*spot*light

THE SOLUTION IS SCHOOL CHOICE

We already know what to do about North Carolina's school facilities crisis

KEY FACTS: **• North Carolina faces estimates of nearly $10 billion in school facilities needs over the next five years.**

• Since 2000, school choice saved taxpayers over $20 million a year in annual capital expenses. Over the last six years, the yearly capital savings totaled nearly $125 million.

• The upfront capital costs—that is, the one-time cost that would have been required to provide the initial seats for choice students—totaled nearly $775 million.

• Charter, private, and home school students saved taxpayers nearly $900 million or approximately $5,600 per student in capital costs since 2000.

• Legislators should lift the charter school cap and use tax credits to encourage families to pursue private and home schooling, thereby reducing the burden on school districts and taxpayers.

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n 2001, the North Carolina Department of Public Instruction conducted their five-year Facilities Needs Assessment and found that North Carolina had over $6 billion in public school capital needs. Last year, their five-year estimate climbed to nearly $10 billion. With school construction costs and the demand for seats rising in lockstep, the need to employ innovative solutions to improve and increase school facilities has never been so critical.[1]

Regrettably, school district leaders still confine themselves to outdated ways of thinking about school facilities.[2] They continue to assume substantial, long-term debt to finance inefficient, bureaucratic, and costly school construction and renovation programs. There are many proven ways that school districts can reduce the amount of debt incurred for school capital expenses. Public/private partnerships, adaptive reuse buildings, ninth-grade centers, satellite campuses, and virtual schools all allow school districts to improve or increase school building capacity faster and cheaper than conventional school construction and renovation methods permit.[3] Nevertheless, school choice may be the most cost-efficient solution to North Carolina's school construction crisis.

Table 1. Facilities Savings from School Choice, 2000 – 2006

County	Average Number of Choice Students Per Year Since 2000	Ongoing Capital Savings Since 2000	Upfront Capital Savings	Total Savings
Alamance	2,717 students	$375,226	$20,646,160	$21,021,386
Alexander	386 students	$127,836	$1,440,218	$1,568,053
Alleghany	32 students	$2,371	$203,332	$205,703
Anson	111 students	$5,593	$255,200	$260,793
Ashe	171 students	$49,823	$737,679	$787,502
Avery	313 students	$203,236	$2,392,619	$2,595,854
Beaufort	804 students	$247,491	$6,440,463	$6,687,954
Bertie	575 students	$180,097	$7,109,700	$7,289,798
Bladen	167 students	$33,744	$236,122	$269,866
Brunswick	1,251 students	$1,261,841	$5,441,147	$6,702,988
Buncombe	5,829 students	$5,021,185	$2,625,324	$7,646,509
Burke	835 students	$113,330	$5,721,963	$5,835,293
Cabarrus	3,049 students	$1,229,931	$7,082,678	$8,312,609
Caldwell	885 students	$105,885	$4,051,264	$4,157,148
Camden	78 students	$51,953	$202,510	$254,463
Carteret	1,043 students	$481,145	$4,884,423	$5,365,567
Caswell	219 students	$62,720	$676,725	$739,445
Catawba	2,243 students	$962,766	$10,600,218	$11,562,984
Chatham	706 students	$66,694	$5,485,286	$5,551,980
Cherokee	348 students	$125,942	$3,700,882	$3,826,824
Chowan	140 students	$13,333	$586,159	$599,492
Clay	46 students	$4,502	$188,560	$193,062
Cleveland	700 students	$78,807	$3,544,005	$3,622,812
Columbus	679 students	$124,436	$4,455,762	$4,580,198
Craven	1,286 students	$383,863	$9,803,319	$10,187,182
Cumberland	5,077 students	$1,084,793	$5,842,756	$6,927,549
Currituck	212 students	$73,356	$1,093,299	$1,166,655
Dare	377 students	$603,938	$3,462,623	$4,066,561
Davidson	2,234 students	$609,131	$8,579,534	$9,188,665
Davie	425 students	$111,417	$4,267,385	$4,378,802
Duplin	227 students	$11,195	$1,074,010	$1,085,205
Durham	6,414 students	$3,545,550	$37,209,456	$40,755,006
Edgecombe	249 students	$13,946	$2,436,174	$2,450,120
Forsyth	8,631 students	$5,425,206	$31,665,484	$37,090,690
Franklin	692 students	$130,736	$3,703,960	$3,834,695
Gaston	4,508 students	$990,458	$27,371,307	$28,361,766
Gates	51 students	$2,180	$607,198	$609,378
Graham	135 students	$38,452	$476,799	$515,251
Granville	586 students	$145,040	$1,730,488	$1,875,529
Greene	251 students	$22,775	$1,758,952	$1,781,727
Guilford	9,938 students	$8,363,613	$54,074,955	$62,438,568
Halifax	1,057 students	$180,380	$6,738,342	$6,918,722
Harnett	1,068 students	$297,118	$3,984,435	$4,281,553
Haywood	735 students	$106,842	$5,626,886	$5,733,728
Henderson	1,724 students	$351,596	$4,898,405	$5,250,002
Hertford	566 students	$198,813	$7,296,806	$7,495,619
Hoke	251 students	$5,882	$1,017,383	$1,023,265
Hyde	106 students	$56,659	$692,080	$748,739
Iredell	2,419 students	$1,330,389	$17,716,100	$19,046,489
Jackson	470 students	$120,935	$56,652	$177,586

County	Average Number of Choice Students Per Year Since 2000	Ongoing Capital Savings Since 2000	Upfront Capital Savings	Total Savings
Johnston	1,198 students	$488,782	$8,754,481	$9,243,263
Jones	106 students	$13,337	$2,175,245	$2,188,582
Lee	998 students	$49,685	$6,067,249	$6,116,934
Lenoir	1,527 students	$333,286	$7,657,432	$7,990,718
Lincoln	1,161 students	$581,343	$6,719,434	$7,300,777
Macon	472 students	$293,358	$3,355,097	$3,648,455
Madison	327 students	$174,674	$429,394	$604,068
Martin	127 students	$8,030	$872,134	$880,164
McDowell	611 students	$135,911	$2,779,844	$2,915,754
Mecklenburg	23,511 students	$35,224,453	$149,664,054	$184,888,507
Mitchell	211 students	$70,410	$846,484	$916,895
Montgomery	268 students	$33,834	$902,071	$935,905
Moore	1,416 students	$267,263	$3,500,436	$3,767,700
Nash	2,401 students	$1,084,789	$5,539,231	$6,624,020
New Hanover	3,568 students	$3,133,435	$30,073,655	$33,207,090
Northampton	508 students	$311,907	$3,990,266	$4,302,173
Onslow	1,462 students	$220,763	$4,739,000	$4,959,763
Orange	2,134 students	$5,396,777	$11,180,307	$16,577,084
Pamlico	438 students	$279,404	$337,219	$616,624
Pasquotank	584 students	$160,629	$4,856,655	$5,017,283
Pender	413 students	$106,879	$1,679,230	$1,786,109
Perquimans	83 students	$4,545	$1,306,945	$1,311,490
Person	697 students	$102,817	$919,745	$1,022,562
Pitt	2,287 students	$1,116,974	$7,719,114	$8,836,088
Polk	317 students	$125,351	$2,081,997	$2,207,348
Randolph	1,671 students	$432,602	$3,843,546	$4,276,148
Richmond	338 students	$39,030	$2,157,882	$2,196,912
Robeson	972 students	$129,785	$482,187	$611,972
Rockingham	1,158 students	$361,634	$3,618,791	$3,980,425
Rowan	2,091 students	$381,135	$11,810,457	$12,191,591
Rutherford	1,019 students	$372,661	$3,469,277	$3,841,938
Sampson	780 students	$423,487	$7,485,485	$7,908,971
Scotland	517 students	$73,274	$2,575,579	$2,648,852
Stanly	881 students	$408,826	$6,409,312	$6,818,138
Stokes	583 students	$68,181	$2,351,484	$2,419,665
Surry	791 students	$132,491	$7,489,022	$7,621,513
Swain	263 students	$90,984	$2,546,945	$2,637,929
Transylvania	647 students	$236,186	$563,346	$799,531
Tyrrell	70 students	$6,727	$1,191,151	$1,197,879
Union	3,463 students	$3,883,447	$10,780,788	$14,664,235
Vance	1,180 students	$248,787	$7,080,177	$7,328,964
Wake	21,761 students	$30,685,025	$69,461,796	$100,146,821
Warren	388 students	$47,546	$1,382,078	$1,429,623
Washington	57 students	$2,645	$55,702	$58,347
Watauga	630 students	$134,158	$4,067,531	$4,201,689
Wayne	1,949 students	$328,699	$4,458,574	$4,787,273
Wilkes	642 students	$262,967	$2,736,029	$2,998,996
Wilson	1,782 students	$905,979	$2,969,638	$3,875,617
Yadkin	285 students	$31,537	$1,674,135	$1,705,672
Yancey	233 students	$60,926	$1,037,408	$1,098,334
TOTALS	**163,992 students**	**$124,601,503**	**$771,738,222**	**$896,339,725**

Charter, private, and home schools do not receive state or local funds for capital expenditures. Thus, school choice relieves a substantial burden from taxpayers, while allowing school districts to better accommodate enrollment growth. Since 2000, school choice saved taxpayers over $20 million a year in yearly capital expenses; that is, the yearly cost to add choice students to the school districts' existing capital program. Over the last six years, the yearly capital savings totaled nearly $125 million. The upfront capital costs—that is, the one-time cost that would have been required to provide the initial seats for choice students—totaled nearly $775 million. Thus, choice students saved taxpayers nearly $900 million or approximately $5,600 per student since 2000[4] (see Table 1).[5]

Conclusion

Charter, private, and home school choice has already established itself as an effective way to reduce school district capital costs. By lifting the charter school cap and using tax credits to encourage families to pursue private and home schooling, North Carolina can further ease the burden on our school districts and taxpayers. Otherwise, the state will lag further behind in its responsibility to provide adequate facilities for all district school students.

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End Notes

1. North Carolina Department of Public Instruction (NC DPI), School Planning Division, "Five-Year Facilities Needs Assessment," 2001 and 2006.
2. See Terry Stoops, "Public School Hiring Frenzy: As Personnel Increases, So Does Bureaucracy," John Locke Foundation *Spotlight* No. 286, April 12, 2006, www.johnlocke.org/spotlights/display_story.html?id=133. This report explains why school bureaucracies resist change and innovation.
3. See Terry Stoops, "Building for the Future: The School Enrollment Boom in North Carolina," John Locke Foundation *Policy Report*, September 28, 2005, www.johnlocke.org/policy_reports/display_story.html?id=60; Stoops, "The Forsyth Formula: Other School Districts Should Learn These Construction Principles," John Locke Foundation *Spotlight* No. 282, March 10, 2006, www.johnlocke.org/spotlights/display_story.html?id=129; Stoops, "Feng Shui Schools: Wake County's Unenlightened School Building Program," John Locke Foundation *Policy Report*, October 23, 2006, www.johnlocke.org/policy_reports/display_story.html?id=76.
4. North Carolina Division of Non-Public Education, "NC Home School Estimated Enrollment by Counties," www.ncdnpe.org/hhh200.htm, accessed April 15, 2007; NCDN-PE, "NC Private School Enrollment by Counties," www.ncdnpe.org/hhh500.htm, accessed April 15, 2007; NC DPI, "Statistical Profile," 2000-2006; NC DPI, "2005-06 Selected Financial Data," November 2006.
5. For methodology and limitations, see Appendices on the following page.

Appendix 1: Methodology

To calculate the total savings, I first estimated the cost of adding the choice students to the districts' existing capital program between 2000 and 2006 (Ongoing Capital Savings). In other words, how much would it cost to maintain the same level of per-student capital expenditure had all choice students in the county transferred to the district school in 2000?

The only per-student capital cost figure available is a five-year average, so I calculated a five-year average ADM (average daily membership) and a five-year average number of choice students. All three averages span the five school years between 2000 and 2005. I multiplied the figure by five. To obtain a figure for the 2005-06 school year, I performed the same calculation, except that all three averages spanned the five school years between 2001 and 2006 and no final multiplication was necessary.

Because the addition of choice students would force most school systems to build new schools and/or add and renovate additional ones, I also estimated the cost of providing additional seats for choice students (Upfront Capital Savings). The estimate used the Department of Public Instruction's 2001 Facilities Needs Assessment, which reported the capital needs of every school system between 2001 and 2006.

I used the average ADM and average number of choice students between 2000 and 2006 to calculate choice students as a percentage of the average ADM, and I multiplied the percentage by the amount reported by each county on the Facilities Needs Assessment.

The basic formula used is as follows:

$$(AvgChoice*((AvgCapital-(AvgCapital*AvgADM)/(AvgADM+AvgChoice)))) + ((AvgChoice/AvgADM)*Needs)$$

"AvgChoice" is the average number of charter, private, and home school students. "AvgCapital" is the per-pupil average capital cost. "AvgADM" is the final average daily membership. "Needs" is the estimated five-year school capital needs as reported on the 2001 Facilities Needs Assessment.

Appendix 2: Limitations

1. City school systems could not be included in the study, because Department of Non-Public Education data report home school and private school enrollment by county. Accordingly, the ADM and per-pupil capital costs use only county school district data. Charter school enrollment totals include all charter schools within a given county, even though they may be located in different school districts within the county.

2. Charter and private school students may cross city lines to attend their chosen school. This study cannot account for student migration, because the Department of Non-Public Education data do not report the number of students that reside in one county and attend a school in another.

3. Counties may have underestimated (or overestimated) their five-year capital needs reported by the 2001 Facilities Needs Assessment. Wake County, in particular, seems to have underestimated their facilities needs, as Wake County's total needs came in at more than half those of Mecklenburg County. These figures are reported to the Department of Public Instruction by each school system, so they must be considered accurate.

4. The formula may underestimate the upfront capital cost because school systems did not anticipate the significant increase in school construction costs beginning in late 2004.

5. Aside from the Facilities Needs Assessment, the estimate also cannot take into account local construction conditions that may have affected school capital costs, existing capacity within district schools, or vacant facilities within the county, all of which could have been used to reduce the upfront capital costs.