

State Study Says NC Should Overhaul K-12 Funding

By Administrator

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North Carolina's current method for funding public schools favors wealthy counties over low-income areas, according to a new study from the state legislature's Program Evaluation Division. In addition to finding imbalances in allotments between wealthy and low-income counties, researchers also discovered that funding for children with disabilities is largely directed away from those areas with the highest number of disabled students.

Given the findings, the PED recommended that the state overhaul its system and allocate funds per student — instead of assigning dollar amounts to each LEA, or paying LEAs according to the number of job positions within a district.

The report contains 12 findings that are grouped into 2 sections:

Section I: Allotment-specific issues. This section identifies the following issues:

- The structure of the Classroom Teacher allotment results in a distribution of resources across LEAs that favors wealthy counties.
- The allotment for children with disabilities fails to observe student population differences and contains policies—intended to limit overidentification—that direct disproportionately fewer resources to LEAs with more students to serve.
- The allotment for students with limited English proficiency lacks rationale and fails to observe economies of scale, resulting in illogical and uneven funding.
- Small county funding is duplicated and unsubstantiated.

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□ Low wealth funding is overly complex and could be improved to more precisely reflect a county's ability to generate local revenue.

□ Hold-harmless policies result in a maldistribution of resources for disadvantaged students.

Section II: System-level issues. This section identifies issues related to the allotment system as a whole. North Carolina's allotment system is overly complex and has limited transparency. These issues are exacerbated by a patchwork of laws and documented policies and procedures that seek to explain the system. Funding charter schools currently relies on translating LEA allotments to a per-pupil approach that is challenged by the inapplicability of some district allotments to charter schools and the way ADM is calculated for charter schools. Other models for distributing resources offer alternatives that merit consideration.

Based on these findings, the General Assembly should either:

- 1) overhaul the system for how resources are distributed by using a weighted student funding model, or
- 2) reform the current allotment system by addressing individual allotment deficiencies and providing direction to improve transparency and accountability.