	\$1,083,302.87
Chatham	19	20	2009	\$0.63	\$10,098,922,498	9,617	\$1,050,111.52
Madison	20	24	2012	\$0.46	\$2,382,920,944	2,314	\$1,029,784.33
Haywood	21	22	2011	\$0.56	\$7,528,796,541	7,479	\$1,006,658.18
Warren	22	21	2009	\$0.85	\$2,314,682,614	2,372	\$975,835.84
Graham	23	23	2015	\$0.58	\$1,131,808,716	1,172	\$965,707.10
Henderson	24	25	2015	\$0.56	\$13,383,918,384	13,957	\$958,939.48
Mitchell	25	26	2014	\$0.54	\$1,719,926,653	1,843	\$933,221.19
Moore	26	27	2015	\$0.47	\$12,032,668,348	13,180	\$912,949.04
Northampton	27	29	2015	\$0.93	\$1,974,976,030	2,188	\$902,639.97
Durham	28	31	2016	\$0.74	\$35,096,009,338	39,323	\$892,505.90
Cherokee	29	28	2012	\$0.54	\$3,054,095,824	3,461	\$882,431.62
Perquimans	30	18	2016	\$0.57	\$1,441,984,370	1,654	\$871,816.43
Orange	31	30	2009	\$0.87	\$17,098,385,950	20,275	\$843,323.60
Wake	32	34	2016	\$0.60	\$141,453,296,691	169,329	\$835,375.49
Mecklenburg	33	32	2011	\$0.72	\$135,061,730,262	163,530	\$825,914.08
Person	34	36	2013	\$0.72	\$4,479,605,823	5,633	\$795,243.36
Beaufort	35	38	2010	\$0.62	\$5,490,662,102	7,065	\$777,163.78
Swain	36	35	2013	\$0.38	\$1,568,302,468	2,025	\$774,470.35
Iredell	37	37	2015	\$0.52	\$22,277,209,621	29,057	\$766,672.73
Montgomery	38	40	2012	\$0.62	\$3,055,029,021	4,001	\$763,566.36
Jones	39	33	2014	\$0.76	\$845,739,323	1,110	\$761,927.32
Pender	40	39	2011	\$0.68	\$6,896,491,905	9,259	\$744,841.98
Davie	41	45	2013	\$0.74	\$4,470,659,902	6,199	\$721,190.50
Lincoln	42	42	2015	\$0.60	\$8,866,162,483	12,666	\$699,997.04
Chowan	43	43	2014	\$0.71	\$1,435,707,699	2,079	\$690,576.09
Catawba	44	46	2015	\$0.58	\$16,365,788,176	23,707	\$690,335.69
Rutherford	45	44	2012	\$0.62	\$6,088,369,414	9,117	\$667,804.04
Craven	46	47	2016	\$0.54	\$9,167,198,665	14,058	\$652,098.35
Tyrrell	47	41	2009	\$0.97	\$384,630,542	596	\$645,353.26
Guilford	48	48	2012	\$0.73	\$49,262,510,399	77,659	\$634,343.87
Stokes	49	49	2013	\$0.62	\$3,800,210,116	6,089	\$624,110.71
McDowell	50	52	2011	\$0.54	\$3,741,679,600	6,176	\$605,841.90
Rowan	51	51	2015	\$0.69	\$11,744,948,593	19,565	\$600,304.04
Wilkes	52	54	2013	\$0.63	\$5,706,537,044	9,511	\$599,993.38
Forsyth	53	53	2013	\$0.72	\$34,116,245,435	57,067	\$597,827.91
Caldwell	54	58	2013	\$0.62	\$6,826,185,720	11,706	\$583,135.63
Caswell	55	59	2016	\$0.68	\$1,630,036,065	2,817	\$578,642.55
Washington	56	55	2013	\$0.82	\$915,614,534	1,587	\$576,946.78
Bladen	57	57	2015	\$0.81	\$2,758,322,584	4,794	\$575,369.75
Stanly	58	63	2013	\$0.62	\$4,847,113,848	8,645	\$560,684.08
Davidson	59	56	2015	\$0.55	\$13,653,925,669	24,531	\$556,598.82
Rockingham	60	62	2011	\$0.72	\$7,066,653,223	12,766	\$553,552.66
Yadkin	61	64	2009	\$0.68	\$2,936,804,409	5,312	\$552,862.28
Cabarrus	62	60	2016	\$0.69	\$21,700,377,236	39,613	\$547,809.49
Bertie	63	67	2012	\$0.81	\$1,324,500,647	2,422	\$546,862.36
Camden	64	50	2015	\$0.74	\$1,005,651,977	1,843	\$545,660.32
Anson	65	76	2010	\$0.84	\$1,796,213,135	3,337	\$538,271.84
Gates	66	77	2009	\$0.84	\$852,845,077	1,592	\$535,706.71
Union	67	61	2015	\$0.79	\$23,772,078,402	44,378	\$535,672.59
Burke	68	71	2013	\$0.67	\$6,629,381,563	12,422	\$533,680.69
Alamance	69	70	2009	\$0.61	\$12,741,087,626	23,938	\$532,253.64
Cleveland	70	73	2016	\$0.72	\$8,339,422,301	15,673	\$532,088.45
Alexander	71	65	2015	\$0.78	\$2,602,703,487	4,899	\$531,272.40
Lee	72	69	2013	\$0.78	\$5,243,144,069	9,969	\$525,944.84
Onslow	73	66	2014	\$0.67	\$13,719,026,715	26,116	\$525,311.18
Pasquotank	74	72	2014	\$0.77	\$3,031,845,932	5,787	\$523,906.33
Franklin	75	74	2012	\$0.87	\$4,892,304,219	9,388	\$521,123.16
Martin	76	68	2009	\$0.80	\$1,840,246,759	3,565	\$516,198.25
Pitt	77	75	2016	\$0.69	\$12,439,472,364	24,246	\$513,052.56
Hertford	78	78	2011	\$0.99	\$1,431,350,329	2,880	\$496,996.64
Wilson	79	79	2016	\$0.74	\$6,621,765,317	13,394	\$494,382.96
Surry	80	80	2016	\$0.58	\$5,552,246,297	11,348	\$489,270.91
Randolph	81	81	2014	\$0.63	\$10,954,478,639	22,536	\$486,087.98
Gaston	82	82	2015	\$0.89	\$15,559,087,893	33,281	\$467,506.62
Granville	83	86	2010	\$0.88	\$4,135,984,132	8,851	\$467,290.04
Halifax	84	83	2015	\$0.78	\$3,586,443,662	7,681	\$466,924.05
Lenoir	85	85	2009	\$0.88	\$4,090,786,949	8,856	\$461,922.65
Edgecombe	86	84	2009	\$0.97	\$3,165,577,883	6,858	\$461,589.08
Nash	87	88	2009	\$0.68	\$7,396,914,185	16,225	\$455,896.10
Duplin	88	90	2009	\$0.69	\$4,358,546,885	9,561	\$455,867.26
Richmond	89	92	2016	\$0.80	\$3,267,003,794	7,297	\$447,718.76
Cumberland	90	87	2009	\$0.78	\$22,751,372,015	51,030	\$445,843.07
Johnston	91	89	2011	\$0.76	\$15,868,963,950	36,192	\$438,466.07
Columbus	92	93	2013	\$0.77	\$3,816,562,221	8,762	\$435,581.17
Wayne	93	91	2011	\$0.66	\$8,158,872,414	19,096	\$427,255.57
Hoke	94	94	2014	\$0.75	\$3,433,578,210	8,731	\$393,262.88
Harnett	95	95	2009	\$0.78	\$7,970,045,197	20,775	\$383,636.35
Sampson	96	96	2011	\$0.85	\$4,268,524,635	11,260	\$379,087.45
Scotland	97	97	2011	\$1.06	\$2,111,483,171	5774	\$365,688.11
Greene	98	98	2013	\$0.79	\$1,103,360,612	3,100	\$355,922.78
Vance	99	99	2016	\$0.91	\$2,579,639,870	7,385	\$349,308.04
Robeson	100	100	2010	\$0.77	\$6,497,771,766	23,181	\$280,305.93
State Total/Average				\$0.67	\$1,072,316,750,361	1,519,211	\$793,762.81

> APPENDICES

TABLE 2: ACTUAL EFFORT

This table reflects the actual dollar effort of communities to fund schools, without taking into account property wealth. This ranking is based on 2016-17 total current spending for each county (including supplemental school taxes) divided by the number of students attending public school in the county. High-wealth communities with corresponding high levels of spending tend to rank highest in this measure.

COUNTY	RANK THIS YEAR	PREVIOUS YEAR'S RANK	2016-17 CURRENT SPENDING	2016-17 CURRENT SPENDING PER ADM	2016-17 SUPPLEMENTAL SCHOOL TAXES	2016-17 TOTAL CURRENT SPENDING (WITH SUPPLEMENTAL)	2016-17 FINAL ADM	2016-17 TOTAL CURRENT SPENDING PER ADM
Orange	1	1	\$78,515,154	\$3,873	\$23,362,157.00	\$101,877,311	20,275	\$5,025
Dare	2	2	\$21,084,323	\$4,212		\$21,084,323	5,006	\$4,212
Durham	3	3	\$126,261,485	\$3,211		\$126,261,485	39,323	\$3,211
Transylvania	4	4	\$11,427,315	\$3,114		\$11,427,315	3,670	\$3,114
Chatham	5	5	\$29,782,532	\$3,097		\$29,782,532	9,617	\$3,097
Watauga	6	6	\$12,713,137	\$2,792		\$12,713,137	4,553	\$2,792
Hyde	7	8	\$1,579,548	\$2,723		\$1,579,548	580	\$2,723
New Hanover	8	7	\$72,855,604	\$2,677		\$72,855,604	27,211	\$2,677
Carteret	9	10	\$21,964,000	\$2,633		\$21,964,000	8,343	\$2,633
Mecklenburg	10	9	\$411,193,792	\$2,514		\$411,193,792	163,530	\$2,514
Buncombe	11	15	\$67,838,836	\$2,219	\$8,928,186.00	\$76,767,022	30,570	\$2,511
Currituck	12	12	\$9,773,759	\$2,441		\$9,773,759	4,004	\$2,441
Guilford	13	11	\$188,360,398	\$2,425		\$188,360,398	77,659	\$2,425
Wake	14	14	\$408,760,031	\$2,414		\$408,760,031	169,329	\$2,414
Brunswick	15	13	\$32,574,103	\$2,414		\$32,574,103	13,496	\$2,414
Polk	16	16	\$5,129,788	\$2,267		\$5,129,788	2,263	\$2,267
Avery	17	18	\$4,410,013	\$2,138		\$4,410,013	2,063	\$2,138
Beaufort	18	25	\$14,300,984	\$2,024		\$14,300,984	7,065	\$2,024
Union	19	19	\$88,244,363	\$1,988		\$88,244,363	44,378	\$1,988
Warren	20	17	\$4,703,326	\$1,983		\$4,703,326	2,372	\$1,983
Forsyth	21	20	\$112,778,008	\$1,976		\$112,778,008	57,067	\$1,976
Moore	22	22	\$25,790,792	\$1,957		\$25,790,792	13,180	\$1,957
Pamlico	23	27	\$2,927,659	\$1,945		\$2,927,659	1,505	\$1,945
Alleghany	24	24	\$2,593,661	\$1,930		\$2,593,661	1,344	\$1,930
Haywood	25	21	\$14,296,456	\$1,912		\$14,296,456	7,479	\$1,912
Cherokee	26	29	\$6,546,803	\$1,892		\$6,546,803	3,461	\$1,892
Gates	27	26	\$2,946,500	\$1,851		\$2,946,500	1,592	\$1,851
Scotland	28	23	\$10,583,013	\$1,833		\$10,583,013	5,774	\$1,833
Onslow	29	30	\$46,427,268	\$1,778		\$46,427,268	26,116	\$1,778
Rowan	30	36	\$34,754,776	\$1,776		\$34,754,776	19,565	\$1,776
Macon	31	28	\$7,701,204	\$1,763		\$7,701,204	4,367	\$1,763
Henderson	32	34	\$24,320,004	\$1,742		\$24,320,004	13,957	\$1,742
Cabarrus	33	31	\$68,783,915	\$1,736		\$68,783,915	39,613	\$1,736
Pasquotank	34	41	\$10,000,000	\$1,728		\$10,000,000	5,787	\$1,728
Chowan	35	35	\$3,550,000	\$1,708		\$3,550,000	2,079	\$1,708
Davie	36	39	\$10,539,765	\$1,700		\$10,539,765	6,199	\$1,700
Lee	37	40	\$16,862,278	\$1,691		\$16,862,278	9,969	\$1,691
Jackson	38	32	\$6,750,023	\$1,681		\$6,750,023	4,015	\$1,681
Perquimans	39	57	\$2,775,000	\$1,678		\$2,775,000	1,654	\$1,678
Northampton	40	44	\$3,650,000	\$1,668		\$3,650,000	2,188	\$1,668
Stokes	41	38	\$10,108,278	\$1,660		\$10,108,278	6,089	\$1,660
Franklin	42	42	\$15,265,283	\$1,626		\$15,265,283	9,388	\$1,626
Jones	43	37	\$1,801,988	\$1,623		\$1,801,988	1,110	\$1,623
Iredell	44	33	\$40,932,646	\$1,409	\$5,850,456.00	\$46,783,102	29,057	\$1,610
Alamance	45	45	\$38,264,189	\$1,598		\$38,264,189	23,938	\$1,598
Pitt	46	47	\$38,213,340	\$1,576		\$38,213,340	24,246	\$1,576
Johnston	47	48	\$56,842,825	\$1,571		\$56,842,825	36,192	\$1,571
Catawba	48	46	\$36,990,800	\$1,560		\$36,990,800	23,707	\$1,560
Cumberland	49	43	\$79,463,109	\$1,557		\$79,463,109	51,030	\$1,557
Ashe	50	49	\$4,641,903	\$1,549		\$4,641,903	2,997	\$1,549
Granville	51	55	\$13,576,889	\$1,534		\$13,576,889	8,851	\$1,534
Craven	52	52	\$21,478,139	\$1,528		\$21,478,139	14,058	\$1,528
Hertford	53	50	\$4,398,524	\$1,527		\$4,398,524	2,880	\$1,527
Pender	54	51	\$14,104,466	\$1,523		\$14,104,466	9,259	\$1,523
Rutherford	55	53	\$13,598,146	\$1,492		\$13,598,146	9,117	\$1,492
Wilson	56	54	\$19,482,452	\$1,455		\$19,482,452	13,394	\$1,455
Nash	57	59	\$22,483,204	\$1,386	\$463,164.00	\$22,946,368	16,225	\$1,414
Martin	58	58	\$5,039,164	\$1,414		\$5,039,164	3,565	\$1,414
Yancey	59	56	\$3,040,863	\$1,408		\$3,040,863	2,160	\$1,408
Lincoln	60	60	\$17,818,484	\$1,407		\$17,818,484	12,666	\$1,407
McDowell	61	66	\$8,685,390	\$1,406		\$8,685,390	6,176	\$1,406
Bladen	62	65	\$6,707,735	\$1,399		\$6,707,735	4,794	\$1,399
Cleveland	63	64	\$9,674,600	\$617	\$11,760,316.00	\$21,434,916	15,673	\$1,368
Gaston	64	63	\$45,351,704	\$1,363		\$45,351,704	33,281	\$1,363
Davidson	65	62	\$30,282,523	\$1,234	\$2,978,001.00	\$33,260,524	24,531	\$1,356
Anson	66	67	\$4,460,784	\$1,337		\$4,460,784	3,337	\$1,337
Person	67	61	\$7,509,582	\$1,333		\$7,509,582	5,633	\$1,333
Montgomery	68	68	\$5,307,968	\$1,327		\$5,307,968	4,001	\$1,327
Caldwell	69	69	\$14,810,575	\$1,265		\$14,810,575	11,706	\$1,265
Alexander	70	76	\$6,181,900	\$1,262		\$6,181,900	4,899	\$1,262
Randolph	71	71	\$22,731,515	\$1,009	\$5,576,951.00	\$28,308,466	22,536	\$1,256
Camden	72	78	\$2,300,000	\$1,248		\$2,300,000	1,843	\$1,248
Rockingham	73	70	\$15,834,840	\$1,240		\$15,834,840	12,766	\$1,240
Bertie	74	74	\$3,003,000	\$1,240		\$3,003,000	2,422	\$1,240
Wilkes	75	75	\$11,778,330	\$1,238		\$11,778,330	9,511	\$1,238
Stanly	76	77	\$10,699,243	\$1,238		\$10,699,243	8,645	\$1,238
Mitchell	77	72	\$2,272,622	\$1,233		\$2,272,622	1,843	\$1,233
Surry	78	73	\$11,945,896	\$1,053	\$1,966,487.00	\$13,912,383	11,348	\$1,226
Burke	79	79	\$14,645,400	\$1,179		\$14,645,400	12,422	\$1,179
Madison	80	85	\$2,659,740	\$1,149		\$2,659,740	2,314	\$1,149
Yadkin	81	80	\$6,100,725	\$1,148		\$6,100,725	5,312	\$1,148
Sampson	82	81	\$11,030,084	\$980	\$1,833,125.00	\$12,863,209	11,260	\$1,142
Lenoir	83	82	\$10,100,000	\$1,140		\$10,100,000	8,856	\$1,140
Harnett	84	84	\$22,557,139	\$1,086	\$241,725.00	\$22,798,864	20,775	\$1,097
Halifax	85	83	\$3,325,058	\$433	\$5,048,153.00	\$8,373,211	7,681	\$1,090
Edgecombe	86	87	\$7,451,618	\$1,087		\$7,451,618	6,858	\$1,087
Caswell	87	92	\$2,900,000	\$1,029		\$2,900,000	2,817	\$1,029
Richmond	88	90	\$7,485,000	\$1,026		\$7,485,000	7,297	\$1,026
Wayne	89	86	\$19,515,456	\$1,022		\$19,515,456	19,096	\$1,022
Washington	90	88	\$1,603,000	\$1,010		\$1,603,000	1,587	\$1,010
Duplin	91	89	\$9,465,600	\$990		\$9,465,600	9,561	\$990
Clay	92	94	\$1,300,000	\$977		\$1,300,000	1,331	\$977
Tyrrell	93	93	\$567,595	\$952		\$567,595	596	\$952
Vance	94	91	\$6,790,525	\$920		\$6,790,525	7,385	\$920
Columbus	95	95	\$8,041,043	\$918		\$8,041,043	8,762	\$918
Greene	96	96	\$2,342,000	\$755		\$2,342,000	3,100	\$755
Hoke	97	98	\$4,847,979	\$555		\$4,847,979	8,731	\$555
Robeson	98	99	\$12,375,000	\$534		\$12,375,000	23,181	\$534
Graham	99	97	\$613,169	\$523		\$613,169	1,172	\$523
Swain	100	100	\$858,674	\$424		\$858,674	2,025	\$424
State Total/Average			\$28,597,073	\$1,614	\$68,008,721	\$2,927,716,041	1,519,211	\$1,652

TABLE 2A: SIX-YEAR AVERAGE OF CAPITAL OUTLAY AND DEBT SERVICE

This table provides a six-year average of capital outlay and debt service, ordered according to the rankings from Table 2. In previous years' studies, this data was included in Table 2.

COUNTY	ACTUAL EFFORT RANK THIS YEAR (FROM TABLE 2)	2016-17 TOTAL CURRENT SPENDING PER ADM (FROM TABLE 2)	SIX-YEAR CAPITAL OUTLAY AVERAGE	SIX-YEAR CAPITAL DEBT SERVICE AVERAGE	2016-17 FINAL ADM	CAPITAL SPENDING PER ADM	DEBT SERVICE PER ADM
Orange	1	\$5,025	\$11,792,937	\$14,742,621	20,275	581.65	727.13
Dare	2	\$4,212	\$2,340,345	\$7,790,952	5,006	467.51	1556.32
Durham	3	\$3,211	\$21,821,419	\$11,387,435	39,323	554.93	289.59
Transylvania	4	\$3,114	\$1,630,133	\$2,123,080	3,670	444.18	578.5
Chatham	5	\$3,097	\$5,446,032	\$4,219,092	9,617	566.29	438.71
Watauga	6	\$2,792	\$405,550	\$6,549,276	4,553	89.07	1438.45
Hyde	7	\$2,723	\$429,889	\$223,337	580	741.19	385.06
New Hanover	8	\$2,677	\$14,267,818	\$18,260,685	27,211	524.34	671.08
Carteret	9	\$2,633	\$3,687,427	\$6,824,850	8,343	441.98	818.03
Mecklenburg	10	\$2,514	\$100,670,226	\$122,470,621	163,530	615.61	748.92
Buncombe	11	\$2,511	\$31,525,363	\$14,970,248	30,570	1031.25	489.7
Currituck	12	\$2,441	\$1,238,450	\$806,709	4,004	309.3	201.48
Guilford	13	\$2,425	\$53,089,608	\$51,856,949	77,659	683.62	667.75
Wake	14	\$2,414	\$170,900,602	\$176,861,804	169,329	1009.28	1044.49
Brunswick	15	\$2,414	\$5,725,463	\$5,447,499	13,496	424.23	403.64
Polk	16	\$2,267	\$483,216	\$896,678	2,263	213.53	396.23
Avery	17	\$2,138	\$820,133	\$1,293,413	2,063	397.54	626.96
Beaufort	18	\$2,024	\$1,139,981	\$2,454,781	7,065	161.36	347.46
Union	19	\$1,988	\$10,511,643	\$42,793,581	44,378	236.87	964.3
Warren	20	\$1,983	\$482,421	\$136,890	2,372	203.38	57.71
Forsyth	21	\$1,976	\$22,252,557	\$29,756,076	57,067	389.94	521.42
Moore	22	\$1,957	\$3,384,321	\$5,483,314	13,180	256.78	416.03
Pamlico	23	\$1,945	\$147,832	\$409,849	1,505	98.23	272.32
Alleghany	24	\$1,930	\$431,584	\$686,286	1,344	321.12	510.63
Haywood	25	\$1,912	\$827,270	\$2,072,143	7,479	110.61	277.06
Cherokee	26	\$1,892	\$614,881	\$813,791	3,461	177.66	235.13
Gates	27	\$1,851	\$171,649	\$661,092	1,592	107.82	415.26
Scotland	28	\$1,833	\$392,956	\$645,488	5,774	68.06	111.79
Onslow	29	\$1,778	\$4,445,487	\$8,135,206	26,116	170.22	311.5
Rowan	30	\$1,776	\$3,849,242	\$8,605,683	19,565	196.74	439.85
Macon	31	\$1,763	\$2,960,629	\$4,370,025	4,367	677.95	1000.69
Henderson	32	\$1,742	\$3,192,442	\$5,423,435	13,957	228.73	388.58
Cabarrus	33	\$1,736	\$23,148,211	\$29,239,613	39,613	584.36	738.13
Pasquotank	34	\$1,728	\$1,282,408	\$2,593,484	5,787	221.6	448.16
Chowan	35	\$1,708	\$219,324	\$668,981	2,079	105.49	321.78
Davie	36	\$1,700	\$10,607,953	\$3,295,193	6,199	1711.24	531.57
Lee	37	\$1,691	\$2,217,744	\$702,291	9,969	222.46	704.71
Jackson	38	\$1,681	\$3,667,627	\$2,002,986	4,015	913.48	498.88
Perquimans	39	\$1,678	\$257,494	\$687,021	1,654	155.68	415.37
Northampton	40	\$1,668	\$447,527	\$716,205	2,188	204.54	327.33
Stokes	41	\$1,660	\$3,969,512	\$3,157,010	6,089	651.92	518.48
Franklin	42	\$1,626	\$2,681,240	\$8,343,973	9,388	285.6	888.79
Jones	43	\$1,623	\$581,179	\$63,732	1,110	523.58	57.42
Iredell	44	\$1,610	\$13,807,261	\$25,391,088	29,057	475.18	873.84
Alamance	45	\$1,598	\$991,659	\$5,674,062	23,938	41.43	237.03
Pitt	46	\$1,576	\$1,390,110	\$7,901,219	24,246	57.33	325.88
Johnston	47	\$1,571	\$9,893,919	\$31,038,087	36,192	273.37	857.6
Catawba	48	\$1,560	\$12,076,440	\$15,927,621	23,707	509.4	671.85
Cumberland	49	\$1,557	\$9,578,065	\$6,876,503	51,030	187.69	134.75
Ashe	50	\$1,549	\$691,807	\$1,589,031	2,997	230.83	530.21
Granville	51	\$1,534	\$3,834,257	\$5,101,011	8,851	433.2	576.32
Craven	52	\$1,528	\$1,186,750	\$4,234,610	14,058	84.42	301.22
Hertford	53	\$1,527	\$667,037	\$ -	2,880	231.61	0
Pender	54	\$1,523	\$6,858,683	\$5,637,387	9,259	740.76	608.85
Rutherford	55	\$1,492	\$548,998	\$4,143,560	9,117	60.22	454.49
Wilson	56	\$1,455	\$1,070,780	\$3,359,184	13,394	79.94	250.8
Nash	57	\$1,414	\$5,075,130	\$1,511,822	16,225	312.8	93.18
Martin	58	\$1,414	\$2,905,389	\$955,124	3,565	814.98	267.92
Yancey	59	\$1,408	\$426,197	\$ -	2,160	197.31	0
Lincoln	60	\$1,407	\$2,890,987	\$6,291,751	12,666	228.25	496.74
McDowell	61	\$1,406	\$2,494,516	\$1,043,518	6,176	403.9	168.96
Bladen	62	\$1,399	\$416,667	\$1,664,170	4,794	86.91	347.14
Cleveland	63	\$1,368	\$3,564,225	\$1,354,675	15,673	227.41	86.43
Gaston	64	\$1,363	\$16,770,968	\$11,975,907	33,281	503.92	359.84
Davidson	65	\$1,356	\$13,938,694	\$8,094,318	24,531	568.21	329.96
Anson	66	\$1,337	\$332,481	\$202,358	3,337	99.63	60.64
Person	67	\$1,333	\$1,664,540	\$1,885,723	5,633	295.5	334.76
Montgomery	68	\$1,327	\$552,237	\$1,280,499	4,001	138.02	320.04
Caldwell	69	\$1,265	\$2,136,585	\$1,275,272	11,706	182.52	108.94
Alexander	70	\$1,262	\$337,810	\$1,044,177	4,899	68.95	213.14
Randolph	71	\$1,256	\$3,788,591	\$8,867,427	22,536	168.11	393.48
Camden	72	\$1,248	\$124,370	\$599,107	1,843	67.48	325.07
Rockingham	73	\$1,240	\$1,837,660	\$2,918,736	12,766	143.95	228.63
Bertie	74	\$1,240	\$541,824	\$1,150,629	2,422	223.71	475.07
Wilkes	75	\$1,238	\$1,958,475	\$3,694,696	9,511	205.92	388.47
Stanly	76	\$1,238	\$2,238,279	\$1,226,273	8,645	258.91	141.85
Mitchell	77	\$1,233	\$445,377	\$208,541	1,843	241.66	113.15
Surry	78	\$1,226	\$2,307,755	\$4,090,139	11,348	203.36	360.43
Burke	79	\$1,179	\$2,754,325	\$3,654,766	12,422	221.73	294.22
Madison	80	\$1,149	\$1,335,437	\$251,610	2,314	577.11	108.73
Yadkin	81	\$1,148	\$420,988	\$1,677,815	5,312	79.25	315.85
Sampson	82	\$1,142	\$4,156,152	\$5,432,540	11,260	369.11	482.46
Lenoir	83	\$1,140	\$685,290	\$2,562,599	8,856	77.38	289.36
Harnett	84	\$1,097	\$6,888,719	\$9,539,774	20,775	331.59	459.19
Halifax	85	\$1,090	\$1,268,270	\$1,812,339	7,681	165.12	235.95
Edgecombe	86	\$1,087	\$854,255	\$722,069	6,858	124.56	105.29
Caswell	87	\$1,029	\$327,500	\$286,450	2,817	116.26	101.69
Richmond	88	\$1,026	\$2,027,854	\$820,054	7,297	277.9	112.38
Wayne	89	\$1,022	\$13,158,111	\$1,500,611	19,096	689.05	78.58
Washington	90	\$1,010	\$585,898	\$ -	1,587	369.19	0
Duplin	91	\$990	\$8,930,494	\$1,487,605	9,561	934.05	155.59
Clay	92	\$977	\$329,197	\$97,674	1,331	247.33	73.38
Tyrrell	93	\$952	\$70,371	\$127,867	596	118.07	214.54
Vance	94	\$920	\$1,924,895	\$1,481,607	7,385	260.65	200.62
Columbus	95	\$918	\$2,203,935	\$368,707	8,762	251.53	42.08
Greene	96	\$755	\$2,486,051	\$435,374	3,100	801.95	140.44
Hoke	97	\$555	\$3,877,372	\$1,647,474	8,731	444.09	188.69
Robeson	98	\$534	\$3,870,063	\$164,553	23,181	166.95	71
Graham	99	\$523	\$19,196	\$358,899	1,172	16.38	306.23
Swain	100	\$424	\$451,676	\$1,013,434	2,025	223.05	500.46
State Total/Average		\$1,652	\$718,130,287	\$830,618,420	1,519,211	\$340	\$391

TABLE 5: RELATIVE EFFORT

This is a measure comparing Actual Effort (from Table 2) and Ability to Pay (from Table 4). Actual effort includes county appropriations for current expenses, and, when appropriate, supplemental tax levies for schools. Low-wealth counties with comparatively high spending levels have tended to rank highest on this measure.

COUNTY	RELATIVE EFFORT RANK: CURRENT SPENDING	ABILITY RANK	REVENUE PER ADM	EFFORT RANK	TOTAL CURRENT SPENDING PER ADM	EFFORT AS PERCENTAGE OF REVENUE PER STUDENT: CURRENT SPENDING
Scotland	1	97	\$2,343.06	28	\$1,833	78.20%
Gates	2	89	\$3,082.89	27	\$1,851	60.00%
Franklin	3	83	\$3,263.53	42	\$1,626	49.80%
Orange	4	15	\$10,254.04	1	\$5,025	49.00%
Johnston	5	80	\$3,298.93	47	\$1,571	47.60%
Hertford	6	85	\$3,257.22	53	\$1,527	46.90%
Granville	7	82	\$3,272.00	51	\$1,534	46.90%
Harnett	8	96	\$2,487.22	84	\$1,097	44.10%
Sampson	9	94	\$2,665.12	82	\$1,142	42.90%
Stokes	10	63	\$3,893.99	41	\$1,660	42.60%
Bladen	11	78	\$3,312.22	62	\$1,399	42.20%
Cumberland	12	67	\$3,692.74	49	\$1,557	42.20%
Bertie	13	90	\$3,004.62	74	\$1,240	41.30%
Martin	14	75	\$3,435	58	\$1,414	41.20%
Anson	15	84	\$3,259.01	66	\$1,337	41.00%
Pasquotank	16	56	\$4,272.34	34	\$1,728	40.40%
Union	17	44	\$4,957.44	19	\$1,988	40.10%
Rowan	18	52	\$4,446.26	30	\$1,776	40.00%
Greene	19	99	\$1,893.73	96	\$755	39.90%
Guilford	20	28	\$6,136.38	13	\$2,425	39.50%
McDowell	21	69	\$3,662.18	61	\$1,406	38.40%
Alexander	22	81	\$3,291.49	70	\$1,262	38.30%
Lee	23	53	\$4,425.78	37	\$1,691	38.20%
Northampton	24	54	\$4,376.20	40	\$1,668	38.10%
Warren	25	40	\$5,294.72	20	\$1,983	37.40%
Edgecombe	26	91	\$2,908.93	86	\$1,087	37.40%
Cleveland	27	68	\$3,677.40	63	\$1,368	37.20%
Rutherford	28	61	\$4,069.77	55	\$1,492	36.60%
Nash	29	64	\$3,892.36	57	\$1,414	36.30%
Wilson	30	62	\$4,005.31	56	\$1,455	36.30%
Gaston	31	66	\$3,769.19	64	\$1,363	36.20%
Cherokee	32	41	\$5,261.74	26	\$1,892	35.90%
Beaufort	33	34	\$5,684.75	18	\$2,024	35.60%
Randolph	34	73	\$3,532.47	71	\$1,256	35.60%
Chowan	35	47	\$4,803.45	35	\$1,708	35.50%
Caldwell	36	70	\$3,612.65	69	\$1,265	35.00%
Columbus	37	95	\$2,627.15	95	\$918	34.90%
Vance	38	93	\$2,670.14	94	\$920	34.40%
Halifax	39	87	\$3,182.11	85	\$1,090	34.30%
Jones	40	48	\$4,740.73	43	\$1,623	34.20%
Duplin	41	92	\$2,896.91	91	\$990	34.20%
Pitt	42	50	\$4,645.69	46	\$1,576	33.90%
Burke	43	74	\$3,485.11	79	\$1,179	33.80%
Onslow	44	37	\$5,339.09	29	\$1,778	33.30%
Richmond	45	88	\$3,093.69	88	\$1,026	33.20%
Robeson	46	100	\$1,610.82	98	\$534	33.10%
Alamance	47	45	\$4,825.44	45	\$1,598	33.10%
Davidson	48	59	\$4,127.40	65	\$1,356	32.90%
Forsyth	49	29	\$6,032	21	\$1,976	32.80%
Pender	50	49	\$4,658.38	54	\$1,523	32.70%
Cabarrus	51	39	\$5,317.32	33	\$1,736	32.70%
Rockingham	52	65	\$3,804.63	73	\$1,240	32.60%
Caswell	53	86	\$3,189.76	87	\$1,029	32.30%
Lenoir	54	72	\$3,538.42	83	\$1,140	32.20%
Yadkin	55	71	\$3,594	81	\$1,148	32.00%
Durham	56	16	\$10,162.39	3	\$3,211	31.60%
Wayne	57	77	\$3,326.67	89	\$1,022	30.70%
Washington	58	79	\$3,299.03	90	\$1,010	30.60%
Wilkes	59	60	\$4,108.11	75	\$1,238	30.10%
Camden	60	58	\$4,157	72	\$1,248	30.00%
Montgomery	61	51	\$4,501	68	\$1,327	29.50%
Surry	62	57	\$4,221.39	78	\$1,226	29.00%
Stanly	63	55	\$4,297.03	76	\$1,238	28.80%
Perquimans	64	32	\$5,834.82	39	\$1,678	28.80%
Tyrrell	65	76	\$3,333	93	\$952	28.60%
Davie	66	31	\$6,027.56	36	\$1,700	28.20%
Transylvania	67	12	\$11,051.94	4	\$3,114	28.20%
Chatham	68	11	\$11,207.22	5	\$3,097	27.60%
Craven	69	35	\$5,536.73	52	\$1,528	27.60%
Hoke	70	98	\$2,019.82	97	\$555	27.50%
Person	71	42	\$5,071.59	67	\$1,333	26.30%
Catawba	72	30	\$6,027.75	48	\$1,560	25.90%
Haywood	73	23	\$7,456.72	25	\$1,912	25.60%
Mitchell	74	46	\$4,823.26	77	\$1,233	25.60%
Wake	75	17	\$9,501.55	14	\$2,414	25.40%
Alleghany	76	21	\$7,787.94	24	\$1,930	24.80%
Lincoln	77	33	\$5,739.46	60	\$1,407	24.50%
Pamlico	78	20	\$8,075.73	23	\$1,945	24.10%
Mecklenburg	79	14	\$10,454.83	10	\$2,514	24.10%
Polk	80	18	\$9,441.24	16	\$2,267	24.00%
New Hanover	81	81	\$11,320.03	8	\$2,677	23.70%
Henderson	82	24	\$7,418.04	32	\$1,742	23.50%
Buncombe	83	13	\$10,697.54	11	\$2,511	23.50%
Yancey	84	27	\$6,306.63	59	\$1,408	22.30%
Iredell	85	25	\$7,360.63	44	\$1,610	21.90%
Hyde	86	6	\$12,464.41	7	\$2,723	21.80%
Moore	87	19	\$9,052.50	22	\$1,957	21.60%
Madison	88	36	\$5,511.00	80	\$1,149	20.90%
Watauga	89	3	\$13,612.79	6	\$2,792	20.50%
Ashe	90	22	\$7,685.14	50	\$1,549	20.20%
Currituck	91	5	\$12,864.84	12	\$2,441	19.00%
Brunswick	92	4	\$13,243.34	15	\$2,414	18.20%
Avery	93	8	\$12,023.68	17	\$2,138	17.80%
Carteret	94	2	\$15,367	9	\$2,633	17.10%
Macon	95	9	\$11,978.62	31	\$1,763	14.70%
Clay	96	26	\$6,667.54	92	\$977	14.60%
Dare	97	1	\$29,182	2	\$4,212	14.40%
Jackson	98	7	\$12,240.24	38	\$1,681	13.70%
Graham	99	43	\$5,021.67	99	\$523	10.40%
Swain	100	38	\$5,322	100	\$424	8.00%
State Total/Average			\$5,887		\$1,652	32%

> GLOSSARY

Ability to Pay: A measure of a county's per student fiscal capacity to support local public schools. It is a combined measure of revenue that would have been generated at the state average tax rate based on 2016-17 property valuations per student (adjusted to reflect current market prices and to account for differences in income levels) and the value of non-property tax revenues, such as the county's share of local option sales tax, local tax aid (including reimbursements for inventory tax revenues, homestead exclusions, food stamp distribution, and the intangibles tax), and fines and forfeitures. Each county's mandated social service payments were subtracted from the total adjusted revenues. (See Table 4.)

Actual Effort: Includes 2016-17 current expenses (including supplemental school taxes); reflects the actual dollar effort of counties to fund local public schools without taking into account property wealth. (See Tables 2 and 3.)

Adjusted Tax Base: The total valuation of real, tangible, and public utility property for a county, adjusted using a three-year weighted average of the sales assessment ratio. Notes about adjustment and weighted average: In North Carolina, residential and commercial property typically is revalued once every eight years. The longer it has been since properties in a county have been revalued, the more likely it is that the market value of property exceeds the assessed valuation. To help remedy this difficulty of estimating the market value of property valuations, the Department of Revenue computes an adjusted property tax rate for each county by using the ratio of assessed property value to market value. Typically, the longer the gap between revaluations, the larger the difference between market and assessed value. In effort to be as accurate as possible, this study uses a three-year weighted average to calculate the adjusted property valuation.

Average Daily Membership (ADM): The sum of the number of days in membership for all students in each county's local public schools, divided by the number of school days in the term. City school districts are combined with the county system and charter school enrollment is included (see Charter School Enrollment under "Notes on Methodology").

Capital Outlay: A six-year average of public school capital outlay using proceeds from local option sales taxes and other sources to fund actual spending on capital projects or equipment for buildings. Withdrawals from the Public School Building Capital Fund, Grants from the Public School Building Bond Fund, and the North Carolina Education Lottery Funds have been removed from the county total.

Capital Outlay per ADM: Six-year average of capital outlay spending for a county divided by the ADM for the county.

Current Spending: The most recent current expense appropriation by the county to the public schools, as reported in the audited financial statement of the local board(s) of education.

Current Spending per ADM: The total amount of spending for a county divided by the ADM for the county.

Debt Service: A six-year average of public school debt service outlay using proceeds from local option sales taxes and other sources to fund school bond repayments and lease purchase

agreements. Using the Public School Capital Outlay report, withdrawals from the Public School Building Capital Fund and North Carolina Education Lottery Funds have been removed from the county total.

Debt Service per ADM: Six-year average of debt service spending for a county divided by the ADM for the county.

Income-Adjusted Total Revenues: The total revenues for a county, minus the amount paid in mandated social security payments, multiplied by the percent of state average per capita income.

Low-Wealth Funding: Supplemental state funding intended to enhance instructional programs in counties designated as low-wealth based on a formula that examines the ability to generate revenue per student below the state average. In addition, the formula takes into account county adjusted property tax base, square miles in the county and per capita income.

Mandated Social Services Payments: The amount of money each county pays in the health and human services categories mandated by the state. These categories include public assistance and Work First services. In previous studies, the Mandated Social Services Payments reported in Table 4 included county Medicaid payments in addition to other required social services payments. For the last two years the Local School Finance Study has not included Medicaid payments as part of the overall Mandated Social Services Payments. The WD667 report from the NC Department of Health and Human Services Office of the Controller, which includes county Medicaid payments, has not been available since 2012-13. In almost every county, the Medicaid total from the WD667 in previous years was less than 0.5% of the total Mandated Social Services Payments, which itself is a small piece of the revenue calculation in Table 4.

Non-Property Tax Revenue: Sources of revenue for the county other than property taxes. Examples include the sales tax, fines/forfeitures, and local tax aid.

Relative Effort: A measure comparing the Actual Effort of a county to its Ability to Pay. In general, low-wealth districts with comparatively high spending levels rank highest in this measure. (See Table 5)

Small County Funding: In 2016-17 supplemental state funding was provided to county school districts with ADM less than 3,200. This is a change from previous years, when funding was provided to two categories of local education agencies: those with less than 3,239 ADM, and those with 3,239 - 4,080 ADM who have an adjusted property tax base less than the state average.

State Average Effective Property Tax: The average of all 100 counties' adjusted tax rates.

Supplemental School Taxes: According to GS 115C-501(a), "a special tax to supplement the funds from State and county allotments and thereby operate schools of a higher standard by supplementing any item of expenditure in the school budget."

Total Current Spending per ADM: The sum of the current expense and the supplemental school taxes for a county, divided by the county's ADM.

> DATA SOURCES

The 2019 Local School Finance Study examines data from the 2016-17 school year. Every effort has been made to verify that the data included in this year's study is accurate and reflects what it intends to measure.

The primary source of financial information is the Division of School Business at the Department of Public Instruction, which provided data on non-property tax revenue, low-wealth and small county supplemental funding information, final average daily membership (except as noted above for charter school enrollments), effective county tax rate, adjusted revenue tax base, current expense, and other data found in the Division's Highlights of the NC Public School Budget and online Statistical Profile.

Other sources include the North Carolina Department of Revenue's County Property Tax Rates and Revaluation Schedules and Sales Assessment Ratio Studies, which provided the 2016-17 property tax valuations and tax rates; the Department of Revenue's data on Local Government Sales and Use Tax Distribution; and the North Carolina Department of State Treasurer's Report on County Spending on Public School Capital Outlays. The North Carolina Department of Health and Human Services provided data for the mandated social services expenditures, and the North Carolina Administrative Office of the Courts provided data on fines and forfeitures. Per capita income was obtained through the United States Bureau of Economic Analysis.

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The 2019 Local School Finance Study and prior years' versions are available online at <http://www.ncforum.org>. Contact the Forum to inquire about pricing information for hard copies of the study.



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