



Fiscal Accountability Issue Brief

Background

More than 90% of the roughly 15,000 local school boards nationwide are fiscally independent. North Carolina's local boards of education are in the small minority of fiscally dependent boards that rely on another government entity to provide local funding. In fact, local school boards are the only elected governing body in North Carolina that does not have the ability to raise funds to support the system they are charged with administering. In North Carolina, local boards of education are fiscally reliant on county commissioners, even though both bodies are independently elected with different governing responsibilities. This financial relationship makes it difficult for school boards to set long-term goals and to plan beyond the current fiscal year.

As a result of the current funding structure, the annual budget process often devolves into tense power struggles. Political rhetoric and personal attacks can take center stage rather than the needs of students, families, and educators. Think about it - it's easy for school board members to ask for additional funding when they're not held responsible for tax increases. On the flip side, it's also easy for county commissioners to reject requests for additional funding when they're not held accountable for a school system's success or failure. In 1999, the Education Commission of the States "strongly recommended" that school districts, in order to be both empowered and accountable, be given the authority to develop and adopt their own budgets, which implies taxing authority as well."¹ In addition, most commissioners don't have the opportunity to learn about wide ranging complexities of a school system, from student demographics and employment market issues to state and federal laws.

Supporters of the status quo often argue that tax rates will increase if school boards are granted fiscal independence. That was not the case in South Carolina, where three separate study reports recommended that school boards be granted taxing authority². One of the studies found that the tax rates in fiscally independent districts rose less and at a slower pace than tax rates in districts with limited, capped, or no independence³.

NCSBA Position

The General Assembly should grant requesting school boards the ability to raise revenue. NCSBA believes it is untenable to hold an elected body responsible for administering a system without providing them with the tools they deem necessary to successfully accomplish the mission.

School boards are the education leaders and decision-makers in their communities. It is inefficient and makes no sense for county commissioners to determine the appropriate funding level of local schools when they are not the administrative unit elected to oversee them. School board members are elected by and accountable to their constituents just as members of the county commission are. The logical answer

¹ 1999 Education Commission of the States report, "Governing America's Schools: Changing the Rules."

² October 2000, Recommendations to the South Carolina Education Oversight Committee by the Study Team on Local Leadership Quality and Engagement

³ November 1996, A Five-Year Comparison of South Carolina School Districts with Varying Degrees of Fiscal Authority, SCSBA

is to give local boards of education fiscal autonomy and taxing authority. Board members will be out of a job if their decisions conflict with the desires and expectations of the local citizenry. NCSBA will support any local board of education that wants to pursue local legislation that allows for such a transfer of authority.