



A Study of Cost Adequacy, Distribution and Alignment of Funding for North Carolina's K- 12 Public Education System

1.22.2020 • Jason Willis, Kelsey Krausen, Alex Berg-Jacobson, Ruthie Caparas, and Ryan Lewis



Leandro Tenet: Finance and Resources

North Carolina Supreme Court held that it is the State's responsibility to see:

"[T]hat every school be provided, in the most cost-effective manner, the resources necessary to support the effective instructional program within that school so that the educational needs of all children, including at-risk children, to have the equal opportunity to obtain a sound basic education can be met."

Hoke County Board of Education v. State (*Hoke IV*), 95 CVS 1158 (2002)

Research Questions

Adequacy

- **How much** funding is necessary to achieve the desired outcomes identified in North Carolina?

Distribution

- What is the current distribution of funding by district?
- What factors (statutory or distribution of funds) create **inequities** in the allocation of resources?

Alignment

- Is funding **flexible** enough to ensure effective use of funds?
- Is funding **stable** enough to ensure effective use of funds?



Findings

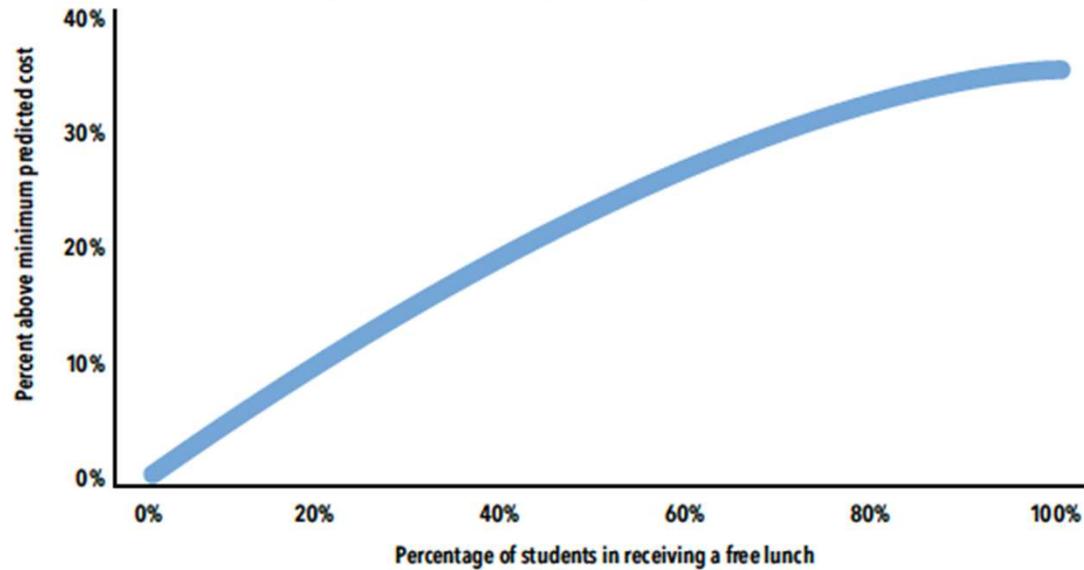
- 1. Funding in North Carolina has declined over the last decade.**
 - When adjusted to 2018 dollars, per pupil spending in the state has declined overall, about 6% since 2009-10.
- 2. The current distribution of education funding is inequitable.**
- 3. Specific student populations need higher levels of funding.**

Finding #3:

Specific student populations need higher levels of funding



Exhibit 23. Costs of educating students in poverty



Findings (continued)

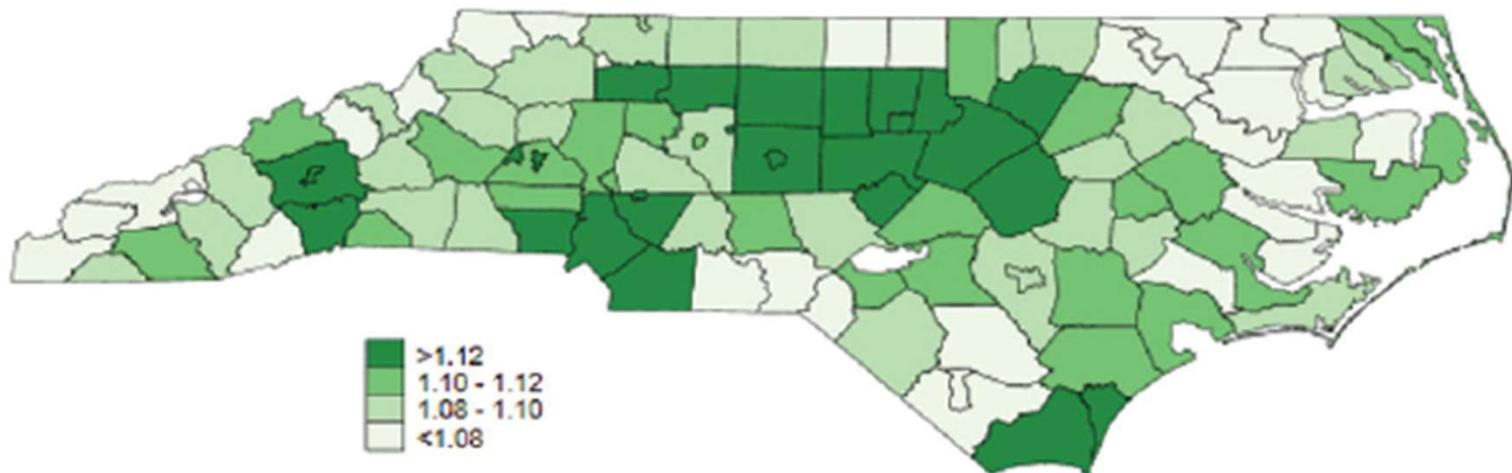
4. **Greater concentrations of higher-needs students increases funding needs.**
5. **Regional variations in costs impact funding needs.**
6. **The scale of district operations impacts costs.**
7. **Local funding and the Classroom Teacher allotments create additional funding inequities.**

Finding #5:

Regional variations in costs impact funding needs.



Exhibit 24. Map of average district-level North Carolina salary index, 2016–17

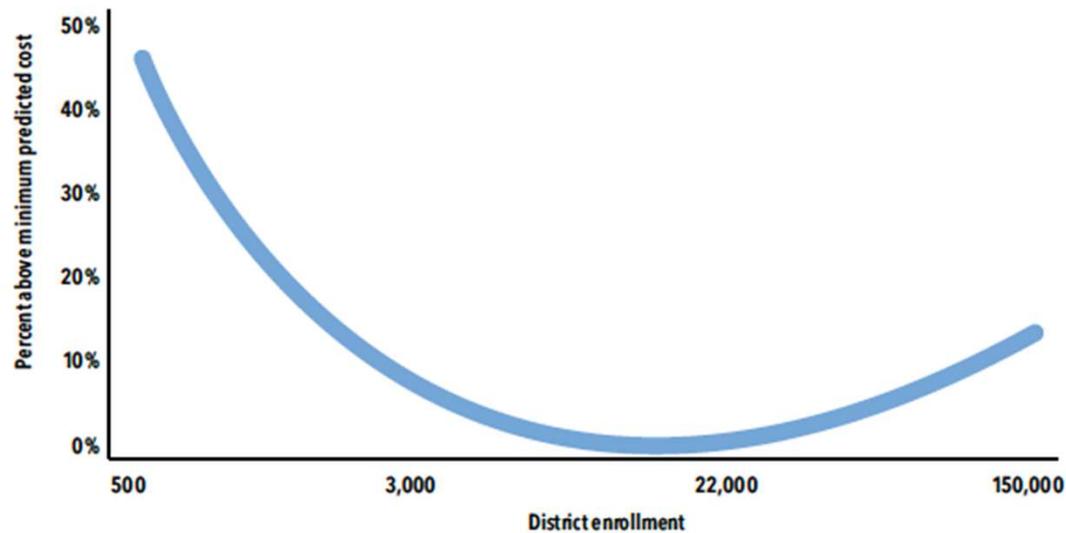


Finding #6:

The scale of district operations impacts costs



Exhibit 25. Cost to achieve equivalent outcomes as district enrollment increases



Findings (continued)

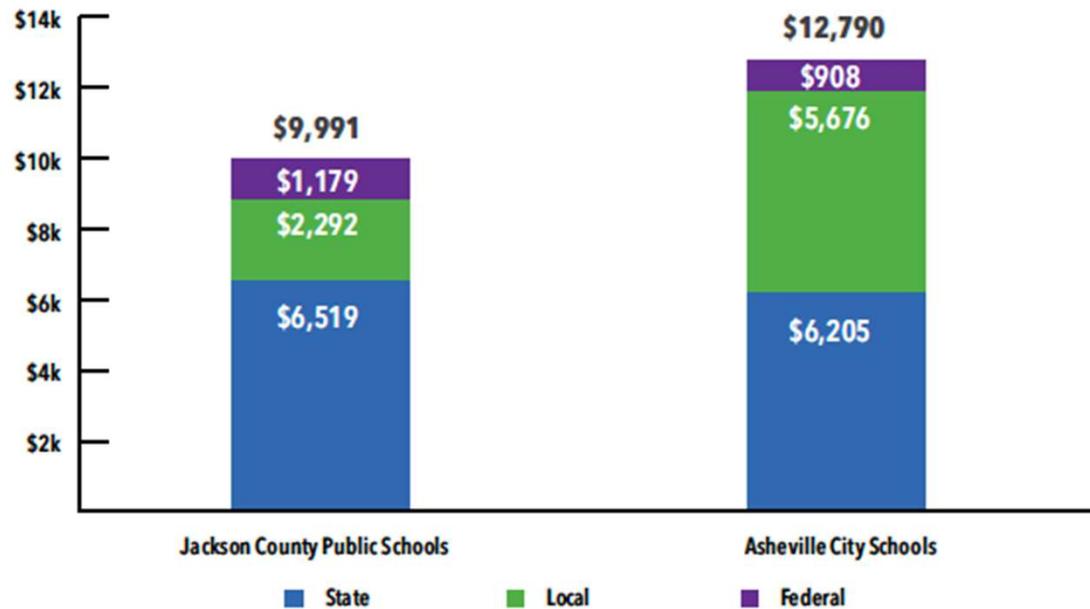
8. **New constraints on local flexibility hinder district ability to align resources with student needs.**
9. **Restrictions on Classroom Teacher allotments reduce flexibility and funding levels.**
10. **Frequent changes in funding regulations hamper budget planning.**
11. **The state budget timeline and adjustments create instability.**

Finding #7:

Impact of local funding and the Classroom Teacher allotment



Exhibit 26. Disparity in funding between two nearby districts of similar size



Findings (continued)

8. There is inadequate funding to meet student needs.

- Critical to consider the finding *in tandem* with the findings from other sections of the report, particularly those that support more effective use of existing resources.
- Research indicates that increases need to occur in two ways: (1) short-term investments and (2) additional, ongoing funding over the next eight years.
- Student performance thresholds – such as graduation rates and ELA/math performance – were used to identify the associated cost; and triangulated with results from the professional judgment panels.
- Several scenarios were developed for consideration by stakeholders.
- Coordination between existing and new resources is essential to achieve the desired results modeled.

Finding #11:

There is inadequate funding to meet student needs



Exhibit 33. Additional funding beyond current state spending: Ongoing A and Short-term C implemented over eight-year period

	Sum total (\$ in billions)	Sum total per pupil (\$)	Total per year (\$ in billions)	Average per pupil per year (\$)
Current State Spending	\$8.29	\$5,690		
Ongoing A Scenario	\$3.70	\$2,540	\$0.46	\$318
Short-term C Scenario	\$3.16	\$2,170	\$0.39	\$271
Ongoing A + Short-term C	\$6.86	\$4,710	\$0.86	\$589

Note: Includes efficiency adjustment to account for the average 6.3% of funds identified as not contributing directly to the outcomes incorporated into the model. Dollar values adjusted for inflation to 2019 dollars using the Bureau of Labor Statistics cost price index (CPI) calculations over the period July 2017 to July 2019. These figures would need to be further adjusted for inflation over the next eight years.

Findings (continued)

Other factors that influence the effectiveness of additional resources

- Coordination between existing and new resources is essential to achieve the desired results modeled.
- Importantly, the choices of policymakers and practitioners about the use of these resources, and the resulting outcomes for students, cannot be observed.
- This fact reinforces the importance of pursuing the implementation of other recommendations in the report that are evidence-based to maximize the potential for the effective use of resources.
- Necessarily, the implementation of recommendations must be measured, monitored, and acted upon to ensure existing and any new resources are having the intended impact on learning.

Recommendations

- 1. Increase the cost effectiveness of the North Carolina funding system so that public education investment prioritizes higher-need students and provides appropriate flexibility to address local needs.**
- 2. Modify the school finance system to ensure future stability in funding for public education, including predictable, anticipated funding levels that acknowledge external cost factors.**



Recommendations (cont.)

- 3. Increase the overall investment in North Carolina's public schools first by identifying a small number of foundational, high-impact investments. Continued investment in these foundational areas are most critical to setting the system up for success in the future.**