



# Education Guide

Education continued to be a top policy priority throughout the last four legislative sessions. General fund appropriations for K-12, community colleges and the University of North Carolina (UNC) increased 16 percent over four years. Despite these increases, overall state spending rose 24 percent over the same period. In addition, the percentage of the state budget devoted to education, continued to decline. Education now comprises about 57 percent of all state spending. While lawmakers approved healthy spending increases, legislators failed to approve a variety of popular bills focused on accelerating K-12 reform efforts.

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## State Support for Public Education FY2004-05 – FY2008-09: Appropriations: Steady Growth

State Support for Public Education FY2004-05 – FY2008-09			
State Agency	Total State Appropriations FY04-05-FY08-09	Four Year Increase in State Appropriations FY04-05-FY08-09	FY08-09 State Appropriations
K-12 Public Schools	\$36.3 Billion	20 Percent	\$7.8 Billion
Community Colleges	\$11.8 Billion	36 Percent	\$2.6 Billion
UNC System	\$4.3 Billion	24 Percent	\$933 Million

### Major Program Trends: 2005-2009

- *Teacher Salaries*: Since 2005-06, Teachers have received annual salary increases of 4.2 percent, 8 percent, 5 percent and 3 percent; for combined salary increases of 20.2 percent. Teacher salaries and benefits account for approximately 91 percent of all Dept. of Public Instruction appropriations.
- *Average NC Teacher Salary*: Increased from \$43,922 to \$47,354.  
*Average Starting Salaries for New Teachers*: Increased from \$25,420 to \$33,740.
- *ABC Bonuses*: \$458 million in ABC bonuses since FY 2004-05; \$90 million in FY2008-09.
- *More at Four*: Total appropriations (including lottery funds beginning in FY 2006-07) for preschool education program increase from \$66.6 million in FY 2005-06 to \$170.6 million in FY 2008-09.
- *Education Lottery* – Passed under controversy in 2006, initial estimates of providing \$400- \$600 million annually to education prove unrealistic. After slow sales and less than projected revenue for preschool programs, legislation was passed to raise prize money and further remove lottery operation from public accountability. Since 2006, \$696 million has been raised for schools although there is growing concerns that such monies merely supplant existing funds.
- *Spending and Enrollment* : K-12 enrollment increases 6.6 percent. K-12 appropriations increases 13.4 percent over the period FY2005-06 to FY2008-09.

### Major Issues:

#### Student Performance and Testing

- *ABC Growth Model Targets*. In FY2005-06, 43.1 percent of schools met growth targets under ABCs model. In 2008, percentage declines to 26.8.

- *No Child Left Behind*: Percentage of Schools making Adequate Yearly Progress (AYP) under NCLB declines from 79.3 percent in 2005-06 to 73.6 percent (preliminary results) in 2007-08.
- *School Testing*: 2008 Blue Ribbon Charter Commission on Testing and Accountability recommends reducing the number of standardized tests and making existing tests more rigorous.
- *Nationally Standardized Tests*: Despite broad public support, legislation (HB 494) to use nationally standardized tests in the schools fails to pass the General Assembly in the 2007-08 session.

### **Dropout and Graduation Rates**

- *Dropout Rate*: The annual dropout rate increases from 4.7% in 2005 to 5.24% in 2008.
- *Legislation*: General Assembly fails to pass comprehensive dropout legislation, but approves \$7 million in competitive dropout prevention grants in FY2007-08. Despite poor targeting and a lack of evidence that grants are working, Legislature approves another \$15 million in grants for FY2008-09.
- *Cohort Graduation Rate*: In February 2007, Department of Public Instruction announces a four year cohort graduation rate of 69.5 percent. In August 2008, cohort graduation rate increases to 69.9 percent. North Carolina's five-year cohort graduation rate is 71.8 percent.

### **School Choice: Charter Schools & Tax Credits**

- *Charter Schools*: Over the past four years, charter school population in NC increases from 28,733 to 32,323. As of 2007, 5,100 students were on waiting lists for North Carolina charter schools.
- *Charter School Cap*: Despite popular support, the General Assembly fails to consider legislation to raise the cap on charter schools from 100 to 125.
- *Blue Ribbon Commission on Charter Schools*: (2008) The Commission recommends expanding the number of charter schools, up to six per year. High performing charter schools and the first charter school built in counties where none previously existed would not be counted toward the cap. The General Assembly has not acted on the recommendations.
- *Tax Credits*: Legislation (HB 388) to provide tax credits to parents of special needs children and nonpublic school students fails to pass in 2007 and 2008.

### **UNC: Financing Capital Construction Projects**

- *Certificates of Participation (COPs)*: General Assembly authorizations of COPs for UNC capital building projects increase from \$46 million in 2005 to \$522 million in 2008. Unlike general obligation bonds, the traditional method for financing capital building projects, COPs do not require voter approval and typically carry a higher interest rate.
- *Legislation*: An amendment to change all COPs financed-projects in the 2007 budget to General Obligation bonds is defeated by lawmakers (2007, HB 2436. A.16).

### **Community Colleges and Immigration**

- *Admission of Illegal Immigrants*: In November 2007, the North Carolina Community College System (NCCCS) instructs all colleges to immediately begin admitting illegal immigrants. The new policy reversed an August 2004 directive permitting each college to decide whether to admit illegal aliens.
- *Legislation*: General Assembly fails to act on bills (1) banning illegal aliens from state colleges (2007, S.2019) and (2) prohibiting community colleges from inquiring about immigration status for admission purposes (2007: H2717).
- *Extending the Ban*: On August 15, 2008, the State Board of NCCCS votes to keep in place the current ban on the admission of illegal immigrants and to hire an outside consultant to study board options.