

# 2019 EDUCATION POLICY RETREAT



**ISSUE BRIEF**

# EDUCATION POLICY RETREAT

*Preparing newly elected legislators to be reform-minded  
education policymakers in North Carolina*



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## OVERVIEW

### What is the education landscape in North Carolina?

VALUE	CATEGORY	STATE RANKING
<b>1,544,934</b> K-12 public school students <sup>1</sup>	<b>↑ 6.2%</b> expected enrollment change by 2027 <sup>4</sup>	
<b>2,655</b> public schools <sup>1</sup>	<b>115</b> public school districts <sup>5</sup>	
<b>450,162</b> public postsecondary students <sup>2</sup>	<b>49%</b> are enrolled in 2-year colleges <sup>2</sup>	
<b>35%</b> 2-year public college graduation rate (in 6 years) <sup>3</sup>	<b>74%</b> 4-year public college graduation rate (in 6 years) <sup>3</sup>	
<b>\$9,026<sup>1</sup></b>	Per Pupil Expenditures	<b>47</b>
<b>15.6<sup>2</sup></b>	Student-Teacher Ratio	<b>35</b>
<b>42%*<sup>2</sup></b>	NAEP 4th Grade Math	<b>18</b>
<b>39%*<sup>2</sup></b>	NAEP 4th Grade Reading	<b>15</b>
<b>35%*<sup>2</sup></b>	NAEP 8th Grade Math	<b>24</b>
<b>33%*<sup>2</sup></b>	NAEP 8th Grade Reading	<b>34</b>
<b>86%<sup>3</sup></b>	Public HS Grad Rate	<b>22</b>

<sup>1</sup>Data Source <sup>2</sup>Data Source <sup>3</sup>Data Source <sup>4</sup>Data Source <sup>5</sup>Data Source

\*Represents the percent of students who scored at or above proficient.

<sup>1</sup>Data Source <sup>2</sup>Data Source <sup>3</sup>Data Source

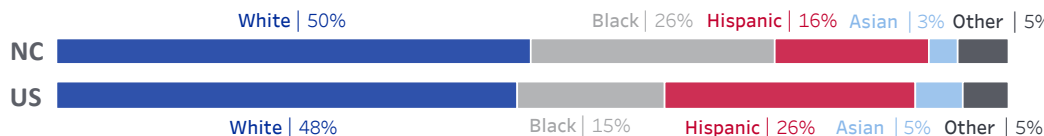
#### K-12 Level of Family Income | 2016



[Data Source](#)

Compared to the national average, North Carolina has a higher proportion of students eligible for free- and reduced-price lunch, a common indicator of poverty in schools.

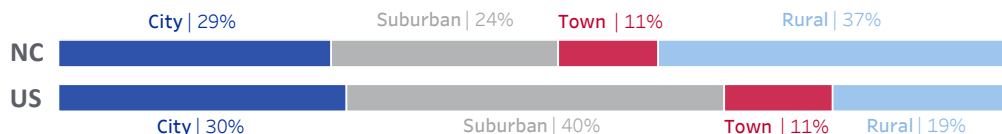
#### K-12 Race & Ethnicity | 2016



[Data Source](#)

North Carolina has fewer Hispanic students than the national average, but a higher share of black students.

#### K-12 Enrollment by Locale | 2016



[Data Source](#)

North Carolina has a higher share of students attending schools in rural areas than the national average, and lower percentages of students whose schools are located in suburban areas.

# EARLY CHILDHOOD LEARNING

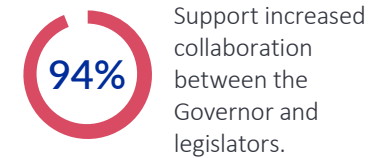
## What does early learning look like in North Carolina?

Learning is a continuum that begins at birth, not just the first day of school. [Research](#) has confirmed that the learning opportunities and supports children and parents receive early in life have significant effects on long-term life outcomes including educational attainment, income, and health. For many years, North Carolina has been a leader in early childhood learning, creating a network of support for infants, children, and families through investments in a number of child care initiatives and essential health, development, and social-emotional support services, including:

- [NC Pre-K](#) is a direct provider of high-quality public pre-Kindergarten to income-eligible four-year-olds, financed through a combination of state general and lottery funds.
- The [Child Care Subsidy Program](#) is financed through a combination of state and federal funds and provides subsidies for children from low-income families to attend licensed child care programs.
- [Smart Start](#) is led by local leadership and works in communities across the state to improve the quality of child care programs. Smart Start is financed in large part by the state, but each local partner is required to match 15 percent of its state funds with other resources.
- [Maternal, Infant, and Early Childhood Home Visiting Programs](#) support pregnant women and families with young children by offering information, guidance, risk assessment, and parenting support at home through a variety of evidence-based models. Financial support is provided by federal, state, local, and philanthropic funds. In [2016](#), 5,825 families received 99,803 home visits in North Carolina.
- The [Maternal and Child Health Program](#) is a federal-state partnership that seeks to provide preventive and primary care health services to women, infants, and children, especially those with special health care needs.
- The [North Carolina Infant-Toddler Program](#) is an early intervention program for children birth to age three who have special needs. Sixteen Children's Developmental Service

### Bipartisan Support for Early Childhood Learning

The North Carolina Early Childhood Foundation commissioned a statewide [survey](#) in July 2018. The bipartisan poll found that:



## Public Programs for Child Care and Preschool

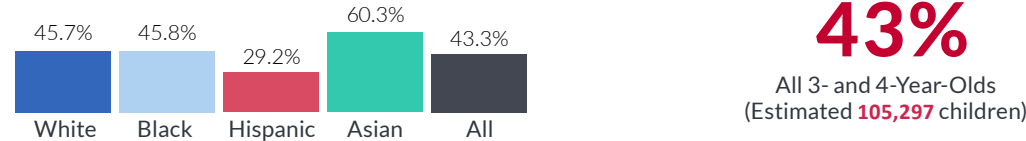
PROGRAM	FUNDING SOURCE	DESCRIPTION	APPROX. AGES SERVED	APPROX. # SERVED	APPROX. % SERVED
<a href="#">Child Care &amp; Development Fund</a>	Federal and State	Financial assistance to low-income families to access child care so they can work or attend a job training or educational program.	0-2	13,961	4%
			3-5	21,245	6%
			6-12	24,887	2%
<a href="#">Early Head Start</a>	Federal (with optional state supplement)	Funds child care slots for children ages 0-3 from low-income families in addition to some health and family services.	0-3	4,633	1%
<a href="#">Head Start</a>	Federal (with optional state supplement)	Funds child care slots for children ages 3-4 from low-income families in addition to some health and family services.	3-4	16,770	7%
<a href="#">North Carolina Pre-Kindergarten Program</a>	Federal and State (with optional local supplement)	Funds enrollment in the state pre-Kindergarten program.	4	27,019	22%

## COORDINATION AND COLLABORATION: THE B-3 INTERAGENCY COUNCIL AND THE EARLY CHILDHOOD ADVISORY COUNCIL

At the state-level, multiple agencies offer programming, education, and support services for young children and families. As a result, the [2017 Appropriations Act](#) created the B-3 Interagency Council, a joint council of the Department of Health and Human Services and the Department of Public Instruction, to create a plan for a coordinated system of early care, education, and child development services.

Governor Roy Cooper reestablished the [Early Childhood Advisory Council](#) in February 2018. The Council was charged with working with the B-3 Interagency Council to develop an early childhood action plan including measurable goals addressing child health, safety and wellbeing, and developmental and academic readiness. A draft of the [Early Childhood Action Plan](#) was released in November 2018.

### Percentage of 3- & 4-Year-Olds Enrolled in Preschool Programs, Public & Private by Race\*



\*Data reported by parents. Races not shown did not meet reporting standards.

[VIEW DATA RESOURCE HERE](#)

### *The Impact of Early Childhood Education Programs: Long-Term Effects of Smart Start and NC Pre-K*

In 2016, Duke University's [Center for Child and Family Policy](#) released an evaluation of the long-term effects of North Carolina's early childhood education programs: Smart Start and More at Four (now known as NC Pre-K). The study tracked more than one million North Carolina public school students born between 1988 and 2000. **Researchers compared elementary school outcomes of those who lived in counties with state-funded early childhood education programs and those who did not.**

Students who lived in counties with state-funded early childhood education programs had significantly higher **standardized test scores in reading and math**, **fewer special education placements**, and **lower retention rates** than students living in counties without these programs.

There is evidence of **spillover effects** in which non-participating students were positively affected by the presence of participating students in their elementary school classrooms. The positive effects of these programs **held steady or significantly increased through fifth grade**.

### Cost and Affordability of Child Care

**\$9,255**

Average Annual Cost of Infant Care in NC

**17%**

Infant Care Cost as a Share of Median Family Income in NC

**27%**

Percent of Families in NC that Can Afford Infant Care

**\$7,592**

Average Annual Cost of Child Care in NC\*

\*According to the U.S. Department of Health and Human Services, child care is affordable if it costs no more than 10% of a family's income.

[VIEW DATA RESOURCE HERE](#)

## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- How can North Carolina increase access to early childhood programs while also maintaining quality?
- What barriers are inhibiting efficient communication and collaboration across state agencies in regard to early childhood learning?
- What actions can be taken to ensure equitable access to early childhood programs?
- How can policymakers and state education leaders communicate effectively with parents and families about early childhood learning offerings?

# STANDARDS, ASSESSMENT, AND ACCOUNTABILITY

## Standards

States use **content standards** and **graduation requirements** to establish pathways to college and career readiness.

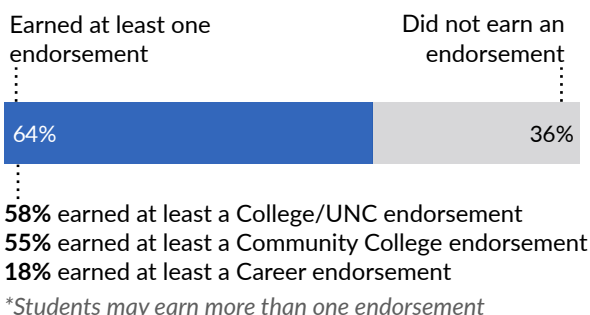
### CONTENT STANDARDS

Content standards define what students should know and be able to do at the end of each grade and subject. **The North Carolina state standards are known as the North Carolina Standard Course of Study and are developed, adopted, reviewed, and revised by the State Board of Education.** North Carolina has standards for the following content areas: English Language Arts; Math; Arts Education; Career and Technical Education; English as a Second Language; Guidance; Healthful Living; Information and Technology Skills; Science; Social Studies; and World Languages.

### GRADUATION STANDARDS

Graduation requirements identify the specific courses, and in some cases, assessments that must be completed to obtain a high school diploma. All students who entered high school since 2009 have been required to complete the North Carolina Future-Ready Core course of study in order to graduate with a high school diploma. **When compared to other states in the south, North Carolina is one of ten states offering either a mandatory or default college and career ready course of study.** Additionally, the Future-Ready Core Occupational course of study is available for students with disabilities, making North Carolina **one of only four states** in the nation to offer a specific diploma pathway for students with disabilities. In addition to the high school diploma, students may earn at least one of five **endorsements** based on GPA, test scores and course completion.

#### 2017-2018 NC High School Graduates



## Assessments

States measure students' progress against standards by using annual summative assessments. States are required by federal law to annually assess students in math and English language arts (ELA) in grades 3-8, and once in high school. Students must also be assessed in science three times and once each between grades 3-5, 6-9, and 10-12. In total there are 17 federally-required assessments.

**North Carolina assesses students using state-developed North Carolina End-of-Grade (NC EOG) and End-of-Course assessments (NC EOC). Additionally, all students must take the ACT college entrance exam in grade 11. Students who wish to earn Career endorsements on their high school diplomas must also take the ACT WorkKeys assessment. A summary of required state tests is provided in the table below:**

### STATE-REQUIRED SUMMATIVE ASSESSMENTS (2018-19)

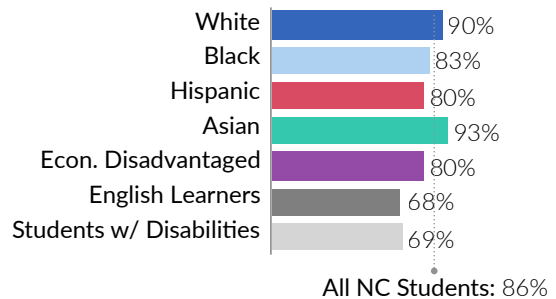
ASSESSMENT	SUBJECT/COURSE	GRADES	# OF TESTS
NC EOG	Math & English Language Arts	3-8	12
NC EOG	Science	5, 8	2
NC EOC	Math I, English II, Biology	High School	3
ACT	English, Math, Reading, Science	11	1
ACT Workkeys*	Career Readiness Skills	12	1
			<b>TOTAL: 19</b>

\*Required only if students take assigned course or for specific diploma pathways.

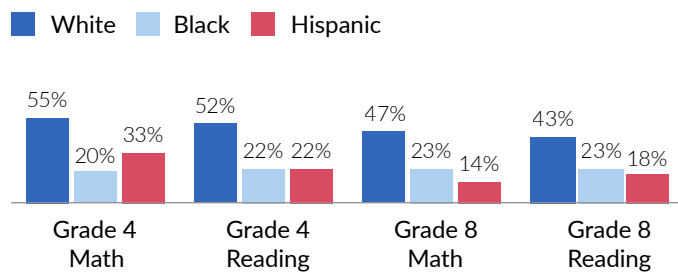
## Achievement Gaps Among Subgroups In North Carolina

Average rates can mask variations in performance among subgroups. When proficiency rates are disaggregated by race and economic status, disparities in achievement can be seen. Achievement gaps among races/ethnicities across measures have persisted for years with little sign of narrowing. In North Carolina, black students have consistently had the lowest proficiency rates. Hispanic students have performed marginally better, while white and Asian students have regularly had the highest proficiency rates. Similar gaps exist between low-income students and English Learners and their peers.

### High School Graduation Rates | 2018

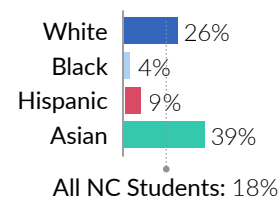


### NAEP Proficiency Rates by Subgroup | 2017



### ACT Performance by Subgroup | 2018

% Students Meeting College Readiness Benchmarks on All Four Subjects



## Accountability

In order to support improvement, schools and districts must be held accountable for consistent improvement in student achievement. The [Every Student Succeeds Act](#) (ESSA) is the federal law that governs public education policy for grades K-12. ESSA requires states to include the following five indicators in their school accountability systems:

1. Academic Achievement | Student proficiency on state assessments in math and ELA.
2. Additional Measure of Academic Success (Only required for K-8) | Either a measure of student growth or another valid and reliable statewide academic indicator.
3. Graduation Rate (High school only) | At a minimum, states must include the four-year cohort graduation rate.
4. English Language Proficiency | Progress in achieving English language proficiency for English learners on English language proficiency tests.
5. School Quality or Student Success | Any reliable, comparable, and statewide measure that allows for meaningful differentiation in school performance.

North Carolina's proposed accountability system under ESSA was [approved](#) on May 29, 2018. An independent review of the state plan can be found [here](#).

## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- How are teachers using standards in practice to build instruction across grade levels and make connections across subject-areas?
- How are assessment results used to improve student learning? How are results used to evaluate school personnel, schools and districts, and/or programs such as teacher preparation programs?
- How are changes to the school accountability system being communicated to schools, parents, and the public?

## EDUCATIONAL ATTAINMENT

### The myFutureNC Commission: A Coordinated Educational Attainment Plan for North Carolina

Postsecondary education goals play an important role in raising awareness of the critical importance that postsecondary credentials play in developing a qualified workforce and supporting economic mobility. Until recently, North Carolina was one of [nine states in the country](#) to have not set a postsecondary attainment goal. Beginning in 2017, the myFutureNC Commission brought together North Carolina leaders in education, business, philanthropy, and faith-based and nonprofit communities to create a comprehensive, multi-year education plan to increase postsecondary attainment across the state. The strategic plan created by the Commission recommended a clear and robust attainment goal for policymakers, identified key benchmarks for educators, and proposed education reforms to address [challenges and barriers](#) to attainment identified during a listening tour across North Carolina. The Commission, which met throughout 2018, aims to galvanize the state's education resources to create a stronger, more competitive North Carolina.

#### Public Perceptions of Education

The myFutureNC Commission collaborated with Gallup to conduct a statewide [survey](#) of nearly 3,500 North Carolinians July through September 2018.



Say it is important for adults in NC to have education beyond high school.

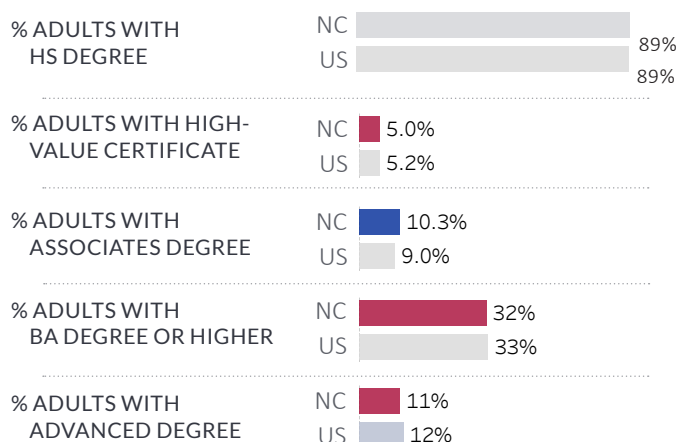


Agree that having education beyond high school is essential for getting a good job.



Think NC public schools should offer more classes that teach job and career-related skills.

#### Educational Attainment Rates | 2011-2015 Estimates



[Data Source](#)

#### ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- How can North Carolina ensure that citizens have equitable access to postsecondary education and workforce training?
- To what extent do education systems in North Carolina communicate and collaborate in support of the state's education needs? What types of policies would support stronger connections across the education continuum?
- How can policymakers and educators effectively engage students and parents in North Carolina's efforts to increase educational attainment?

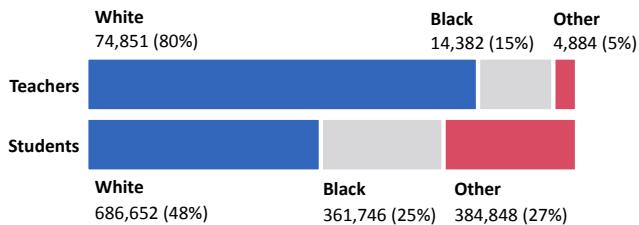


## NORTH CAROLINA TEACHER LANDSCAPE

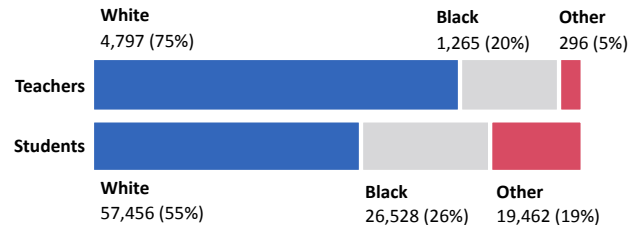
### What does teaching look like in North Carolina?

[Research](#) indicates that teachers are the most important school-based factor for student growth and achievement. Given this influence, it is essential for state education leaders to ensure teachers are recruited, trained, developed, and retained in a manner that gives all students access to the most effective teachers possible.

Teacher & Student Demographics  
in Traditional Schools | 2017-2018



Teacher & Student Demographics  
in Charter Schools | 2017-2018



## TEACHER PREPARATION PROGRAMS

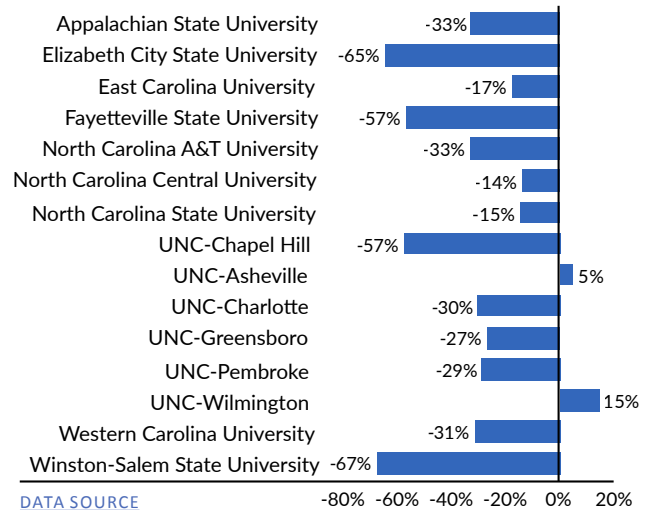
There are 51 approved traditional, educator preparation programs based at institutions of higher education in North Carolina offered at 15 public institutions and 32 private institutions. Reduced enrollment in education preparation programs is a growing concern and educator preparation programs in the UNC System are working to increase recruitment.

### Professional Education Preparation and Standards Commission

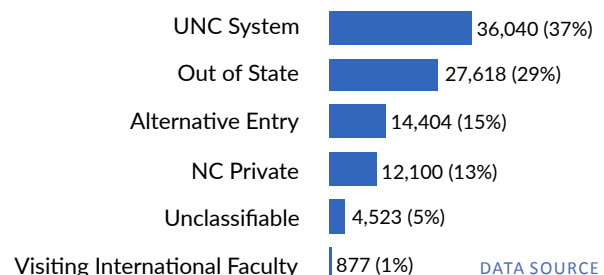
*Senate Bill 599 (2017)* created the Professional Education Preparation and Standards Commission to serve as an advising body to the State Board of Education (SBE). The Commission includes representatives of stakeholder groups including educator preparation programs, K-12, and postsecondary settings, as well as human resources representatives. PEPPSC functions independently from the SBE and serves to make rule recommendations regarding preparation, licensure, continuing education, and standards of conduct for public school educators.

[\(Source\)](#)

### UNC System Education Degree Enrollment Change, 2010-2017



### Pathways to Teacher Preparation in NC, All Teachers in 2013-2014



## LATERAL ENTRY AND THE TEACHER RESIDENCY MODEL

Lateral entry is an alternative pathway to teaching that is available to individuals who have at least a bachelor's degree in a content area of need for a given district. Eligible individuals may be hired by the district and begin teaching while they obtain their educator's license. Lateral entry teachers have three years to complete the necessary coursework and earn their initial educator's licensure. In 2017, Senate Bill 599 **replaced the lateral entry pathway with a teacher residency pathway**. An individual who holds a bachelor's degree, has been hired by a school district, and is enrolled in an educator preparation program is eligible for a one-year Residency License that may be renewed twice.

### North Carolina Teaching Fellows Program

The North Carolina Teaching Fellows was originally created in 1986 and provided 500 eligible high school seniors per year with four-years of funded undergraduate study in the field of education in exchange for four years of teaching in a North Carolina public school. In 2011, funding for the program expired and was not restored in the NC General Assembly Budget, with the last class of Fellows graduating in 2015.

The General Assembly reestablished the North Carolina Teaching Fellows Program in 2017. Managed by the UNC System, the program now offers a forgivable loan to North Carolinians of any age who are accepted into an educator preparation program at one of five partner campuses who teach in the areas of STEM or special education in a North Carolina Public School. Partner campuses include Elon University, Meredith College, NC State University, UNC Charlotte, and UNC Chapel Hill. Length of loan forgiveness is dependent on the need of the school in which the Fellow is teaching, such that loans are forgiven after four years teaching in a low-performing schools, or after eight years teaching in a school that is not identified as low-performing.

## ATTRITION

Attrition is defined as the percentage of teachers working in the school district during the 2016-17 school year who are no longer working in a North Carolina Public School during the 2017-18 school year.

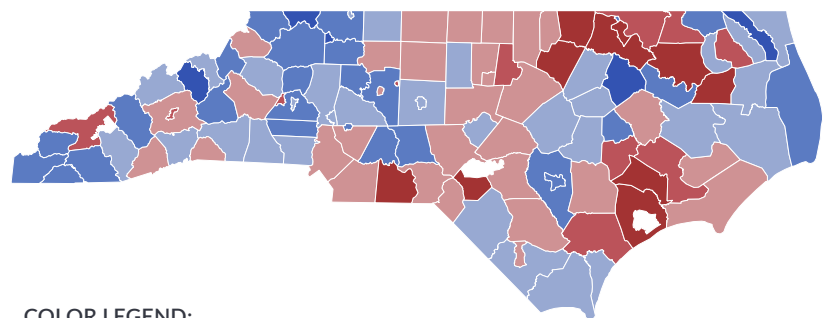
### DISTRICTS WITH HIGHEST ATTRITION RATES

Halifax County Schools	14.8%
Bertie County Schools	17.1%
Warren County Schools	17.3%
Jones County Schools	17.7%
Weldon City Schools	22.7%

### DISTRICTS WITH LOWEST ATTRITION RATES

Edgecombe County Schools*	0.0%
Alleghany County Schools	3.3%
Elkin City Schools	3.3%
Yancey County Schools	3.5%
Camden County Schools	3.9%

### Teacher Attrition Rates, by School District, 2017-2018



#### COLOR LEGEND:

No Data	6.1% - 8.4%	> 13%
< 4%	8.5% - 11%	
4.1% - 6%	11.1% - 13%	

[DATA SOURCE](#)

\*According to 2017-2018 payroll data, Edgecombe County Schools did have teacher attrition at the end of the 2016-17 school year, but those events occurred after the March 2016-March 2017 data collection.

## Teacher Pay in North Carolina

Teachers in North Carolina are paid based on their years of experience. **The base salary for a first year teacher is \$35,000.** Pay increases by \$1,000 per year through the 15th year of teaching (\$50,000), with an additional \$2,000 pay increase in the 25th year of teaching.

In 2017, the average teacher salary in North Carolina was \$49,970. This salary places **North Carolina 39th in the nation for average teacher pay, and eighth out of 10 southern states.**

### TEACHER SALARY SUPPLEMENTS

There are a number of salary supplements that are applicable to teachers based on individual qualifications and the district in which they teach.

#### District Supplements

Currently, 111 North Carolina school districts provide a salary supplement to all teachers.

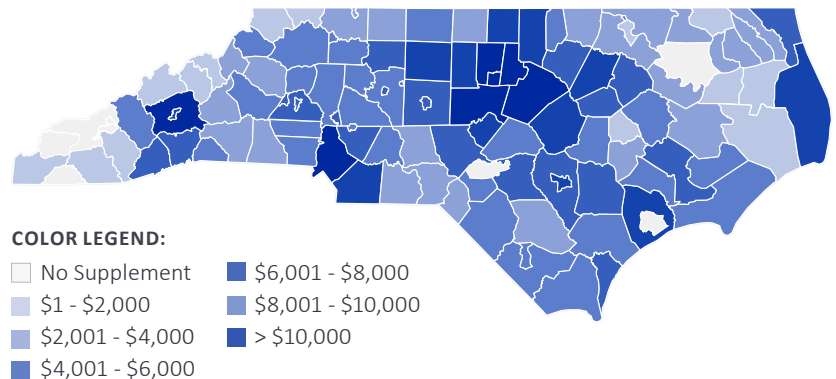
#### TOP FIVE SCHOOL DISTRICTS FOR TEACHER SALARY SUPPLEMENT

District	Supplement
Orange County Schools	\$6,274
Durham County Schools	\$6,931
Charlotte-Mecklenburg County Schools	\$7,159
Chapel-Hill/Carrboro City Schools	\$7,904
Wake County Schools	\$8,649

#### SCHOOL DISTRICTS WITH NO TEACHER SALARY SUPPLEMENT

Bertie County Schools
Clay County Schools
Graham County Schools
Swain County Schools

#### Average Teacher Salary Supplements, by School District, 2017-2018



#### National Board Certification Pay

Teachers who have completed their National Board Certification earn an additional 12 percent in pay per year.

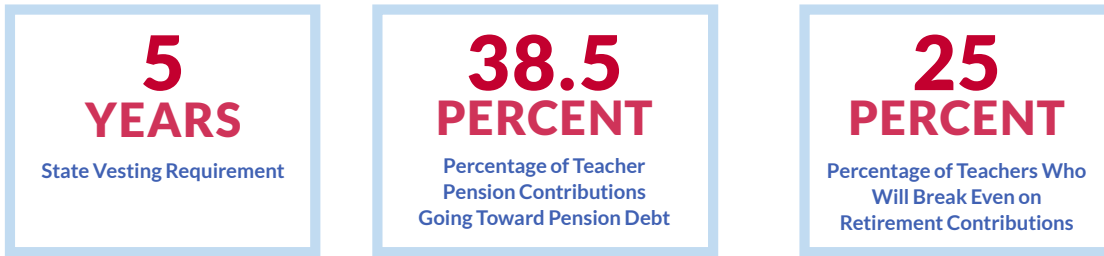
#### Master's Degree Pay

Additional pay for new teachers who have their master's degree was discontinued in 2013. Teachers who were already receiving additional pay with their master's degree will continue to be paid under the master's degree pay scale.

### DEFERRED COMPENSATION | TEACHER PENSIONS

Teacher pensions play a key role in the broader conversation about teacher compensation. In North Carolina, new teachers participate in the Teachers' and State Employees' Retirement System (TSERS), and are eligible to earn at least a minimum pension after spending five years in the classroom. Teachers who leave the plan before they are vested forfeit contributions their school or the state made on their behalf. Bellwether Education Partners [estimates](#) that only **46.6 percent of North Carolina teachers will qualify for employer-provided retirement benefits.** North Carolina contributes 5.2 percent of teacher salaries toward retirement.

Nationwide there are concerns about the true value of a pension, and whether or not the promises that pensions offer are truly attainable. The point at which an individual's future benefit exceeds the value of their own contributions (plus interest) is referred to as the "break-even" point.



In North Carolina, it is estimated that only **25 percent of teachers will break even from the state retirement system**. An additional challenge of the state retirement system is that TSERS does not offer portability, which means that teachers are unable to take their retirement investments with them if they leave the classroom prior to retiring, or combine them with other retirement accounts.

## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- What strategies does North Carolina employ to recruit and retain high-quality teachers? What innovations could help strengthen recruitment and retention across the state?
- Do teachers have adequate resources and opportunities to improve their practice? How is the state leveraging its human capital to improve the instruction of all teachers?
- Are there policy barriers that inhibit schools and districts from implementing innovative professional development and compensation models?

## SCHOOL LEADERSHIP

### What is North Carolina's School Leader landscape?

#### THE EVOLVING ROLE OF THE SCHOOL LEADER

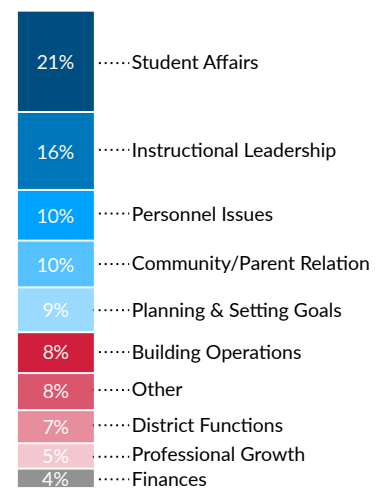
School leadership is [second only to classroom instruction](#) when it comes to factors that affect student learning. Research also finds that high-quality school leaders make the largest impact when they are placed in high-needs schools. School leaders, especially principals, play an important role in shaping the conditions for high quality teaching in their schools and for leading teacher development and retention.

With the onset of more robust teacher evaluation systems and the increasing importance of personalization and differentiation, the role of the school leader has shifted dramatically. Principals are stretched beyond their decades-old roles as building managers and disciplinarians as they work to foster school culture, serve as instructional leaders, and support leadership development among school staff. The evolving role of the school leader also requires changes in the way we recruit and train principals.

#### SCHOOL LEADER COMPENSATION

Many principal compensation systems, most often based on education level and years of experience, have not responded to the significant shifts in accountability facing school leaders. In 2017, a [performance-based compensation system](#) was implemented for principals that aims to provide additional compensation to principals based on the performance of students on standardized assessments. This change in pay scale increased the statewide average principal salary, but ongoing concerns that veteran principals would experience pay cuts has resulted in an extended "hold harmless" clause through June 2019. Many districts offer school leader salary supplements, resulting in continued disparities in leader pay across districts.

#### Share of Principals' Time by Function



[DATA SOURCE](#)

## TOP FIVE SCHOOL DISTRICTS FOR PRINCIPAL SALARY SUPPLEMENT

Winston-Salem/Forsyth County Schools	\$25,694
Charlotte-Mecklenburg County Schools	\$26,568
Chapel-Hill/Carrboro City Schools	\$29,484
Wake County Schools	\$30,670
Durham County Schools	\$33,902

## SCHOOL DISTRICTS WITH NO PRINCIPAL SALARY SUPPLEMENT

Bertie County Schools
Cherokee County Schools
Rutherford County Schools
Swain County Schools

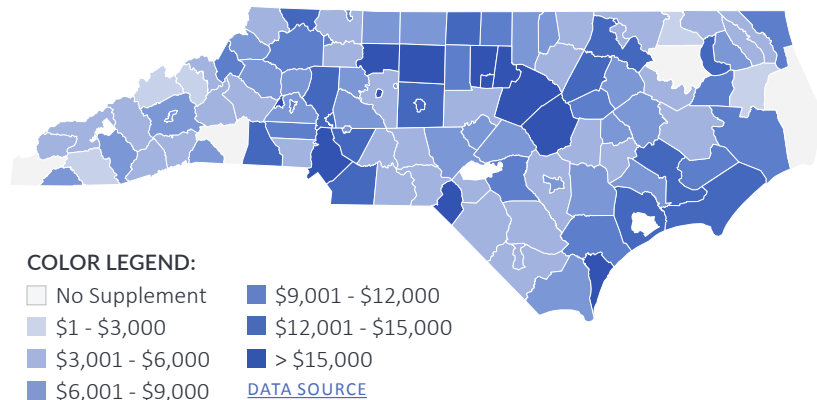
## TOP FIVE SCHOOL DISTRICTS FOR ASSISTANT PRINCIPAL SALARY SUPPLEMENT

Orange County Schools	\$9,411
Guilford County Schools	\$10,684
Chapel-Hill/Carrboro City Schools	\$11,478
Charlotte-Mecklenburg County Schools	\$12,003
Wake County Schools	\$13,436

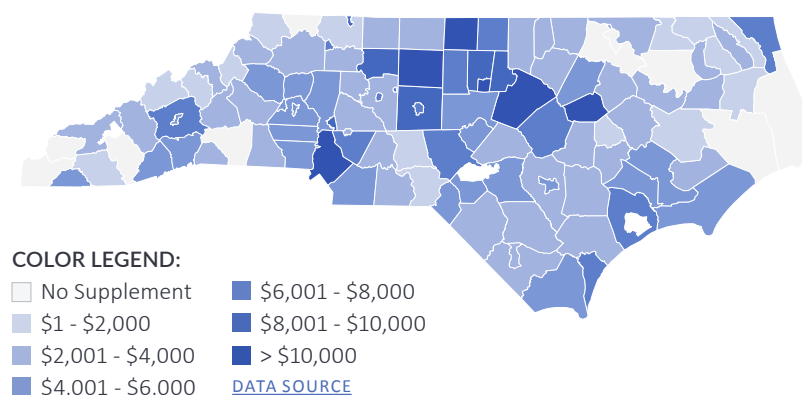
## SCHOOL DISTRICTS WITH NO ASSISTANT PRINCIPAL SALARY SUPPLEMENT

Bertie County Schools
Cherokee County Schools
Rutherford County Schools

## Average Principal Salary Supplements by School District, 2017-2018



## Average Principal Assistant Principal Salary Supplements by School District, 2017-2018



## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- What strategies does North Carolina employ to recruit and retain high-quality school leaders? What innovations could be considered to make those strategies more effective?
- How have principal preparation programs responded to prepare candidates for the increased responsibilities facing school leaders?
- What policy barriers limit the ability of principals to be effective instructional leaders?

## EDUCATION FUNDING

### What does North Carolina's education funding system look like?

North Carolina is one of seven states that uses a **resource allocation model** to fund its elementary and secondary education system. The state's funding model uses a series of formulas and rules to determine allotments – specific amounts of resources – to distribute to local school districts.

Per Pupil Expenditures by Funding Source, 2017-18



A 2016 [report](#) by the North Carolina General Assembly's [Program Evaluation Division](#) found that the **state's current allocation model utilizes 37 different allotments to determine how much money local school districts receive.** The report also found that the state's current funding system is "overly complex, and difficult to comprehend," resulting in decreased transparency for both educators and taxpayers. The [Joint Legislative Task Force on Education Finance Reform](#) met throughout 2018 to study various weighted-student formula models and make recommendations for how to improve North Carolina's education funding system. The Task Force has been charged with submitting a final report on the results of its study and development, including proposed legislation. Additionally, ESSA requires all states to publicly report per pupil spending for each school and district and disaggregate expenditures by federal, state, and local sources beginning in 2018-19.

### PER PUPIL FUNDING BY SCHOOL DISTRICT 2017-2018

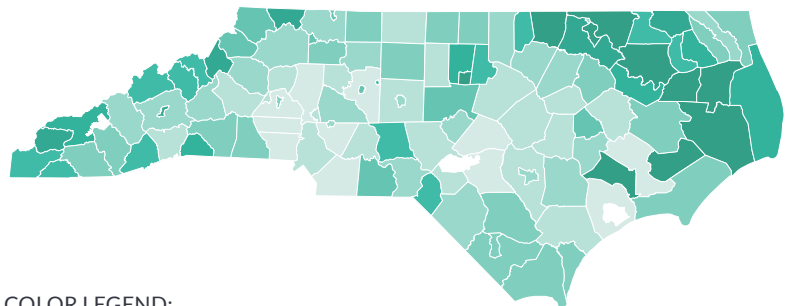
#### SCHOOL DISTRICTS WITH THE FIVE LOWEST PER PUPIL EXPENDITURES

<b>Macon County Schools</b>	<b>\$8,188</b>
Catawba County Schools	\$8,435
Davidson County Schools	\$8,455
Cabarrus County Schools	\$8,556
Jackson County Schools	\$8,606

#### SCHOOL DISTRICTS WITH THE FIVE HIGHEST PER PUPIL EXPENDITURES

<b>Jones County Schools</b>	<b>\$14,113</b>
Northampton County Schools	\$14,467
Weldon City Schools	\$14,890
Tyrrell County Schools	\$15,240
Hyde County Schools	\$18,283

Per Pupil Expenditures by School District, 2017-18



#### COLOR LEGEND:

< \$8,500	\$9,501 - \$10,000	\$11,001 - \$11,500
\$8,501 - \$9,000	\$10,001 - \$10,500	\$11,501 - \$12,000
\$9,001 - \$9,500	\$10,501 - \$11,000	> \$12,000

[DATA SOURCE](#)

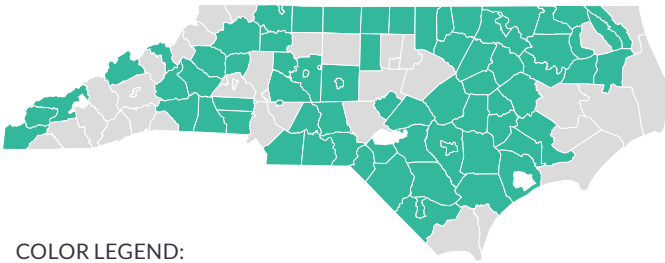
### LOW WEALTH & SMALL COUNTY SUPPLEMENTAL FUNDING

North Carolina provides supplemental funding 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. Seventy-nine districts received Low-Wealth County Supplements in the 2018-2019 school year.

North Carolina provides supplemental funding to those county school districts 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 five years.



## Low-Wealth Supplemental Funding by School District, 2017-2018

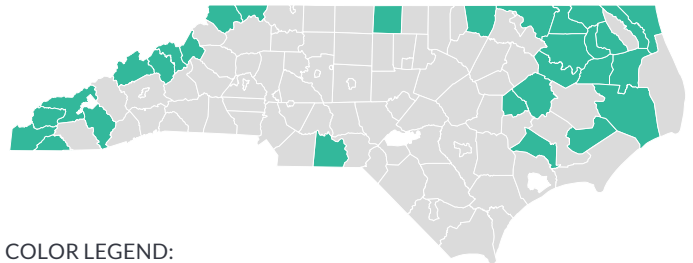


### COLOR LEGEND:

- Received Low-Wealth Supplemental Funding
- Did Not Receive Low-Wealth Supplemental Funding

[DATA SOURCE](#)

## Small County Supplemental Funding by School District, 2017-2018



### COLOR LEGEND:

- Received Small County Supplemental Funding
- Did Not Receive Small County Supplemental Funding

[DATA SOURCE](#)

## NORTH CAROLINA EDUCATION LOTTERY

The *North Carolina State Lottery Act*, passed by the General Assembly in 2005, created the North Carolina Education Lottery. Just over one-quarter of lottery funds go to public education. Specifically, funds are used for non-instructional support staff, school construction, pre-kindergarten, LEA transportation, need-based college scholarships, and UNC need-based financial aid. Guidance presented in *House Bill 1473* (2007) suggests that at least 50 percent of the lottery funds be returned to the public as prizes, at least 35 percent go to public schools, no more than eight percent be used for lottery expenses, and no more than seven percent go to retailer compensation. However, in [fiscal year 2016](#), only 26.5 percent of lottery revenue went to education, while 62.4 percent went to prize money.

### *Leandro v. State* (1994)

In 1994, parents in five low-wealth school districts filed a lawsuit arguing that their school districts did not have sufficient funding to provide their students with an equal education when compared to students in wealthier districts. The North Carolina Supreme Court ruled on *Leandro v. State* in 1997, stating that all children in North Carolina have a constitutional right to a “sound basic education” and that this right is the responsibility of the State, not local districts or counties.

Litigation in this case continued for more than 20 years as the NC Department of Public Instruction and the State Board of Education worked to create a plan to support all students. In 2017, the Plaintiffs and State Defendants asked for and received a court-appointed, independent, non-party consultant to develop a plan to remedy the violations

WestEd and the Learning Policy Institute, two education consulting groups, were appointed to make recommendations regarding specific steps and resources to ensure that all children in public school have equal access to a sound basic education. Their report is due to the Court by March 31, 2019.

Governor Cooper created a [Commission on Access to a Sound Basic Education](#) in 2017. This Commission is working alongside the independent consulting groups and will create its own report regarding ways the state can meet the sound basic education standard outlined by the Court.

## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- Does North Carolina’s education finance system distribute funds equitably and in accordance with the needs of students and local school districts?
- What changes can be made to increase the transparency of the state’s education finance system?
- How can North Carolina create a balance between flexibility and accountability within its school funding model?
- What can North Carolina learn from other states which have had similar court rulings regarding school funding?

## SCHOOL CHOICE

### CHOICE MECHANISM

### NORTH CAROLINA POLICY

CHARTER SCHOOLS	
Charter schools are public schools that operate with more autonomy and accountability than traditional public schools.	✓ North Carolina passed charter school legislation in 1996. There are approximately 174 schools enrolling <a href="#">105,615 students</a> .
VOUCHERS	
School vouchers are government subsidies given to parents to cover the cost of tuition at private schools.	✓ North Carolina offers two voucher programs, the <a href="#">Opportunity Scholarship</a> serves <a href="#">5,537 students</a> and the <a href="#">Special Education Scholarship Grants for Children with Disabilities</a> serves <a href="#">1,913 students</a> .
TAX CREDIT SCHOLARSHIPS	
Individuals and/or corporations may receive a tax credit from state taxes for contributions to approved organizations that grant private school scholarships.	✗ No policy.
INDIVIDUAL TAX CREDITS	
Parents may receive tax credits for approved educational expenses such as private school tuition, books, supplies, tutors, and/or transportation.	✗ No policy.
EDUCATION SAVINGS ACCOUNTS	
States deposit portions of the per-pupil expenditure into restricted-use bank accounts that families can use for education products and services. Funds in education savings accounts (ESAs) roll over from year to year.	✓ North Carolina's <a href="#">Personal Education Savings Account</a> program currently serves families of <a href="#">268 children</a> with special needs.
OPEN ENROLLMENT	
Open enrollment policies allow students to attend traditional public schools other than the schools for which they are zoned. <b>Intradistrict</b> open enrollment refers to transfers <i>within</i> the district and <b>interdistrict</b> open enrollment refers to transfers <i>between</i> districts.	✗ No policy.
VIRTUAL SCHOOLS	
Virtual schools are educational programs offered online.	✓ The <a href="#">North Carolina Virtual Public School</a> offers courses to middle and high school students and served 35,291 students in 2017-2018. Additionally, there are two pilot full-time virtual charter schools, the <a href="#">NC Virtual Academy</a> and <a href="#">NC Connections Academy</a> .

## National Overview of Charter Schools

Charter schools are public schools that operate with more autonomy than traditional public schools. Like traditional public schools, charter schools are open to all children and do not charge tuition. Autonomy is often exercised through strategies such as longer school days, alternative curriculum, and unique school culture or academic focus. In exchange for the ability to manage their schools more freely, charter school leaders are held accountable for meeting an agreed upon set of metrics and subject to closure if the goals set forth in their charter contracts are not met.

As is true of traditional public schools, there is great variability in student outcomes at charter schools. Stanford University's Center for Research on Education Outcomes (CREDO) has conducted a number of studies over the years about charter school performance. Taken as a whole, the plurality of charter schools have similar student performance as traditional public schools. Disaggregated results demonstrate that black students, students in poverty, and English language learners often experience greater gains in charter schools. Additionally, elementary charter schools and urban charter schools are more likely to outperform traditional public schools. Virtual charter schools, on the other hand, resulted in major academic losses for students, prompting responses from charter advocates to increase accountability for this sector.



## UNDERSTANDING CHARTER SCHOOLS

### School Choice:

Any school option for students and families to choose from beyond the assigned public school. School choice policies include, but are not limited to, tuition vouchers/tax credits for private schools, charter schools, homeschooling, magnet schools, and options to attend public schools outside of assigned school zones.

### Public Charter School:

Charter schools are public schools that are able to operate with more autonomy than traditional public schools—longer school days, different requirements for teacher credentials, alternative curricula, etc.—but are still held accountable to student learning goals set forth by their charters.

### Authorizer:

An entity given authority by the state to approve, monitor, renew, and, if necessary, close charter schools.

In North Carolina, the State Board of Education is the sole charter authorizer.

### Educational Management Organization (EMO):

A *for-profit* organization that is hired by a charter board to provide educational services and operational support for a school.

#### Example:

Charter Schools USA

### Charter Management Organization (CMO):

A *nonprofit* organization that operates multiple charter schools.

#### Example:

Knowledge Is Power Program (KIPP)

## North Carolina Charter Schools

In North Carolina, charter schools may be established by any individual who forms a 501(c)3 non-profit with a board of directors and submits an application to the State; the board may later contract with for-profit organizations to directly manage operations of the school. Applications are reviewed by the North Carolina Charter Schools Advisory Board with final approval granted by the North Carolina State Board of Education. North Carolina currently has [174 charter schools](#). There is not a cap on the number of charter schools that can be in operation. North Carolina charter schools are required to “attempt to reasonably reflect the racial and ethnic makeup of the general local population or the special population served by the school.” (*House Bill 250*, July 2013).

In the 2017-2018 school year, 6.7 percent of public school students in North Carolina were enrolled in a charter school; this is slightly higher than the national average of six percent. Charter schools must participate in the state’s standards, assessment, and accountability system, and at least 50 percent of a charter school’s teaching staff must be certified. Charter schools receive the same base per-pupil funding from the state and district as traditional public schools.

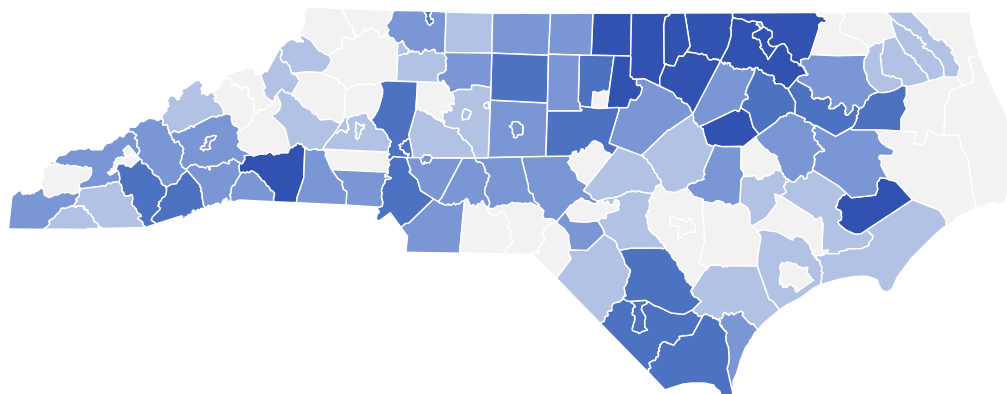
*House Bill 514* (2018) allows four towns in Mecklenburg County to operate charter schools and also allows for preferential admission to students who live within those municipalities. Funding for these schools was included in the *Appropriations Act of 2018* which has a statewide funding provision allowing any town or city to use local revenues to fund any type of public school, including charter schools. *Senate Bill 469* (2018) allows teachers in these municipal charter schools to enroll in the NC Teacher and State Employee Retirement System.

## Percent of Public School Students Enrolled in a Charter School, 2017-2018

### COLOR LEGEND:

- 0% - .9%
- 1% - 3.9%
- 4% - 7.9%
- 8% - 11.9%
- 12% - 25.6%

[DATA SOURCE](#)



## POLICY RESPONSES TO LOW PERFORMING SCHOOLS

### Innovative School District

In 2016, legislation was passed creating an [Innovative School District](#) which will include up to five of the state's lowest performing schools. Schools placed in the Innovative School District are run by an Innovative School Operator which may be a non-profit or for-profit provider. In 2018, Southside Ashpole Elementary School in Robeson County became the first school to join the Innovative School District. The State Board of Education and Department of Public Instruction are currently working to finalize selection of the second school, which would enter the ISD beginning in the 2019-2020 school year.

### Lab Schools

A provision in the 2016 budget established eight [Lab Schools](#) across the state to provide an enhanced education program for students residing in local school districts where at least 25 percent of schools are designated as "low performing" and to provide exposure and training for teachers and principals to successfully address challenges existing in high-need schools. The labs are overseen by the University of North Carolina Board of Governors and must be operated by institutions of the University of North Carolina System. Admission to a lab school is open to any student in the district who attends a low-performing school or who did not meet their individual growth goal on state test scores.

### Restart Schools

Recurring low-performing schools can choose to implement a school improvement model by applying to operate as a [Restart School](#). This designation grants schools the same exemptions and rules as a charter school, including flexibility regarding the school calendar, length of school day, use of state funds, and hiring teachers.



## ► QUESTIONS FOR POLICYMAKERS TO CONSIDER

- What types of flexibilities are charter schools using to create innovative and effective school models?
- What types of private schools are families selecting with their Opportunity Scholarship Vouchers? How is the quality of those schools assessed?
- What key concerns with the traditional public school system prompted parents to choose an alternative option for their children?



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