

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1991**

**S**

**1**

**SENATE BILL 720\***

Short Title: School Equity Funds.

(Public)

---

Sponsors: Senators Warren; Ballance, Carpenter, Cooper, Daniel, Daughtry, Hyde, Lee, Martin of Pitt, Martin of Guilford, Marvin, Murphy, Parnell, Perdue, Plyler, Raynor, Speed, Staton, Tally, Walker, and Winner.

---

Referred to: Education.

---

April 22, 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 small school system supplemental funding. The State Board of Education shall allocate these funds to each county school administrative unit with an average daily membership of less than 3000 students. The allocation formula shall:

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

10 Sec. 3. School Equalization Formula. – (a) There is appropriated from the  
11 General Fund to the Department of Public Education the sum of \$120,041,148 for the  
12 1991-92 fiscal year and the sum of \$120,041,148 for the 1992-93 fiscal year for an  
13 equalization formula for schools.

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

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

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

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

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

40 Sec. 5. Minimum Effort Required. – Counties that receive funding under this  
41 act shall maintain an effective county tax rate that is at least one hundred percent  
42 (100%) of the State average effective tax in the most recent year for which data are  
43 available.

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

- 1 (1) "Average daily membership" means the final average daily  
2 membership in the most recent year for which county current expense  
3 appropriations and adjusted property tax valuations are available.
- 4 (2) " County adjusted property tax base per student" means the total  
5 assessed property valuation for each county, adjusted using a weighted  
6 average of the three most recent annual sales assessment ratio studies,  
7 divided by the total number of students in average daily membership  
8 who reside within the county.
- 9 (3) " Effective county tax rate" means the actual county tax rate multiplied  
10 by a weighted average of the three most recent annual sales assessment  
11 ratio studies.
- 12 (4) " Sales assessment ratio studies" means sales assessment ratio studies  
13 performed by the Department of Revenue under G.S. 105-289(h).
- 14 (5) " State adjusted property tax base per student" means the sum of all  
15 county adjusted property tax bases divided by the total number of  
16 students who reside within the State.
- 17 (5) " State average current expense appropriations per student" means the  
18 most recent State total of county current expense appropriations to  
19 public schools, as reported by counties in the annual county financial  
20 information report to the State Treasurer, divided by the total State  
21 average daily membership for that year.
- 22 (6) " Weighted average of the three most recent annual sales assessment  
23 ratio studies" means the weighted average of the three most recent  
24 annual sales assessment ratio studies in the most recent years for which  
25 county current expense appropriations and adjusted property tax  
26 valuations are available. If real property in a county has been revalued  
27 one year prior to the most recent sales assessment ratio study, a  
28 weighted average of the two most recent sales assessment ratios shall  
29 be used. If property has been revalued the year of the most recent  
30 sales assessment ratio study, the sales assessment ratio for the year of  
31 revaluation shall be used.

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