



2000 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 19,993 (1.6%) increase
- Community colleges: 14,533 (1.9%) increase
- UNC: 1,774 (1.1%) increase

TUITION & FEE INCREASES

- Average increase of 9% for in-state and 2% for out-of-state UNC students
- Increase maximum number of semester hours for which tuition is charged from 14 to 16 (increase community college tuition 17.5%)

OTHER EDUCATION CHANGES

- Increase supplemental funding for small county and low-wealth districts, as well as exceptional children (\$15 million: \$5 million each)
- \$13 million to improve student accountability
- \$13 million to increase rate of longevity pay for teachers to equal that of other state employees
- No appropriation for projected ABC bonuses; funding for 2000-01 bonuses instead funded in 2001 budget at actual amount
- Judge Manning rules in *Leandro* that the state's system for administering and funding public education is constitutionally sound but reserves judgement as to whether it is adequately serving every student; Manning also rules that the state must provide pre-kindergarten for 4 year olds who are at risk of failing academically

2000

The 2000 General Assembly session was uncharacteristically calm owing in part to the expense of hurricane recovery efforts (\$830 million)

and apprehension over the outcome of several large lawsuits and how they will impact the state and the tobacco industry.

Still, at the beginning of 2000, legislators faced the question of how to close a \$450 million gap in funding, while attempting to pass a \$14 billion budget. To help close the revenue gap, Governor Jim Hunt proposed minor tax cuts and the issuing of \$240 million in special financing without voter approval.

As this was the last year of the Hunt administration, education priorities were once again the governor's main concern. After reviewing Hunt's budget, the majority of Democrat legislators support of raising teacher pay and increasing funding for Hunt's childcare program, Smart Start. Conservative lawmakers were less enthusiastic about the governor's recommended budget. Citing the recent repeal of the intangibles tax along with a sluggish economy, many Republicans favored reducing education spending.

Republican sentiments notwithstanding, lawmakers passed the budget on time in June and Governor Hunt signed it on July 6, 2000.

Education budget

- The 2000 budget slows the growth of education funding. Overall, the Legislature reduces the public schools' 1999 session budget by \$6.5 million. This is accomplished by reducing recurring appropriations by \$22 million and adding \$15 million in nonrecurring appropriations.¹
- Overall, public education spending increases by 4 percent to \$5.67 billion.
- Budget provisions include: increases to supplemental funding for small county and low

wealth districts (\$15 million and \$5 million); improvements in student accountability (\$13 million); and increases in the rate of longevity pay for teachers to make it equal to other state employees (\$13 million).

► The Legislature makes no appropriation for projected ABC bonuses. Instead, bonuses earned in 2000-01 based on ABC results will be funded in the 2001 budget as nonrecurring money.

Leandro v. State

► In the fall, North Carolina Superior Court Judge Manning continues to clarify questions associated with the *Leandro v. State* (1997)



2001 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 18,484 (1.5%) increase
- Community colleges: 2,488 (0.3%) increase
- UNC: 7,031 (4.3%) increase

TUITION & FEE INCREASES

- Average increase of 14% for in-state and 10% for out-of-state UNC students
- Increase community college tuition by 13%

OTHER EDUCATION CHANGES

- Net reduction of \$190 million for public schools, \$4 million for community colleges, and \$15 million for UNC
- One-time reduction of \$24 million in school bus funds based on revised schedule
- ABC bonuses earned in 2000-01 (\$93 million)
- Reduce class size in kindergarten to 19 in 2001 (\$12 million) and 18 in 2002 (\$26 million)
- Reduce class size to 1:15 for grades K-3 in schools with 80% low-income students and 45% of students performing below grade level
- Establish More at Four Program and related grants in Development of Health & Human Services
- Judge Manning orders state and local leaders to develop “coordinated, effective educational strategy” to ensure all at-risk children have the opportunity for a sound basic education

Supreme Court decision. Judge Manning rules that the state’s system for administering and funding public education is constitutionally sound but reserves judgment on the question of whether it is adequately serving every student.

► Judge Manning orders the Legislature and the governor’s office to find a way to offer pre-kindergarten programs to at-risk 4-year-olds. The decision does not mean that North Carolina must offer pre-kindergarten to all 4-year-olds, it applies only to those children who have been deemed at-risk.

Grading the state and the governor

► In the last year of Governor Hunt’s administration, he creates a report card system to monitor North Carolina’s educational progress on a yearly basis.

► When the first report card comes back in late 2000, North Carolina receives a C+. Hunt’s response to the average score is that future administrations should devote more resources to education.²

ENDNOTES:

¹ Fiscal Research Division, North Carolina General Assembly, *Post Legislative Budget Summary— 2001 Session* (Raleigh: Fiscal Research Division, 2002), F-8

² North Carolina Department of Public Instruction, <http://erc.northcarolina.edu/docs/fia/00repcard.pdf>

2001

When legislators convened on January 24, 2001, the state was facing a projected budget shortfall of almost \$791 million

– one of the largest in the country – that worsened to \$820 million as the year progressed. The difficulty resulted in intense budget negotiations caused the 2001 legislative session to last until December 6 – the longest in state history.

At least until the passage of the budget bill in September, much of the debate in the General

Assembly centered on whether to cut spending or raise taxes.¹ Meanwhile, Governor Mike Easley (D) pushed for tax increases of various kinds while calling for a state lottery as the solution to the state’s budget woes. As in recent years, healthcare and education drove the tax increases, with roughly 80 percent of spending allocated to these two areas.

The education budget

► Several lawmakers argue that funding for education should be examined to ensure the state is getting value for what it invests. Senator Walter Dalton (D-Cleveland), senior chairman of the Senate Appropriations

Subcommittee on Education, states in an April *News & Observer* article: "I do not think there's any question that [budget cuts] will have a significant impact. . . . Given the size of the education budget, this is something we have to do."

► Despite a proposal for \$125 million in budget cuts that could potentially eliminate 2,500 jobs from North Carolina schools, lawmakers spare public education the severe cuts most other agencies receive.

► Most of Governor Easley's education budget is funded, including a new pilot program for at-risk 4-year-olds, More at Four. The program will be housed in the Department of Health and Human Services along with Smart Start, Governor Hunt's early childhood education initiative.

► The most significant budget cuts include a net \$190 million reduction for public schools and a one-time reduction of \$24 million in school bus funds based on a revised schedule.

► Major additions include \$93 million for ABC bonuses and \$38 million to reduce class size for students enrolled in schools with 80 percent or more students eligible for free or reduced lunches and with 45 percent or more of students performing below grade level.

► The Legislature also allocates an additional \$8 million for both years of the biennium for class size reduction, adding 179 new positions each year. The budget includes an average teacher salary raise of 2.86 percent.

► Overall, public education's base budget is cut by 0.7 percent during the 2001 session, with \$117 million of recurring funds eliminated from the FY2001-02 budget and \$98 million from FY2002-03.² Total expenditures for public education still increase by 2.5 percent to a total of \$5.81 billion.

► Education is not hit as hard as other budget areas. In fact, the education budget increases as a portion of the General Fund by 2.2 percent.³

ENDNOTES:

¹Redistricting proposals also contributed to the length of the 2001 long session.

² Fiscal Research Division, North Carolina General Assembly, *Post Legislative Budget Summary— 2001 Session* (Raleigh: Fiscal Research Division, 2002), F-13.

³ Fiscal Research Division, North Carolina General Assembly, *Post Legislative Budget Summary— 2005 Session* (Raleigh: Fiscal Research Division, 2006), P-10-11.

2002

2002 was a tumultuous year for the General Assembly. A sluggish economy expanded a projected \$900 million

shortfall to \$1.6 billion. In August, Moody's Investor Services downgraded the state's credit rating to Aa1. Having already passed significant tax increases the previous year, Governor Easley asked for across the board spending cuts for all state agencies. However, the governor continued to exempt education from the bulk of the cuts. With little money to go around, the budget was not passed until late September.

Education budget

► The final public schools budget includes cuts: \$43 million to local education agency (LEA) budgets, to be implemented at their discretion; \$20 million by switching to a lease purchase plan for buses; and the elimination of 412 noninstructional positions. The Legislature also transfers \$45 million in capital funds to support operations.

► Overall, the net reduction in the 2002 budget, compared to the budget passed in 2001, is about 0.05 percent (\$27.6 million). Other areas of government, such as justice and public safety, see reductions of 5 percent, while total General Fund operations are reduced by 3.2 percent.

► Total public education expenditures rise again, by only 1 percent, to a total of \$5.87 billion.

► Other than increases in average daily membership (ADM), the main driver increasing education spending is the ABC bonuses. The Legislature allocates \$101 million in nonrecurring spending for bonuses to schools that



2002 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 21,117 (1.6%) actual
- Community colleges: 10,427 (1.3%) decrease
- UNC: 7,175 (4.2%) increase

TUITION & FEE INCREASES

- Average increase of 17% for in-state and 14% for out-of-state UNC students
- Increase community college tuition by 10%

OTHER EDUCATION CHANGES

- Transfer of \$45 million in capital funds to support school operations
- One-time reduction of \$43 million in funds to local education agencies (LEAs); cuts to be taken at the discretion of LEAs
- Reduction of \$20 million by switching to a lease-purchase plan for school buses
- Eliminate 412 non-instructional positions
- \$101 million for ABC bonuses earned in 2001-02
- \$27 million to reduce class size in Grade 1
- Recurring reduction of \$50 million to UNC (cuts to be taken at campuses' discretion)
- Judge Manning rules that the state is solely responsible for meeting the needs of all children and directs the state to provide written reports every 90 days on the steps taken to comply with his order
- State attorney general appeals Manning's ruling that the state has failed to provide equal educational opportunities to all children

meet or exceed expected growth during the 2001-02 school year.¹

► In addition, 594 new positions within the public school system are added to reduce class size, lowering the teacher to student ratio from 1:20 to 1:18 for first grade. The creation of these new positions adds \$26.8 million to the budget for education.²

► Teachers receive an average 1.84 percent raise. State employees do not receive legislative pay increases. Instead, they receive 10 bonus vacation days.

No Child Left Behind

► President Bush signs the federal No Child Left Behind Act of 2001 in January. The law aims to increase school accountability and promote school choice. According to the U.S. Department of Education, the Act is based on four principles: "stronger accountability for results, expanded flexibility and local control, expanded options for parents, and an emphasis on teaching methods that have been proven to work."

► NCLB uses state-determined accountability measures to determine whether a school is performing adequately. Poor performance sets off a series of required assistance and sanctions. Sanctions escalate more rapidly for schools receiving federal Title 1 funds.

► Many of NCLB's relevant accountability provisions are dependent on the state demonstrating adequate yearly progress for schools and students. North Carolina education officials struggle with how to define Adequate Yearly Progress (AYP), the built-in signaling mechanism that allows states, school districts, parents and the federal government to know whether individual schools are performing up to standards. According to the federal legislation, each state may choose up to three criteria to determine that state's AYP requirements. Most education officials argue for reading, writing and mathematics. But due to difficulties with North Carolina's writing tests, dropout rates are selected as an alternative.

Leandro v. State

► Implications of *Leandro v. State* (1997) continue to reverberate throughout the education community in 2002. The earlier ruling guaranteed all children in North Carolina a "sound basic education."

► In 2002 the court accuses the state of not doing all it can to secure these benefits. Commenting in a July *Charlotte Observer* article, state officials comment: "The State of North Carolina is doing everything it can under the current budget crisis to improve



2003 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 21,117 (1.6%) increase
- Community colleges: 14,878 (1.9%) increase
- UNC: 6,380 (3.6%) increase

TUITION & FEE INCREASES

- Average increase of 6% for in-state and 5% for out-of-state UNC students
- Increase community college tuition by 4%

OTHER EDUCATION CHANGES

- Net reduction to public schools of \$52 million in 2003 and \$176 million in 2004
- Net reduction to UNC of \$44 million in 2003 and \$35 million in 2004
- Recurring reduction of \$44 million in funds to local education agencies (LEAs); cuts to be taken at the discretion of LEAs
- Eliminate 533 non-instructional positions and 173 vocational education positions
- \$96 million for ABC bonuses earned in 2002-03
- \$25 million to reduce class size in Grade 2
- \$48 million recurring reduction and \$14 million nonrecurring reduction to UNC (cuts to be taken at campuses' discretion)
- \$11 million recurring reduction to community colleges (to be taken at campuses' discretion)
- N.C. Supreme Court hears the state's arguments for throwing out Judge Manning's rulings and remedies related to the *Leandro* case

public schools and offer more hope and help for at-risk students." Education leaders cite several education initiatives they have put forth to ensure a sound education is being offered to students in low-wealth counties including: tying teacher and school bonuses to at-risk student performance, taking control of failing schools, and making it easier for people who are without traditional educational backgrounds to train as teachers.

► To the dismay of many observers, the court responds by simply stating that what the state has done is not enough. Judge Manning rules that the state is solely responsible for meeting all the needs of children and directs the state to provide written reports every 90 days to comply with his order.

ENDNOTES:

¹ Fiscal Research Division, North Carolina General Assembly, Post Legislative Budget Summary— 2002 Session (Raleigh: Fiscal Research Division, 2003), F-10

²Ibid.

2003

The economic slowdown continued to dominate policy debate. Facing a budget shortfall of nearly \$2 billion dollars the General

Assembly and the Governor Easley sought to balance the budget through budget cuts, delaying the implementation of tax cuts, and retaining temporary tax increases that are due to expire in 2003. Even though public school expenditures rose by 5 percent, from \$5.87 billion to \$6.17 billion, the education budget remained at 42 percent of total General Fund expenditures.

Education budget highlights

► Public school budget revisions include reductions of \$52 million in 2003-04 and \$176 million in 2004-05.¹ Cuts include a rare reduction in the administration's projections for average daily membership (ADM). Revisions result in \$12 million less for FY2003-04 and

\$30 million less in FY2004-05.²

► Legislature places a recurring reduction of \$44 million in the public schools budget. Local education agencies (LEAs) will have the discretion to determine what budget items are cut.³ In addition, \$8 million for 173 positions is cut from vocational education; another \$8 million is cut from appropriations for teacher assistants.

► Reductions are countered by nonrecurring funding for ABC bonuses allocated to schools that met or exceeded growth expectations the previous year.

► The General Assembly also reduces second grade class size to reflect a teacher/student

ratio of 1:18, rather than 1:20. The cost: \$25 million and 571 new positions.

► Teachers receive salary increases averaging 1.81 percent. State employees do not receive an increase. Instead, they receive ten bonus vacation days and a one-time \$550 bonus.

No Child Left Behind

- May marks the beginning of the state's accountability plan implementation for No Child Left Behind (NCLB).
- As part of the progress monitoring process, North Carolina students take annual tests in reading, writing and mathematics. State report cards will be issued by the State Board of Education to report on the progress of schools and local districts. Schools that do not meet the accountability plan will receive extra help through assistance teams. NCLB's goal is to have all students proficient according to state standards in math and reading by the start of the 2013-14 school year.
- In May 2003, Dr. Gene Hickock, U.S. Under Secretary of Education, awards North Carolina \$1.1 billion to reach NCLB goals and \$423 million for implementation costs.

ABCs: results and bonuses

- The number of schools meeting or exceeding ABC goals skyrockets. Overall, 73 percent of the state's 2,221 schools exceed goals for expected progress. Among elementary schools, 95 percent achieve goals, compared to only 44 percent the prior year.
- Education leaders begin to reevaluate the standards used to measure ABC test results. With the advent of No Child Left Behind, Superintendent Mike Ward announces in late 2003 that the state will wait for next year's test results before making any changes to the testing structure or changes to the curriculum.⁴

ENDNOTES:

¹ Fiscal Research Division, North Carolina General Assembly, *Post Legislative Budget Summary— 2003 Session* (Raleigh: Fiscal Research Division, 2004), F-5.

² Fiscal Research Division, North Carolina General Assembly, *Post Legislative Budget Summary— 2003 Session* (Raleigh: Fiscal

Research Division, 2004), F-1.

³ Fiscal Research Division, *North Carolina General Assembly, Post Legislative Budget Summary— 2003 Session* (Raleigh: Fiscal Research Division, 2004), F-3.

⁴ Public Schools of North Carolina, "ABCs Results: Ten Year Summary Chart"; available from <http://www.ncpublicschools.org/docs/accountability/reporting/abc/2005-06/abctrends.pdf>.

2004

A slowly improving economy and additional revenue from non-expired temporary sales and income taxes

placed state revenue collections slightly ahead of estimates. Encouraged by the news, Governor Mike Easley (D) submitted an adjusted state budget with \$1.1 billion more in additional state spending. Some of the new spending was for the governor's education initiatives, specifically class reduction and More at Four. After passage in the Republican-divided House and the Democrat-controlled Senate, the budget bill was signed in late July.

Education budget highlights

- Total authorizations for public education spending increase from \$6.18 billion in FY2003-04 to \$6.52 billion in FY2004-05.¹
- LEAs absorb a one-time reduction of \$28 million. They again have discretion in implementing the cut. This reduction comes on top of the recurring \$44 million discretionary reduction included in the continuation budget from past actions.
- \$50 million is allocated for grade three class size reduction.
- Vocational education is expanded by \$4 million and 83 positions.
- More at Four (as part of the Department of Health & Human Services) receives \$9 million to expand by 2,000 additional slots for at risk 4-year-olds.
- Nonrecurring money (\$108 million) is appropriated for ABC bonuses earned in the 2003-04 school year.



2004 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 19,772 (1.5%) increase
- Community colleges: 18,122 (2.3%) increase
- UNC: 6,268 (3.3%) increase

TUITION & FEE INCREASES

- Average increase of 11% for in-state and 4% for out-of-state UNC students
- Increase community college tuition by 7%

OTHER EDUCATION CHANGES

- One-time reduction of \$28 million in funds to local education agencies (LEAs); cuts to be taken at the discretion of LEAs
- \$108 million for ABC bonuses earned in the 2003-04 school year
- \$50 million to reduce class size in Grade 3
- \$23 million recurring reduction to UNC (cuts to be taken at campuses' discretion)
- Appropriate \$11 million from Escheat Fund for UNC financial aid (reduce General Fund appropriation for 1 year)
- N.C. Supreme Court upholds Judge Manning's rulings in the *Leandro* case

► Teachers receive an average salary increase of 2.5 percent. State employees receive raises of 2.5 percent or \$1,000, whichever is greater.

Major education issues

► **LEARN & EARN:** Budget includes funds for a new pilot "High School Workforce Development Project" – the precursor to a program that will be called "Learn & Earn" in 2005. The program places high schools on university and community college campuses and allows students to earn a high school diploma and an associate degree, or two years of college credit, in five years instead of six. Funds are provided for five pilot projects and planning grants for 10 additional projects. The money, less than \$2 million, is the first installment towards a \$10 million state match required to activate a \$10 million commitment from the Gates Foundation. Learn & Earn will expand in every subsequent budget.

► **SCHOOL CALENDAR:** In response to a school start date that has drifted into early August

and resulting scheduling concerns from the tourism industry and families, the General Assembly passes a law (S.L. 2004-180) that – with some exceptions – prohibits traditional calendar schools from opening before August 25 and from closing later than June 10. The law also eliminates five teacher development days (days teachers are at school but students are not) from teacher contracts. The law divides educators and the public, with most opponents believing that the school calendar should be set by local school boards.

Leandro v. State

► At the end of July, a unanimous North Carolina Supreme Court rules on the state's appeal of *Leandro v. State*. The decision establishes that the state does have a constitutional responsibility to offer every child in North Carolina the opportunity for a sound basic education in public schools. The Court finds: 1) the state failed to meet its obligation with regards to at-risk students in Hoke County and; 2) the state must correct the wrong. The Supreme Court also reverses the trial court's decision requiring the state to provide pre-kindergarten programs for at risk students as a requirement of a sound basic education.

► In October, the governor makes available \$10 million in state monies for school administrative units with high poverty, high teacher turnover, and low student achievement to help correct deficiencies and meet the state's obligation of providing all students with a "sound basic education."

ENDNOTES:

¹Fiscal Research Division, North Carolina General Assembly, *Overview 2006 Legislative Session: Fiscal and Budgetary Actions (Revised)* (Raleigh: Fiscal Research Division, 2007) Q-11.

2005

Governor Mike Easley's (D) political skills were tested during the 2005 legislative ses-



2005 EDUCATION FUNDING

ENROLLMENT CHANGES

- Public Schools: 23,127 (1.5%) increase
- Community colleges: 4,335 (0.5%) increase
- UNC: 6,635 (3.4%) increase

TUITION & FEE INCREASES

- Average increase of 3% for in-state and 2% for out-of-state UNC students
- Increase community college tuition by 4%

OTHER EDUCATION CHANGES

- Establish state education lottery
- Numerous small increases for various public school and UNC programs; \$26 million for capital improvements at individual community colleges
- Additional \$42.5 million for disadvantaged student and low-wealth supplemental funding
- Add 3,200 More at Four slots in DHHS for \$17 million
- \$100 million for ABC bonuses earned in the 2004-05 school year
- Potential teacher salary increase, contingent upon study (\$85 million)
- Redirect sales tax refundable to LEAs to the Public School Fund (enables General Fund reduction of \$33 million in 2006-07)
- Budget (i.e., appropriate for General Fund line items) increased receipts from Civil Penalties & Forfeitures Fund (enables General Fund reduction of \$103 million)
- Continue funding UNC need-based financial aid from the Escheats Fund (enables General Fund reduction of \$24 million)
- \$31 million recurring reduction to UNC (to be taken at campuses' discretion)

sion. Gridlock over major spending issues, such as education and Medicaid, delayed passage of the budget bill until September. The Senate favored restructuring Medicaid. Instead of cutting Medicaid, the House budget made cuts in education in return for giving teachers another pay raise.

Education cuts were made easier to swallow by

the passage of the North Carolina Education Lottery. While the lottery bill passed the House in April, Senate President Pro Tempore Marc Basnight (D-Dare) had to resort to questionable procedural tactics in order to secure the bill's passage.

Education budget

- Education spending continues to rise. Authorizations increase from \$6.51 billion in FY2004-05 to \$6.88 billion in FY2005-06.¹
- Legislature adds an additional \$42.5 million for disadvantaged student (DSSF) and low wealth supplemental funding.
- ABC bonuses earned during the 2004-05 school year reach \$100 million.
- Teachers receive a 2.24 percent average salary increase. \$85 million is reserved for additional salary increases contingent upon a salary study.
- Legislature expands More at Four by 3,200 slots at a cost of \$17 million. The program remains part of the Department of Health and Human Services.

Learn and Earn

- Learn and Earn High Schools are formally created through the 2005 budget bill (S.L. 2005-276). Designed to create academically relevant and challenging high school options, Learn and Earn schools offer students an opportunity to earn an associate degree, or two years of college credit, by the end of the first year following their senior year of high school. Funds are made available to establish new schools in which high schools, two-year and four-year colleges, and local employers work together to meet workforce needs.

North Carolina Education Lottery

- Governor Easley estimates lottery proceeds will bring in \$600 million annually. Others estimate actual revenue at \$400 million. The new revenue propels budget writers to seek \$245 million in education budget cuts.
- In April, House approves the North Carolina



State Lottery Act by one vote (61 to 59). Claiming that the lottery will generate \$400 million per year for education, Governor Easley declares, "An education lottery in North Carolina will give us additional resources to continue to improve our schools and increase educational opportunities in pre-K through college." Under the House plan, lottery money would be distributed as follows: 50 percent for prizes, 16 percent for administration/operating costs, and 34 percent for education. Education's 34 percent would be treated as new education funds with 50 percent used for public school construction, 25 percent for need-based scholarships at state universities and colleges, and the remaining 25 percent for a fund devoted to educational purposes.

- ▶ On August 13, the lottery bill (S.L. 2005-344) is defeated in the Senate by a vote of 24 to 26. Senator Basnight declares, "It's not over yet."
- ▶ After promising that the Senate has concluded its business for the year, Basnight calls the Senate back into session on August 30 to again vote on the lottery. With Senators Harry Brown (R-Onslow) and John Garwood (R-Wilkes) unable to return to Raleigh (Brown was on his honeymoon and Garwood recovering from a leg infection), the lottery bill passes 25-24. Lt. Governor Perdue casts the deciding vote.

2005 HIGH SCHOOL GRADUATE INTENTIONS (Includes 2004 Summer School)

CAREER OPTION	PERCENT SELECTED
Public Senior Institution	38.5%
Private Senior Institution	9.5%
Community or Tech. College	33.9%
Private Junior College	0.7%
Trade or Business School	2.0%
Military	3.3%
Employment	8.8%
Other	3.2%
TOTAL	99.9%

Total does not add to 100 percent due to rounding.
SOURCE: North Carolina Public Schools Statistical Profile for 2006.

▶ Meanwhile, in May the Senate rolled changes to the lottery bill into its version of the budget, and those changes are included in the final budget. As a result, the final distribution of the lottery money is: 50 percent for prizes, 15 percent for administration/operating costs and retailers, and 35 percent for education. Education's 35 percent is broken down as follows: 50 percent for More at Four and class size reduction, 40 percent for school construction, and 10 percent for higher education scholarships. See Q&A #6.

ENDNOTE:

¹ Fiscal Research Division, North Carolina General Assembly, *Overview: 2006 Legislative Session Fiscal and Budgetary Actions (Revised)*, (Raleigh: Fiscal Research Division, 2007) Q-11.