

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 938*

Short Title: School Equity Funds.

(Public)

Sponsors: Representatives Rogers; Albertson, Anderson, Barnes, Beall, Beard, Bowman, Chapin, Church, J.W. Crawford, Creech, Dial, Diamont, Dickson, Fitch, Gamble, Gardner, Green, Hardaway, Hasty, Hightower, Holt, Howard, Judy Hunt, H. Hunter, Hurley, James, Jeffus, Jeralds, Jones, McAllister, McLawhorn, Mercer, Oldham, Payne, Ramsey, Stewart, Thompson, Wainwright, Warner, Wicker, Wilmoth, and Woodard.

Referred to: Education.

April 19, 1991

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EQUALIZATION FUNDS FOR THE PUBLIC SCHOOLS.

Whereas, the General Assembly is bound by the Constitution to provide by taxation and otherwise for a general and uniform system of free public schools wherein equal opportunities shall be provided for all students, regardless of the residence of the student; and

Whereas, providing a quality education to all children is essential for economic growth in North Carolina; and

Whereas, the ability of communities to support local schools varies greatly throughout the State; and

Whereas, under the North Carolina Constitution the people have a right to the privilege of education, and it is the duty of the State to guard and maintain that right;

Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Title of Act. – This act may be referred to as the "School Equity Funding Act of 1991".

Sec. 2. Small School System Supplemental Funding. – There is appropriated from the General Fund to the Department of Public Education the sum of \$11,913,069 for the 1991-92 fiscal year and the sum of \$11,913,069 for the 1992-93 fiscal year for

1 small school system supplemental funding. The State Board of Education shall allocate
2 these funds to each county school administrative unit with an average daily membership
3 of less than 3000 students. The allocation formula shall:

- 4 (1) Round all fractions of positions to the next whole position;
- 5 (2) Provide four additional regular classroom teachers;
- 6 (3) Provide additional program enhancement teachers adequate to offer
7 the standard course of study;
- 8 (4) Change the duty-free period allocation to one teacher assistant per 400
9 average daily membership;
- 10 (5) Provide a base for the consolidated funds allotment of at least
11 \$150,000, excluding textbooks; and
- 12 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

13 Sec. 3. School Equalization Formula. – (a) There is appropriated from the
14 General Fund to the Department of Public Education the sum of \$120,041,148 for the
15 1991-92 fiscal year and the sum of \$120,041,148 for the 1992-93 fiscal year for an
16 equalization formula for schools.

17 (b) The State Board of Education shall allocate these funds to the counties in
18 which the adjusted property tax base per student for that county is less than the State
19 average adjusted property tax base per student. The amount each such county receives
20 shall be computed as follows:

- 21 (1) Divide the county adjusted property tax base per student by the State
22 adjusted property tax base per student;
- 23 (2) Multiply the resulting amount by the State average current expense
24 appropriations per student;
- 25 (3) Subtract the resulting amount per student from the State average
26 county current expense appropriation per student; and
- 27 (4) Multiply the resulting amount by the average daily membership of
28 students in the county.

29 The funds a county receives shall be allocated to each local school
30 administrative unit, located in whole or in part in the county, based on the average daily
31 membership of the county's students in the school units.

32 Sec. 4. Nonsupplant Requirement. – A county in which a local school
33 administrative unit receives funds under this act shall use the funds to supplement and
34 not supplant existing State and local funding for public schools.

35 The Local Government Commission shall analyze the budgets and the
36 expenditures of school administrative units that receive funds under this act in light of
37 their budgets and expenditures for the previous year and shall determine whether those
38 funds were used to supplement and not supplant State and local funding for public
39 schools. The Local Government Commission shall report the results of its study to the
40 State Board of Education, the Joint Legislative Oversight Committee, and to the
41 Appropriations Committees of the Senate and the House of Representatives prior to
42 May 1, 1992, and May 1, 1993.

43 Sec. 5. Minimum Effort Required. – Counties that receive funding under this
44 act shall maintain an effective county tax rate that is at least one hundred percent

1 (100%) of the State average effective tax in the most recent year for which data are
2 available.

3 Sec. 6. Definitions. – As used in this act:

4 (1) "Average daily membership" means the final average daily
5 membership in the most recent year for which county current expense
6 appropriations and adjusted property tax valuations are available.

7 (2) "County adjusted property tax base per student" means the total
8 assessed property valuation for each county, adjusted using a weighted
9 average of the three most recent annual sales assessment ratio studies,
10 divided by the total number of students in average daily membership
11 who reside within the county.

12 (3) "Effective county tax rate" means the actual county tax rate multiplied
13 by a weighted average of the three most recent annual sales assessment
14 ratio studies.

15 (4) "Sales assessment ratio studies" means sales assessment ratio studies
16 performed by the Department of Revenue under G.S. 105-289(h).

17 (5) "State adjusted property tax base per student" means the sum of all
18 county adjusted property tax bases divided by the total number of
19 students who reside within the State.

20 (5) "State average current expense appropriations per student" means the
21 most recent State total of county current expense appropriations to
22 public schools, as reported by counties in the annual county financial
23 information report to the State Treasurer, divided by the total State
24 average daily membership for that year.

25 (6) "Weighted average of the three most recent annual sales assessment
26 ratio studies" means the weighted average of the three most recent
27 annual sales assessment ratio studies in the most recent years for which
28 county current expense appropriations and adjusted property tax
29 valuations are available. If real property in a county has been revalued
30 one year prior to the most recent sales assessment ratio study, a
31 weighted average of the two most recent sales assessment ratios shall
32 be used. If property has been revalued the year of the most recent
33 sales assessment ratio study, the sales assessment ratio for the year of
34 revaluation shall be used.

35 Sec. 7. This act becomes effective July 1, 1991.