

HOLSHOUSER

LEGISLATORS RETREAT

ISSUE BRIEF
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EARLY CARE AND EDUCATION AS AN ECONOMIC DRIVER IN NORTH CAROLINA

North Carolina is home to over 720,000 children aged five and under. About 64 percent of these children have all parents working. Currently, North Carolina has a child care gap of 55.9 percent, which means that over 400,000 children do not have access to child care within a reasonable distance. Like in most other states, federal and state funding for early care and education reach only a fraction of eligible children in North Carolina (Table 1). Reflecting national trends, child care expenses are high for families in North Carolina (Table 2).

The Long-Term Socio-Economic Benefits of High-Quality ECE

High-quality early care and education (ECE) ensures consistent exposure to language-rich environments that are essential for young children to develop robust networks of neural connectivity that provide a foundation for their academic and life success for decades to come. Research shows that children enrolled in strong ECE programs demonstrate increased literacy, numeracy, and social-emotional skills upon kindergarten entry; third grade reading proficiency; high school graduation rates; post-

secondary attainment; and job success. Parents experience increased workforce participation and relatedly, economic stability, while the state ensures a productive future workforce. For children from under-resourced communities, high-quality ECE serves as an equalizer, narrowing opportunity gaps that appear as early as nine months and widen significantly by age two.

Optimal Early Development: In the early years, over one million neural connections form each second; vision, hearing, language, and higher cognitive development occur sequentially, with 90 percent of brain development happening by age five. When adults consistently engage with young children, they help build strong neural pathways that support lifelong learning. Delayed or disrupted development can have long-term consequences.

Parental Workforce Participation: Without dependable child care, parents face significant barriers to work, education, or job training, leading to income instability and reduced lifetime earnings. A recent study in North Carolina showed that 35 percent of parents experienced disruptions to their employment due to child care issues. Child care shortages can strain family finances, decrease tax paying ability, and increase the need for public support.

Table 1: Reach of Key Early Care and Education Programs

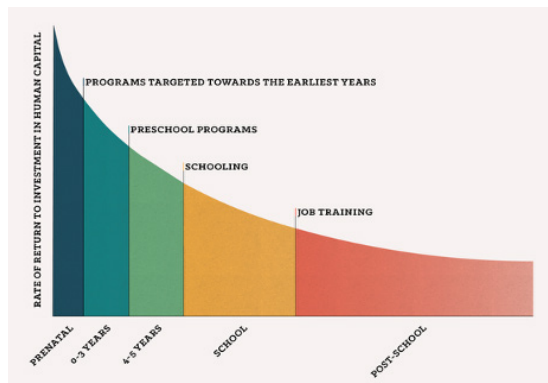
Child Care Development Block Grant (CCDBG)	Head Start Preschool	Early Head Start	State-Funded Preschool
13%	20%	8%	<u>22%</u>

Table 2: Affordability of Child Care

Annual price of center-based infant care	Annual price of home-based infant care	Portion of median income of married-couple family	Portion of median income of single-parent income
\$12,370	\$9,960	11%	34%

Economic Productivity: The U.S. Chamber of Commerce considers the child care sector “critical to the American economy. Not only does childcare generate its own economic output, but since it ensures parents can go to work, childcare also supports every other industry.” Lack of access to child care costs North Carolina around \$1 billion economic losses annually. Employers lose millions, while public systems bear the costs of increased social service use, higher health care needs, and lower tax revenues. Reliable access to child care increases labor force participation, strengthens the tax base, and reduces dependency on public assistance.

Figure 1: The Heckman Curve



Source

- The Heckman curve shows that programs supporting early development have the highest return on investment (Figure 1). The Perry Preschool Project, a study of a high-quality program for 3–5-year-olds, showed a return on investment between \$7 and \$12 for each dollar invested in preschool education.
- The Center for High Impact Philanthropy reports that quality early childhood programs can yield a \$4–\$9 return per \$1 invested.
- In North Carolina, the Abecedarian Project, a long-term experimental study of high-quality early learning programs reports that, “For every dollar spent on the program, taxpayers

saved \$2.50 as a result of higher incomes, less need for educational and government services, and reduced health care costs... High-quality, enriched early education environments can help children surmount some of the disadvantages of poverty. Not only can the effects be far-reaching as children progress through adulthood, but the longterm savings to society also can be considerable.”

- A longitudinal study on NC Pre-K demonstrated that children in North Carolina’s Prekindergarten Program who attended low-performing districts outperformed their peers who did not attend the program.

The ECE Workforce

The ECE workforce allows parents to stay in the workforce, even as it supports the early development of the future workforce. However, early educators are paid about \$14.20 per hour on average in North Carolina, as compared to the state average living wage (for an individual) of \$22.54. A recent study showed that 60 percent of child care operators in the state were experiencing staffing shortages. Policies that help attract early educators to the field and keep them engaged through supplementing wages and providing benefits are needed to address widespread burnout and attrition in the sector, which constrains the supply of child care.



State Examples

Texas | To expand access to care, especially in rural and remote areas, the Community Action Corporation of South Texas, in partnership with the Texas Workforce Commission (TWC) and local Workforce Solutions boards, [helps home-based child care providers](#) in 16 rural counties become licensed and expand their services.

District of Columbia | The [Early Childhood Educator Pay Equity Fund](#) was created in 2021 to provide wage supplements to early educators. Administered by the Office of the State Superintendent of Education and implemented by the Early Childhood Educator Equitable Compensation Task Force, the fund provides quarterly award payments to ECE programs to supplement staff wages.



Policy Considerations

- Increase the supply of high-quality child care to address gaps that constrain workforce participation and economic stability.
- Expand mixed-delivery models and preschool access to strengthen availability of high-quality early childhood education, particularly in rural and underserved communities.
- Examine and build on existing compensation initiatives for early educators to reduce attrition, stabilize the workforce, and sustain program quality.

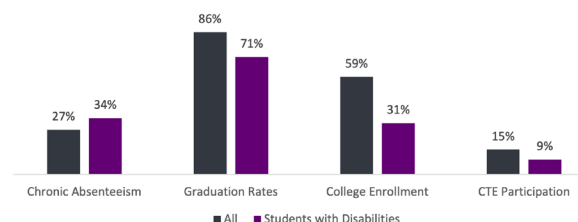
STRENGTHENING SPECIAL EDUCATION IN NORTH CAROLINA

Students with disabilities are considered one of the most protected student groups in education. The [Individuals with Disabilities Education Act \(IDEA\)](#) requires children with disabilities to receive a free and appropriate public education (FAPE) and early intervention services. In addition, IDEA provides grant funding to make services possible. The FAPE standard requires that schools educate all students with disabilities in the least restrictive environment appropriate to their disability.

When states do not meet these federal requirements outlined in IDEA, the Office of Special Education and Rehabilitative Services or the Office of Special Education Programs under the U.S. Department of Education may become involved in their correction. As of 2025, [only 20 states](#), excluding North Carolina, meet IDEA requirements for students ages 3 through 21.

There are approximately [203,000 students with disabilities](#) enrolled in North Carolina public schools. According to the most recent National Assessment for Educational Progress, [less than 20 percent](#) of North Carolina's fourth-grade students identified with a disability are proficient in Math, and [less than 10 percent](#) in reading. [Students with disabilities](#) are more likely to be chronically absent, less likely to graduate high school, and less likely to enroll in college or participate in CTE programs than their peers. Alarming, students with disabilities are [twice as likely](#) to experience out-of-school discipline and bullying as their peers.

Figure 2: NC Student Performance Across Measures | 2024



[Source](#)

Federal Changes Affecting Students with Disabilities

On March 20, 2025, President Donald Trump issued the [Improving Education Outcomes by Empowering Parents, States, and Communities](#) Executive Order. This order demands the closure of the Department of Education and the return of education authority to the states. It is important to note that primary jurisdiction over education lies with the states, as established in [San Antonio Independent School District v. Rodriguez](#); however, the 10-13 percent of federal funding that states receive is significantly limited in its allowable uses according to current federal guidelines. The Trump administration has begun reducing federal employee workforce to reduce spending and federal government oversight while returning increased funding flexibility for states.

These personnel changes have raised concerns about continued access to services and data monitoring across offices, but recent changes have sparked discourse on the impact on the Office of Special Education and Rehabilitative Services. [Critics](#) of the decision are concerned about the continued oversight of IDEA and potential impacts on the [7.5 million students with disabilities](#) across the country. Supporters of downsizing or eliminating the Department of Education point to the opportunities presented by decreased overhead and more flexibility in funding and context for states to address their issues.

While the full scope of changes at the federal level remains unclear, under IDEA, North Carolina's practices are currently identified as "needs assistance." This identification is due, in part, to the insufficient funding from the "Children with Disabilities" allotment. North Carolina currently caps funding at [13 percent](#), meaning if more than 13 percent of a school's student body is identified as having a disability, that school does not receive additional funding. According to 2022-2023 data, between [13 to 15 percent](#) of public school students in North Carolina are served under the Individuals with Disabilities Act.

Policy Considerations

- Assess the level of resources required to meaningfully improve outcomes for public school students with disabilities.
- Examine state-level actions and safeguards needed to ensure consistent and sustained support for students with disabilities amid potential shifts in federal oversight
- Establish clear goals and metrics to track progress and measure outcome improvements for students with disabilities over time.



TECHNOLOGY AND STUDENT FOCUS: IMPLEMENTATION AND WELL-BEING IN SCHOOLS

Artificial Intelligence and Student Device Use in North Carolina Schools

Districts across North Carolina are navigating two timely and interconnected issues in K–12 education: how to integrate artificial intelligence (AI) into classroom practice responsibly, and how to implement the student cell phone restrictions required under [House Bill 959](#). As technology continues to evolve rapidly, state and district leaders are working to balance innovation with student well-being, instructional quality, and community expectations. Simultaneously, they must ensure that students develop the knowledge, skills, and dispositions needed to thrive in modern learning environments and the workforce. These parallel challenges require thoughtful policy implementation, clear communication with stakeholders, and strategic planning to support educators as they adapt to new tools and expectations.

Artificial Intelligence Integration in Classrooms

AI has the potential to extend and deepen personalized learning, deliver real-time feedback, and reduce administrative burdens—allowing teachers to devote more time to planning and delivering high-quality instruction. In January 2024, the Department of Public Instruction released [comprehensive guidance](#) encouraging districts to build AI literacy, develop local policies, and integrate AI thoughtfully across grade levels and content areas. This work aligns with the [EVERY framework](#), developed in partnership with [AI for Education](#), which outlines five essential steps for responsible use: Evaluate outputs, Verify facts and potential bias, Engage critically with the tool, Revise for accuracy and context, and recognize that You are ultimately accountable for how AI is used.

Despite these proactive steps, district readiness varies significantly, and districts are weighing several important considerations as they plan for responsible [AI implementation](#). Integrating AI is not simply a matter of adopting new tools; it requires aligning technology decisions with instructional goals, building staff capacity, updating local

Table 3: Components of the EVERY Framework

E-Evaluate	Review the initial AI output to determine whether it meets your purpose and needs
V-Verify	Check all facts, figures, quotes, and data using reliable sources to avoid errors or bias
E-Engage	Refine your prompt and ask follow-up questions to improve the AI's response
R-Revise	Adjust the output to match your specific context, style, tone, and intentions
Y-You	You are responsible for the final product and should make clear to audiences how AI was used

policies, and ensuring families understand how AI will be used to support learning. Many districts are also grappling with how to use emerging tools while maintaining appropriate guardrails, evaluating vendors, and ensuring alignment with state guidance. As districts move from exploration to implementation, several key considerations continue to surface:

- **Educator Training:** Many teachers need targeted professional learning to understand how AI tools function, how they can enhance instruction, and what safeguards are required.
- **Equitable Access:** High-need and rural districts may lack the technical infrastructure and bandwidth to implement AI tools at scale.
- **Privacy and Data Governance:** Families and communities are seeking more explicit guidance on what data AI tools collect, who has access to it, and how it will be protected.
- **Stakeholder Communication:** Districts are working to build clear, consistent messaging that explains the benefits, limitations, and expectations surrounding AI use in classrooms.

In practice, these considerations mean districts must think through challenges such as developing local AI use policies, creating transparent processes for tool vetting, and building internal teams that include curriculum experts, IT staff, and school leaders. Many are exploring pilots to test tools with small groups of teachers, establishing routines for evaluating accuracy and bias, and offering parent-facing resources to build trust and understanding. As AI evolves, [research shows](#) that leaders recognize the need for continuous learning and iterative systems that can adapt to new capabilities while preserving student safety, instructional quality, and educator professionalism.

Together, these efforts reflect a broader shift: districts are not only incorporating new technology, but also reshaping their policies, practices, and communication strategies to ensure AI strengthens learning in thoughtful, equitable, and transparent ways.

Implementing House Bill 959: Student Cell Phone Use

[House Bill 959](#) requires districts to limit student cell phone use during instructional time to reduce distractions, support academic engagement, and improve school climate. While the intent of the law is clear, implementing consistent, schoolwide systems requires thoughtful planning, clear communication, and strong alignment between policy and practice. In states and districts where similar guidance has been implemented, [research](#) identifies several early trends:

- **Reduced In-Class Disruptions:** Schools that limit student phone use from bell to bell report fewer instructional interruptions, less off-task behavior, and smoother transitions.
- **Clearer Routines & Expectations:** “Bring the device, don’t use it” policies, storing phones in lockers, pouches, or bins, help students internalize consistent expectations across settings.
- **Stronger Academic Focus:** Principals overwhelmingly perceive device restrictions as beneficial to learning environments.
- **Family Engagement Needs:** Because students may still carry phones, clear communication to parents and families about the rationale, the policy limits, and how exceptions are handled is key.
- **Implementation Challenges:** Ensuring consistent enforcement across grade levels, classrooms and campuses remains a major obstacle for policy effectiveness.



In practice, these trends require districts to refine local policies, train staff on consistent enforcement, and maintain ongoing communication with families as the year progresses. It's important to note the importance of pairing policy enforcement with proactive supports, such as digital wellness education, clear signage, and shared accountability systems, to sustain momentum over time. Many are also collecting early feedback from teachers, students, and families to identify where additional tools or guidance may be needed.

Policy Considerations

- Establish clear, statewide guardrails for student device use that reduce classroom disruptions while preserving access for instructional use and necessary accessibility supports.
- Provide districts with guidance, training, and resources to support consistent and equitable implementation of AI and cell phone policies across grade levels and school settings.
- Strengthen communication expectations to ensure families understand the purpose, parameters, and appropriate exceptions associated with student technology use.
- Define and standardize key data metrics for districts to monitor and report in order to assess policy effectiveness and inform continuous improvement.



CREATING PATHWAYS AND STRENGTHENING NORTH CAROLINA'S WORKFORCE

North Carolina's position as the nation's [Top State for Business in 2025](#) underscores the urgency of building a workforce that can keep pace with a rapidly changing economy. As employers in technology, healthcare, agriculture, advanced manufacturing, and other high-growth sectors expand their footprint in the state, the demand for flexible, skills-based education and training options continues to increase. There is a real need for institutions and leaders to form deep collaboration with industry to ensure that learners of all ages can access pathways leading to high-demand, high-wage careers.

Across regions, educators and employers are working together to develop programs that reflect local labor market needs. Community colleges are leveraging their agility to design shorter, [stackable credentials](#); embed [work-based learning](#); and provide targeted upskilling for working adults. Indeed, the North Carolina Community Colleges [PropelNC](#) funding model aligns these efforts in a substantive way to meet labor market needs in state. Private-sector partners, meanwhile, are helping shape curriculum, offering apprenticeships, and investing directly in talent development pipelines to address persistent shortages in fields such as [nursing](#), [information technology](#), and [agricultural technology](#).

North Carolina has built a robust infrastructure of education-to-career pathways to support these goals. The [Career & College Promise \(CCP\)](#) program enables high school students to earn tuition-free college credits and industry-recognized credentials that lead directly into community college programs or the workforce. The state's [ApprenticeshipNC](#) initiative has grown significantly, expanding opportunities in advanced manufacturing, cybersecurity, biopharma, and healthcare through employer-sponsored paid apprenticeships. Additionally, the [NC Workforce Credentials](#)

initiative provides a vetted list of industry-valued, non-degree credentials that help institutions align training with employer needs. All of these programs help to form pathways that help ensure North Carolinians can access affordable, efficient routes into high-demand careers while strengthening talent pipelines in every region.

Policy Considerations

- Align existing funding models with evolving workforce needs and high-demand industry sectors across the state.
- Expand access to work-based learning opportunities that connect students with in-demand careers and regional employers.
- Streamline education-to-career pathways to strengthen transitions from high school to postsecondary education and the workforce.

STRENGTHENING NORTH CAROLINA'S TEACHING WORKFORCE

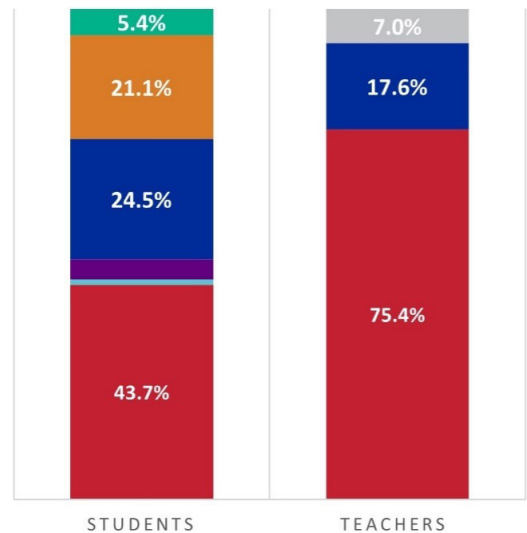
Research indicates that teachers are the most important school-based factor for student growth and achievement. Yet like so many other states, North Carolina struggles to recruit and retain a high-quality workforce that reflects the racial, ethnic, and linguistic diversity of the student population.

North Carolina's Teacher Workforce

North Carolina employed more than 90,000 teachers during the 2025-26 school year. However, school districts continue to struggle to fill vacancies and the state's traditional educator preparation programs have seen a decrease in the number of students completing their programs. In addition, the state's teacher workforce does not currently reflect the diversity of its students; data from the 2023-24 school year indicate that while 56 percent of North Carolina students are people of color,

the same is true of only 25 percent of educators. Extensive research shows that a diverse educator workforce benefits all students by improving test scores, increasing placement in gifted programs, and boosting high school completion rates.

Figure 3: Teacher Diversity Gap in North Carolina | 2023-2024



Source

Recruitment and Retention

With teacher quality being the most important school-based factor influencing student growth and achievement, high-quality teacher preparation is essential for all teachers. In addition, teacher certification and licensure are all positively correlated with student performance. North Carolina requires all teachers (with the exception of Teach for America corps members and International Faculty) to hold a professional educator's license to serve in traditional public schools. Candidates seeking a North Carolina professional educator's license must pass either the edTPA performance assessment or the Praxis Performance Assessment for Teachers (PPAT) and the ETS PRAXIS exam to demonstrate content proficiency.

Currently, teachers can enter the profession through the following pathways described in Table 4 below.

Research on teacher effectiveness by preparation pathway shows mixed and evolving results. While earlier studies suggested differences between traditionally and alternatively prepared teachers, more recent evidence points to a more nuanced picture. For example, a recent study by the American Institutes for Research finds that [Teach For America](#) teachers perform similarly to traditionally prepared teachers in reading and demonstrate stronger impacts in math and science. Overall, variation in teacher effectiveness exists both within and across preparation pathways, suggesting that program quality, clinical experience, and ongoing support are more predictive of effectiveness than the pathway alone.

Innovation in Teacher Training

In 2016, North Carolina [launched](#) the [Advanced Teaching Roles](#) (ATR) initiative to provide career pathways and increased compensation to excellent teachers without requiring them to leave the classroom. By the 2023-24 school year, [24 districts](#) implemented advanced teaching roles; most of these programs are funded by state grants provided for the creation of ATR models. [Several districts](#) are implementing the [Opportunity Culture](#) model of advanced teacher roles, which was created by the North Carolina-based education organization Public Impact. Both of these programs reimagine the one teacher, one classroom model, and offer opportunities for teachers to advance their careers through mentorship without fully leaving the classroom and providing additional support to new or beginning teachers.

Table 4: North Carolina Teacher Pathways

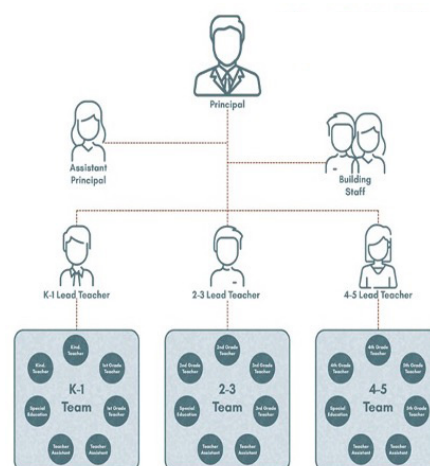
North Carolina Teacher Entry Pathways	Description
Traditional Educator Preparation Programs	Teacher candidates can attend one of the 48 approved traditional educator preparation programs (EPPs) based at institutions of higher education in North Carolina. North Carolina also honors licenses from other states and degrees from out-of-state EPPs
Residency License	Teacher candidates who meet the following requirements are eligible for a one-year license that is renewable for two additional years: ■ Holds a bachelors degree. ■ Has either completed coursework relevant to the requested licensure area or passed the content area examination in the requested licensure area as approved by the State Board. ■ Is enrolled in a recognized educator preparation program, and; ■ Has completed requirements prior to teaching. ■ Has been offered employment by a Local Education Agency (LEA).

Teacher Apprenticeship Grant Program	Residents of North Carolina are eligible for up to four semesters of tuition reimbursement if they meet the following criteria: ■ Graduated participant of a Career and College Promise Transfer Pathway Program, leading to an associates degree in teacher prep; ■ An employed teacher apprentice at an elementary school in the same LEA or a teacher assistant to a teacher of record; ■ Is enrolled in part or full time EPP course work towards a degree that will result in teacher licensure.
Teacher for America	Teach for America (TFA) recruits corps members to teach for two years in a low-income community. Corps members must have a bachelor's degree from an accredited college or university by the first day of their summer training and must have graduated with a GPA of 2.50 or higher (on a 4.00 scale). TFA currently places corps members in public school districts and public charter schools through two regions of operation in North Carolina – Eastern North Carolina and Charlotte-Piedmont Triad.
International Faculty	Individuals who have earned at least a bachelor's degree from an accredited institution of higher education in another country are eligible for a Residency License upon achieving at least "Advanced Low" proficiency on the American Council on the Teaching of Foreign Languages (ACTFL) Oral Proficiency Test, and, if available the Writing Proficiency Test.

Policy Considerations

- Advance evidence-based recruitment, compensation, and retention strategies to build and sustain a high-quality teacher workforce.
- Champion the use of aligned data systems and accountability measures to evaluate teacher preparation program effectiveness and identify predictors of classroom success.
- Examine the impact of innovative classroom models, including co-teaching, competency-based learning, and expanded learning time, to inform policy and support effective implementation.

Figure 4: Advanced Teaching Roles Organizational Model



Source

USING DATA AND RESEARCH TO IMPROVE EDUCATION OUTCOMES IN NC

North Carolina's higher education and research institutions play a central role in driving the state's economic growth, advancing innovation, and preparing the workforce of the future. The [UNC System](#), the [North Carolina Community College System](#), and the state's independent colleges bring nationally recognized strengths in areas such as biotechnology, public health, education research, and advanced manufacturing. These institutions expand access to high-quality post-secondary opportunities as well as generate insights that help policymakers understand emerging workforce trends, student needs, and regional economic priorities. As North Carolina continues to grow as a national hub for health, research, and innovation, the ability to leverage these institutions' expertise is essential.

[North Carolina's statewide longitudinal data system \(NCLDS\)](#) is becoming a key tool for translating this research capacity into actionable information for state leaders. As the state strengthens its leadership in high-growth sectors, the ability to connect data across education and workforce systems will help ensure that policy decisions are grounded in evidence.

The [NCLDS Governance Board](#), chaired by NC Community College System President Jeff Cox, is overseeing major progress in linking data from K-12, postsecondary education, and the workforce. Agencies are integrating information into secure, "single source of truth" data warehouses and improving data quality so researchers and policymakers can more clearly track student pathways. Early entity-resolution work has linked tens of millions of records to create de-identified, research-ready datasets capable of showing how students transition between systems and into employment.

The NCLDS is grounded in strong privacy and security protections. All data requests currently undergo a rigorous, multi-step review, and each agency retains full authority over its data. The system complies with FERPA, HIPAA, unemployment insurance wage regulations, and other federal requirements. North Carolina is also adopting advanced tools such as trusted execution environments (TEEs) to reduce unnecessary data movement and mitigate risk. A recent milestone—the approval of access to unemployment insurance wage data through the Common Follow-Up System—will allow the state to generate clearer insights into employment and earnings outcomes.

While the request process is currently manual, a semi-automated workflow and public-facing user interface are planned for 2026. In the meantime, partners are expanding research-ready datasets, refining statewide learning goals, and improving cross-agency coordination to ensure the system provides timely, actionable insights. The NCLDS represents a critical opportunity to better understand program effectiveness, address barriers students face, and guide strategic investments that strengthen North Carolina's long-term education and workforce outcomes.

Policy Considerations

- Champion the long-term development and use of the NCLDS to strengthen statewide data integration and decision-making.
- Establish strengthened data privacy and security measures as the system expands to ensure responsible use and protection of student information.
- Leverage the NCLDS to improve understanding of student pathways and workforce outcomes and inform education and workforce policy.

BRIDGING THE GAP WITH NC COLLEGE CONNECT

NC College Connect is a statewide initiative designed to streamline college admissions for eligible North Carolina public high school seniors, removing barriers and simplifying the transition to postsecondary education. By providing direct college admission and coordinated support, the program helps students navigate the often complex processes of applications, financial aid, and enrollment.

Since its launch as a pilot program in 2024, NC College connect has shown measurable success in expanding access to higher education statewide. In its second year, students accepted more than 88,000 offers of admission through the program—reaching nearly one in four public high school seniors in the Class of 2026. While program-specific data on first-year persistence are not yet available, peer-reviewed research on direct admissions programs in other states suggests they can meaningfully increase college enrollment supporting the efforts for the model NC College Connect is built on.

NC College Connect provides a clear, structured pathway for high school seniors to enter college, reducing the barriers that often prevent students from enrolling on time. By offering direct admission, guidance on applications and financial aid, and connections to local support networks, the program helps ensure that more students—especially those from rural, urban, and underserved communities—can access postsecondary education. Its impact on enrollment and early persistence highlights the value of coordinated, statewide efforts to strengthen educational opportunities and build a more prepared workforce for North Carolina.

Policy Considerations

- Advance efforts to expand NC College Connect and increase statewide access for eligible students.
- Align resources to sustain program implementation and long-term success.
- Encourage cross-sector partnerships among K-12 systems, postsecondary institutions, and community organizations to improve student enrollment and persistence.



UNPACKING NC TEACHER PAY AND PER-PUPIL SPENDING

North Carolina's School Finance Landscape

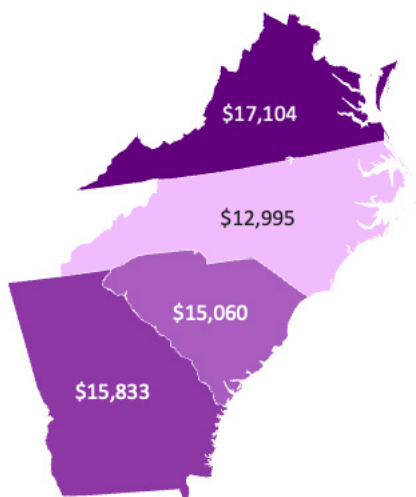
North Carolina funds public education through a combination of state appropriations, local contributions, and federal funds, with the state providing the majority of operational funding. The state's finance model is historically rooted in ensuring a basic level of educational provision across districts, with additional allotments for specific purposes such as teacher salaries, classroom resources, and student supports.

Per-pupil spending in North Carolina has increased over the past decade but remains below the national average. According to the National Education Association, North Carolina ranked in the bottom third of states for per-pupil expenditures in recent years. Similarly, data from the U.S. Census Bureau show that North Carolina's total education spending per pupil continues to lag behind many peer states, particularly when adjusted for inflation.

While overall spending levels are important, how funds are distributed within and across districts also plays a critical role. Local funding capacity varies significantly across North Carolina counties, contributing to disparities in supplemental pay, facilities, and student supports. Wealthier districts can provide higher local supplements, while rural and lower-wealth districts rely more heavily on state funding.



Figure 5: Per-Pupil Expenditures in Neighboring States | 2023-2024



Source
EDUCATION

Teacher Pay

Teacher compensation in North Carolina is primarily determined through a state salary schedule based on years of experience, supplemented by local pay and, in some cases, performance incentives or bonuses. Over the past decade, the state has made targeted investments to raise starting salaries and mid-career pay.

According to [recent analysis](#) from BEST NC, North Carolina's starting teacher pay is now competitive regionally, but [challenges persist](#) in retaining experienced educators due to a relatively flat salary schedule after the early career years. Additional data from the National Center for Education Statistics indicate that while teacher salaries are in the lowest quartile, North Carolina's pupil-to-teacher [ratio](#) is right at the national average.

Table 5: Cost-of-Living-Adjusted Average Teacher Pay, Southeast Region

State	Avg. Teacher Pay
Georgia	\$72,787
Alabama	\$68,906
Texas	\$65,592
South Carolina	\$63,313
Virginia	\$63,255
West Virginia	\$62,455
Mississippi	\$62,413
Kentucky	\$61,883
Arkansas	\$61,203
Tennessee	\$60,890
North Carolina	\$60,331
Louisiana	\$56,424
Florida	\$49,305

[Source](#)

Spending and Workforce Strategies

Research consistently shows that teacher quality is one of the most important in-school factors affecting student achievement, but compensation alone does not fully determine workforce stability. The Learning Policy Institute highlights that competitive, well-structured compensation systems, combined with strong working conditions, are [critical](#) to reducing teacher turnover and improving student outcomes.

North Carolina school-level expenditure [data](#) suggest that even within districts, spending can vary across schools based on staffing patterns, student needs, and programmatic offerings. This variation can influence both student opportunity and educator distribution.

As states around the country have worked to align their education spending with their workforce goals, numerous policy levers have been considered including:

- Exploring differentiated pay models that reward effectiveness, hard-to-staff roles, or leadership responsibilities while maintaining transparency and fairness.
- Addressing disparities in local funding capacity through revised formulas or targeted state investments to improve equity in teacher pay and student resources.
- Improving transparency that enables policymakers and the public to better understand how resources are allocated and their impact on outcomes.
- Aligning funding decisions with workforce goals, such as reducing vacancies in high-need areas.
- Investing in high-quality instructional materials, leadership development, and teacher support systems that can complement compensation strategies to improve outcomes.

Policy Considerations

- Identify and assess an effective balance of investments in competitive teacher compensation and broader system priorities to support overall educational outcomes.
- Examine and adjust salary schedules and best-practice incentive structures to improve retention, particularly among mid-career teachers.
- Refine funding formulas to better account for differences in local capacity and student need.





Established in 2001, **The Hunt Institute** honors the legacy of the late James B. Hunt, Jr., the former governor of North Carolina who distinguished himself as an ardent champion of education.

The Hunt Institute brings together people and resources to inspire and inform elected officials and policymakers about key issues in education, resulting in visionary leaders who are prepared to take strategic action for greater educational outcomes and student success.

In 2016, The Hunt Institute became an independent, nonprofit entity and joined forces with Duke University's Sanford School of Public Policy to pursue research, educational partnerships, and events related to improving education policy.

Learn more at www.hunt-institute.org.



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