



School Districts and County Governments: Helping Each Other Protect the Economic Vitality of North Carolina Counties

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May 11, 2024

HISTORICAL PERSPECTIVE: North Carolina's traditional public schools are represented by 115 county and city school districts. For almost 100 years since the Great Depression and the Machinery Acts of 1931 and 1933, the State of North Carolina has provided the preponderance of financial support for most of the public school employees in these school districts. During the past 50+ years, the Federal government has provided significant financial support to ensure that special education services, vocational education programs, and school lunches (and breakfasts) are available to all students. These services ensure essential personnel investments in each district and county to carry out the mission and work required.

The revenue for the salaries and benefits afforded to the employees, which includes teachers, principals, administrative and support staff, custodians, food service workers, teacher assistants, bus drivers, and others, comes primarily from state and federal sources. These fund sources represent approximately 75% of the current expense budgets for our traditional school districts. Approximately 90% of these funds are then directed towards salaries and benefits for the employees.

For approximately one-third of our counties, the school districts are currently the largest employer in the county. For more than two-thirds of our counties, the school districts are the second or third largest employer. And, when you consider all 100 counties, school districts are in the top five employers for all counties. (Note: The NC Department of Commerce provides timely data on the number of employers and employees in each of the 100 counties.)

The economic impacts of the salaries and benefits for the public schools' workforce are significant. Given the state pays public school employees on legislative adopted schedules, as well State Board of Education schedules, salaries and benefits accrue equally across the state to each county.

CURRENT TRENDS AND ISSUES: Since 2000, our traditional public school districts have seen a leveling off of student growth rates that the state and counties experienced in earlier decades (referred to as ADM, average daily membership). This is the case for both rural and urban school districts, but it is more pronounced for the rural counties. One of the factors is a declining fertility rate among women in their childbearing years. For some rural counties, out-migration has impacted county populations, especially among the younger generations.

By way of illustration, when ADM enrollments in the 115 local education agencies (LEAs) during the period of 2010 to 2024 are analyzed, over 40 LEAs lost over 15% of their student ADM. This is the case across the entire State, with some of the greatest losses in the northeastern rural counties. In fact, only 27 of the 115 LEAs gained students during this period of 15 years, and in most cases, the increases were modest given the factors identified above.

For our rural counties, these two trends, a declining fertility rate and out-migration, have resulted in significant impacts on the K12 education workforce which has traditionally provided stable, predictable state dollars flowing into those counties that support the local economies, like the grocery stores, the retail and entertainment venues, and the medical facilities. (Note: The Carolina Demography Center at UNC Chapel Hill's Carolina Population Center provides timely, reliable analyses of ADM shifts by county for the Department of Public Instruction on an annual basis; these data are publicly available.)

We have also seen some shifts in what is known as K12 market share. For families who choose options other than the traditional public schools, there are some predictable reductions, especially state and federal revenues that support the transportation system, the food service program, the special education programs, and many more. Private and parochial schools do not necessarily provide the same levels of compensation and benefits for their employees that the traditional public schools do.

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