

## An Unnecessary Tax Hike

### *Bladen commissioners go back on their 'No Tax Increase' promise*

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OCTOBER 2010

#### KEY POINTS

- ♦ Bladen county commissioners are asking voters to approve a \$375,000 tax increase.
- ♦ If voters approve, commissioners promise to spend the new revenue on specified school needs.
- ♦ Commissioners are asking for a tax increase while ignoring the county manager's proposed fiscal year 2011 budget that fulfills the commissioners' "No Tax Increase" pledge.
- ♦ Bladen County schools have adequate funding from federal, state, and lottery sources.
- ♦ Federal funds alone bring in three times the amount received from the tax increase.

#### A TAX INCREASE IN BLADEN COUNTY IS NOT NEEDED

Bladen County commissioners are asking voters to approve a \$375,000 tax increase, an amount equivalent to a 1.5-cents property tax increase. This tax increase, if approved, would transfer money from the private sector -- where it is needed to create jobs -- into the public sector. The commissioners promise that the new revenue from the tax increase would be spent on unspecified school needs.

This promise is just that: a promise. Once approved, the new tax revenue, by state law, could be spent for any legal purpose. And since those revenues would go into the general fund, not a special fund, there would be no way for the public to know whether the money was spent on schools and, if so, what school needs were met. There is no way for the public to hold commissioners accountable for that or any other promise. Therefore, the only way to view the November election is that Bladen voters are being asked to approve a \$375,000 tax increase.

This episode sheds light on the commissioners' ability to responsibly manage scarce taxpayer funds. The county manager's May

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**Table 1. Public School Personnel Summary for Bladen County, 2008-09**

<i>Position</i>	<i>State Funded</i>	<i>Federal Funded</i>	<i>Local Funded</i>	<i>Total</i>	<i>Students Per Position</i>
Officials, Administrators, Managers	9	3	2	14	367
Principals	14	0	0	14	367
Assistant Principals	11	0	0	11	467
Elementary and Secondary Teachers	350	11	12	373	14
Guidance, Media, Other Professionals	40	5	7	52	99
Teacher Assistants	74	50	10	134	38
Clerical	40	4	11	55	93
Total (includes positions not listed above)	579	73	109	761	7

17 budget message states: “The proposed [FY 2011] budget incorporates a **‘No Tax Increase’** priority established by the Board of Commissioners during a planning meeting in February of this year” (emphasis in the original).

He also stated, “[O]f particular importance, the budget maintains the current expense funding level for Bladen Community College and Bladen County Schools.”<sup>1</sup>

One month later, the commissioners voted unanimously to ask voters to raise taxes anyway. Thus the commissioners are asking voters to approve a tax increase for schools that the county manager says is not needed.

#### **COUNTY SCHOOLS ‘BUDGET MAINTAINS THE CURRENT EXPENSE FUNDING LEVEL’**

Bladen County commissioners claim that a sales tax increase is required to compensate for reductions in state and local tax revenue for public schools. They list a number of possible reductions in personnel, cuts to educational programming, and organizational changes.<sup>2</sup> In most cases, organizational changes, particularly those at the administrative level, do not produce significant reductions in student performance. School districts may simply offset programmatic reductions

by increasing user or participant fees. Reductions in classroom personnel, however, are often a more serious matter.<sup>3</sup>

Currently, Bladen County Schools have one public school employee for every seven students, and one teacher for every fourteen students (see Table 1).<sup>4</sup> Both of these ratios match state averages.<sup>5</sup> Like most school

**Table 2. Lottery Revenues for Class Size Reduction, 2007-09**

<i>Year</i>	<i>Number of teacher positions</i>	<i>Class size reduction funds</i>	<i>Total lottery funds</i>
2009	7.49	\$406,288	\$1,847,343
2008	6.36	\$339,630	\$1,693,442
2007	9.64	\$297,956	\$2,019,650

districts in North Carolina, Bladen County school officials have made sizable investments in support and professional positions that drain valuable resources from the classroom.

What has been the role of the North Carolina Education Lottery? State lottery funds have allowed Bladen County to fund between six and nine additional teaching positions per year (see Table 2).

Like all North Carolina public school districts, Bladen County will be the recipient of federal funds for teaching positions. Under the Federal Education Jobs Fund (EduJobs) law, Bladen County will receive an additional \$1,132,787, which will fund an estimated 21 teaching positions during the 2010-11 school

year.<sup>6</sup> This amount alone is three times the amount that the proposed tax increase will bring in.

## VOTERS MUST DECIDE ON NOVEMBER 2

Bladen County commissioners are asking for a \$375,000 tax increase when the county manager's proposed budget fulfills their "No Tax Increase" pledge. In addition, the county manager believes that the school funding in the budget is adequate. Bladen County voters need to decide if a tax increase during the current economic downturn would be justified, especially since the county manager has delivered on the commissioners' "No Tax Increase" pledge.

*Regional Brief* No. 80 • October 7, 2010

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## END NOTES

1. Gregory L. Martin, Budget Message, County of Bladen, May 17, 2010, p. 1.
2. "Sales and Use Tax Referendum," September 21, 2010, [www.bladeninfo.org/tax-referendum.html](http://www.bladeninfo.org/tax-referendum.html). Possible areas affected include the following: school overcrowding, increased classroom size, reduction in teachers, elimination of teacher assistants, consolidation of schools, consolidation of grade levels, reduction of instructional support positions, department consolidation, reduced or eliminated funding for arts and music programs, elimination of student field trips, reduction of assistant principal positions, elimination of middle school athletic programs.
3. In 2006, Governor Mike Easley commissioned the "North Carolina High School Resource Allocation Study" to determine if high schools in North Carolina used existing levels of funding efficiently and effectively. In February 2008, after two years of exhaustive study, a team of researchers from the University of North Carolina at Chapel Hill and East Carolina University released the study's final report. Researchers concluded that, in general, high schools are not using their funding to maximize achievement for all students. After controlling for student characteristics and teacher quality, researchers found that the effect of total per-pupil expenditures on student performance is very small. For

example, they pointed out that a \$500 increase in total per-pupil expenditures in a school would lead to only 6/100ths of a point increase in average test scores in the school. On the other hand, researchers concluded that the amount that high schools spend on regular classroom instruction would have a sizable impact on student learning outcomes. In this case, a \$500 increase in per-pupil expenditures for regular classroom instruction would increase the average student test score by half a point.

Unfortunately, school districts across North Carolina have invested heavily in support services and staff, rather than classroom instruction. In the study, money spent outside of the classroom, including after-school instruction and student services, actually had a negative effect on student test scores. Researchers explained that employing guidance counselors, psychologists, speech pathologists, and health personnel did not somehow lower test scores. Instead, schools that spent more in these areas likely provided less money for classroom instruction. So diverting resources from the classroom to supplementary services and staff may have contributed to lower test scores among sampled high schools.

Results of the "North Carolina High School Resource Allocation Study" suggest that teacher-centered schools and school districts may have higher student achievement gains than schools and districts that employ numerous providers of supplementary services and support staff.

This study examined staffing trends to assess North Carolina's progress toward reducing bureaucracy and thereby focusing expenditures on classroom instruction. Regrettably, North Carolina's public schools continue to add administrative, non-instructional, and instructional support positions at rates that far exceed enrollment growth. See Gary T. Henry, Charles L. Thompson et al., "North Carolina High School Resource Allocation Study, Final Report," February 2008.

4. North Carolina Department of Public Instruction, "Statistical Profile 2009," January 2010, p. 95, [www.dpi.state.nc.us/jbs/resources/data](http://www.dpi.state.nc.us/jbs/resources/data). The student/teacher ratio should not be confused with class size. Class sizes vary considerably and depend on a number of factors, including student enrollment, scheduling, course demand, teacher supply, subject, and grade. Some classes, particularly exceptional and gifted education classes, often require smaller class sizes than typical classes.
5. Terry Stoops, "No Bureaucrat Left Behind: N.C. public schools add staff at a much faster rate than enrollment," John Locke Foundation Spotlight No. 373, May 28, 2009, [johnlocke.org/research/show/spotlights/224](http://johnlocke.org/research/show/spotlights/224).
6. Lydia Prude, "Estimated Allocation of Federal Education Jobs Fund (EduJobs)," North Carolina Department of Public Instruction, Financial and Business Services, August 2010, [www.dpi.state.nc.us/jbs](http://www.dpi.state.nc.us/jbs). This estimate does not include funds from North Carolina's \$400 million Race to the Top grant.