

Quality of Life in North Carolina

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School Funding and the Quality of Education in North Carolina

Across the United States, inequality in school funding is being raised as an issue of basic fairness. The public policy issues are whether or not state governments have a responsibility to provide equal educational opportunity to their citizens, and whether or not school funding actually influences the quality of education children receive. In this issue we discuss the potential consequences of unequal school funding for North Carolina children and document the consequences of unequal school funding for academic achievement in the state. If all schools in North Carolina were funded at the level of the more well-to-do (but still rather meagerly funded) school districts in the state, academic achievement would rise well above the national average.

Recently the North Carolina Supreme Court ruled that while the state did not have responsibility for equal school funding, it did have a fundamental constitutional responsibility to provide all students with “a sound basic education.” As Chief Supreme Court Justice Burley Mitchell summarized, “The North Carolina Constitution requires that access to a sound basic education be provided equally in every school district.” In a dissent from the majority opinion, Justice Robert Orr went even further: “The inability or indifference of local governments to provide funds does not excuse the General Assembly from a duty specifically imposed on it by the Constitution.” The conclusion is that if poor school districts cannot provide their students with “a sound basic education” then the state has a constitutional responsibility to help those poorer school districts.

The public policy issue, however, is larger than the constitutional one. Inequality in school funding is about basic issues of citizenship and fairness, class advantage and disadvantage, and investments in the future economic development of the state. Is it fair that children who live in richer communities receive a better education than those who start life in poorer communities? Do the children of working-class parents in working-class communities deserve as good an education as the children of the middle class and the rich?

The fairness issue is especially important because in low-spending school districts with poorer quality schools, middle-class parents often use their superior earnings to buy a private school education, thus avoiding the problem of underfunded public schools. The issue is, of course, more complex than simple fairness. Schools cost money. To reduce funding inequalities that derive from variations in the local tax base requires increased state funding for education. Legislators have been reluctant to use state money to reduce educational inequalities.

There are large differences across North Carolina in the amount of money spent on education. As recently as 1994, the top ten counties spent \$1294 more per child than the bottom ten counties. This variation in school spending partly reflects differences in the wealth — the tax base — of different counties. Poorer counties have poorer schools. State and federal funds also contribute to school spending. Federal funding goes disproportionately to schools and districts with more poor children in them. In North Carolina almost all state funds go to local school systems at a rate proportional to the number of students. Thus the disparities in school funding evident in Figure 1 primarily reflect local differences in the tax base and tax rate and would be even greater if federal funding did not flow disproportionately to poorer communities. Poor communities have to tax themselves at higher rates than richer ones to raise comparable money for their schools. A recent report by the Public School Forum concludes that many poor communities in our state would do just that, but they simply do not have the local property tax base to support their schools.

North Carolina is at once characterized by areas of prosperity and educational adequacy and pockets of poverty and sadly under-performing schools. Every legislator knows that North Carolina is, year after year, among the poorest performing states in terms of standardized test scores: last in the country in SAT scores in 1987, up to 48th in 1996. This is an educational embarrassment.

Only a handful of school systems in North Carolina consistently score above the national average on standardized test scores. These include Wake County and the Chapel Hill City school system. These are, of course, the wealthier places in the state. They are also the high-growth, high-wage areas. The living-wage and high-wage jobs of the 21st century will go to the well-educated. The poor places with poor schools in North Carolina will likely get poorer as they compete for low-wage, low-education jobs with Mexico, Thailand, and Indonesia. Raising the quality and resources of low-spending school districts is good public policy not only because it is fair but because the alternative is growing poverty, inequality and a declining tax base in those parts of the state where historically and currently we fail to invest in the talents, intelligences and futures of our children.

Figure 2 highlights state variation in average SAT scores in 1996. Only a very few counties (in white) had scores above the national average. Counties in eastern North Carolina tended to have SAT scores below 961, the average for Georgia, the poorest performing state in the nation. A comparison of Figures 1 and 2 reveals that school spending is associated with standardized test scores, but that the correspondence is far from perfect. There are high-spending districts with low test scores and low-spending districts with reasonable (for North Carolina) test scores.

Since the correlation between spending and test scores is far from perfect, the skeptic might assert that spending money on poor schools will not guarantee better education. After all, many factors lead to educational success. Family social advantages are certainly among the most powerful, although others such as community and school environment,

teacher and administrative effectiveness, and class size have been shown to be important in past research.

Can spending more money really improve school performance? For national samples, research on school spending has shown that higher per-pupil expenditures tend to raise standardized test scores for a number of reasons. More money can lead to smaller class sizes, attract better-qualified teachers, and increase the quality of the overall school environment. The effects of spending on student achievement are evident even when researchers take into account family resources such as the parents' education, the family's income, the number of parents and the like. Some research even finds that increased school spending helps student achievement even after controlling for community-level indicators of poverty and educational aspirations. Thus there is good evidence from prior research that spending money on education can improve student achievement.

In general, although spending has been shown to increase both math and reading achievement, the effects are stronger on math achievement. This is because math is taught almost entirely in schools and reading is often taught and encouraged in the home environment. When parents have low levels of education or little time to spend with their children, the quality of education available in the schools is often crucial to their intellectual development. Schools are potentially the great equalizer in our society. Schools, particularly public schools, are the arenas in which home and community disadvantages can be counterbalanced with the promise of equal opportunity for the children of our society.

What about in North Carolina? Do children in poorer school districts do worse than those in high-spending school

Figure 1.

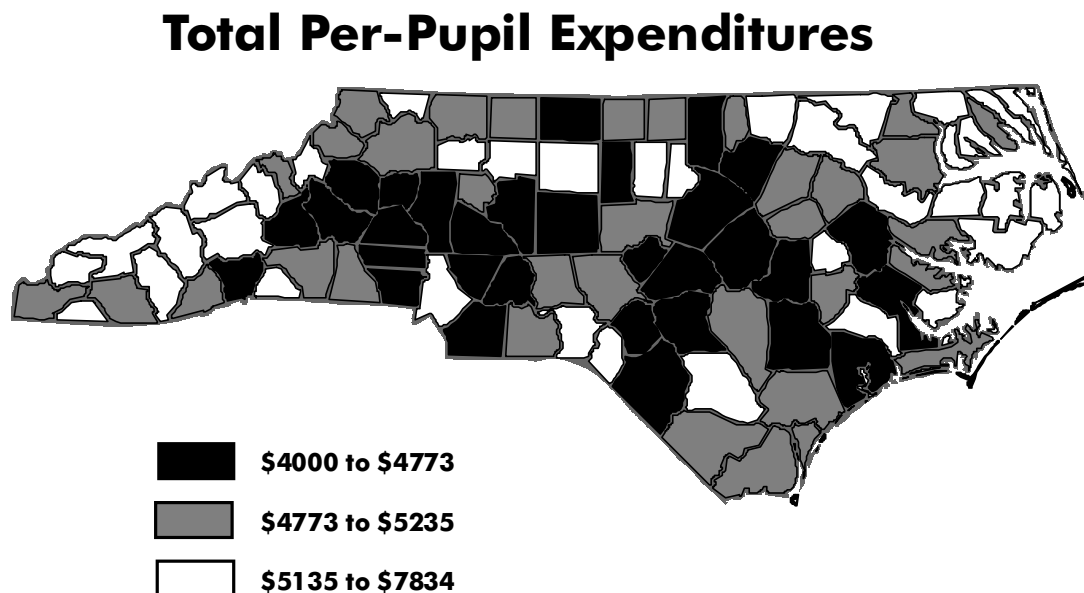


Table 1. Tenth-grade standardized test scores for North Carolina students at various levels of school spending, adjusting for individual differences in family resources.

	Reading	Math
Average U.S. Score	50.55	50.61
<i>North Carolina Scores</i>		
State Average	48.62	48.68
Low Spending District (\$3,479/pupil)*	46.65	45.07
Average District (\$4,210/pupil)*	48.75	48.78
High Spending District (\$5,073/pupil)*	51.23	53.14

* These scores are adjusted to reflect a student's performance at the state average for family income, parents' education, family structure, and race.

districts, after controlling for the social resources of their families? The answer is clearly yes. The table above summarizes a statistical analysis of reading and math scores on standardized tests for North Carolina 10th graders in 1990. These scores have been statistically adjusted to control for variables which are known to influence educational success (family income, parents' education, family structure, race). The results presented in Table 1 summarize the influence of school spending on math and reading achievement for a child from a North Carolina household with average levels of family resources. (Complete statistical analyses are included in Table 2.)

The numbers are quite clear. As school spending goes up, so do test scores. In fact, if spending in all school districts were brought up to the average of the high spending districts, our children's educational achievement would

be above the U.S. average, at least as measured by standardized test scores. School spending does matter in North Carolina.

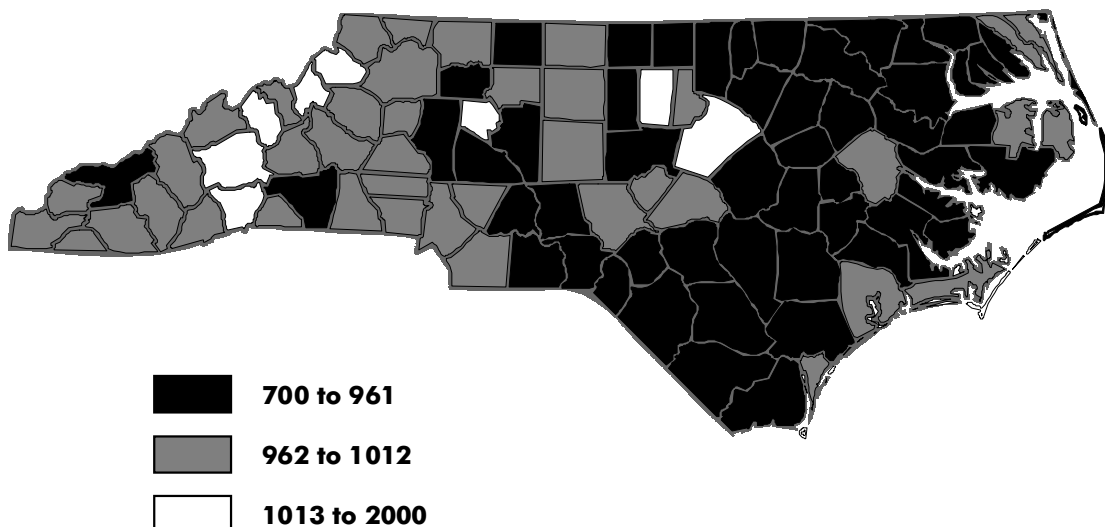
Our analyses, like much past research, show that student background characteristics such as parent's education, income and race influence educational success. These home and community influences on educational achievement do not, however, explain away the effect of educational spending on student achievement. That variation in school funding, reflecting local variations in the property tax base and tax rate, influences student achievement means that our current practice of funding schools primarily through property taxes at the local level prevents every school district in the state from equally providing a sound basic education to the children of North Carolina.

Children who go to school in the North Carolina public school systems receive unequal education as a function of where they live. Those unlucky to be born in or move to poor school districts receive a demonstrably inferior education. It would be a mistake to assume that school funding was not part of the problem in North Carolina. Current inequalities in school funding lead to unequal educational opportunities.

As a matter of public policy, the current uneven development of the economic and social resources of the state is linked to the quality of schools. Regional differences in wealth and educational investments have contributed to the contrast between Sunbelt prosperity in Raleigh, Greensboro, and Charlotte and the shadows of poverty in much of the rest of the state. Those inequalities will grow and the state will face a noncompetitive future in a world economy that increasingly chooses its low-educated labor

Figure 2.

SAT scores



from the poor countries of the world and its high-wage educated labor from those countries and regions that commit resources to educating their children. Bringing all schools up to the state average will increase equality of educational opportunity within the state.

Equalizing school spending at high levels is fair and good public policy. Preserving destructive inequities in school spending is shortsighted and a disastrous long-run public policy. It may even be unconstitutional.

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Table 2. Ordinary least squares regression analyses of the effects of school spending and family resource variables on tenth-grade reading and math achievement in North Carolina.

	Reading		Math	
Spending Per Student ^a	2.88	(1.36)	5.06	(1.36)
Family Income ^b	.61	(.34)	1.10	(.34)
Parent's Education ^c	1.48	(.35)	1.53	(.35)
Family Structure ^d	-.58	(1.00) ^{NS}	-1.05	(1.01) ^{NS}
Race ^e	-4.47	(1.19)	-4.89	(1.20)
Constant	27.07		13.14	
R ²	.109		.161	
Number of cases	356			

^{NS} = Not statistically significant, all others significant below the .05 probability level, one tailed test
^a = Spending per student in \$1,000s
^b = Natural log of family income
^c = Average years of education for parents
^d = 0 if both parents in household, 1 otherwise
^e = 1 if African American, 0 otherwise

Source: Authors' calculation from National Educational Longitudinal Survey, First Follow-up, North Carolina sub-sample, 1990.

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