



Key Takeaways—Education and School Board Law Webinar Vol. 14 (School Funding)

The following are key takeaways from CALN’s Education and School Board Law webinar on **May 29, 2026**. The webinar provided an overview of school funding, teacher pay, and the recent *Leandro* decision.

Please note: These summaries can provide you with helpful information, but they do not and are not intended to constitute legal advice or create an attorney-client relationship. Instead, they are for general informational purposes only. You are encouraged to contact your board attorney, or to hire a personal attorney, to obtain advice with respect to legal matters.

School Funding & Teacher Pay: Terry Stoops (*Director of State Affairs, Defending Education*)

Inflation-adjusted national spending trends from 2002-2023

- Public school funding increased by 35.8%
- Spending on employee benefits increased by 81.1%
- Spending on employee salaries increased by 7.7%

Overview

- For every new \$1 that public schools spent on employee salaries between 2002 and 2023, benefit expenditures rose by \$3.27.
- A greater share of public-school teachers receive insurance benefits (health, dental, vision, etc.) than private-sector employees
- Inflation-adjusted K-12 benefit spending from 2002-2023
 - North Carolina: \$1,521 → \$3,025 per student (+99%) [13th largest among states]
 - South Carolina: \$2,125 → \$3,314 per student (+56%) [29th largest among states]
- School hiring has outpaced student enrollment: Public school staff increased by 15.1%, while student enrollment only grew by 4.1% (2002-2023). The bulk of new hires were non-teachers. Non-teaching staff growth by state:
 - North Carolina: 80,480 → 95,148 (+18%) | Enrollment change is +17%
 - South Carolina: 24,722 → 62,892 (+154%*) | Enrollment change is 17%
 - *Largest staff percentage increase among states
- Teacher compensation is more than salary: Health and retirement have a significant impact. Current pay structure discourages new teachers, as “backloaded” systems delay peak earnings.



- Average teacher salaries from 2002-2023 in FY2023 dollars
 - North Carolina: \$71,783 → \$56,997 (-21%) [3rd largest decrease in the nation]
 - South Carolina: \$67,146 → \$56,731 (-16%) [5th largest decrease in the nation]
 - Note: A state's share of experienced teachers will affect its "average" teacher salary, as more seasoned educators earn higher wages.
 - **Cost-adjusted starting teacher salaries**
 - North Carolina: \$30,190 (41st in the nation)
 - South Carolina: \$31,829 (33rd in the nation)
 - Cost of living is important to consider when comparing teacher pay among states

Helpful considerations for board members

1. Ask lawmakers to tackle the rising cost of employee benefits
2. Resist the temptation to discuss teacher compensation just in terms of salary. Mention benefits, cost of living, and contextual factors
3. Remember that raising student achievement is the goal and does not require breaking the bank
4. Prepare now for future enrollment declines

What *Leandro* Means for School Funding: Jonathan Vogel (*Managing Attorney, Vogel Law Firm*)

Helpful considerations for board members:

1. Understand what *Leandro* does and does not mean.
2. Recognize that (as of now) the courts are not ordering the General Assembly to fund public education at any specific level.
3. Focus your efforts regarding funding with the General Assembly and your local county commission.
4. Work collaboratively with your superintendent to create a budget and funding request, and hold your superintendent accountable.

Case background and information

- North Carolina General and Uniform System Clause: The General Assembly is obligated to "provide by taxation and otherwise for a general and uniform system of free public schools, which shall be maintained at least nine months in every year, and wherein equal opportunities shall be provided for all students."



- The N.C. Constitution establishes a “state school fund” “faithfully appropriated and used exclusively for establishing and maintaining a uniform system of free public schools.”
- The State Board shall implement the Basic Education Program within funds appropriated for that purpose by the General Assembly and local government units
- *Hoke County Board of Education v. State* (the “*Leandro* decision”) (April 2, 2026)
 - Originally filed in 1994 by students from five low-wealth school districts who claimed that the state and the State Board of Education deprived students of their education rights in those districts >> This is called an “**as-applied**” **challenge**
 - Subsequently joined by students from 6 urban districts who also alleged that they were not being provided a constitutionally compliant education (also an as-applied challenge) >> There was no allegation of a statewide constitutional problem, as both groups brought as-applied challenges. In other words, there was never a facial challenge.
 - In 1997, the judge decided to separate the trials to make a district-by-district assessment. Beginning with Hoke County, a year-long trial resulted in a ruling that the State’s education system was unconstitutional as applied to at-risk students in the Hoke County school district. Resource allocations at both the state and local level were preventing those students from receiving their opportunity for a sound basic education. In 2004, the Supreme Court affirmed the trial court’s decision.
 - For the next 11 years, none of the other as-applied claims were tried. By 2017, the case was transformed into a constitutional facial challenge, even though that was never alleged by the plaintiffs in the complaint. In 2021, the trial court ordered a transfer of over \$1.75 billion from the general fund to the appropriate state agencies. This was affirmed in 2022 and the trial court entered an order with the recalculated figures.
 - ***Leandro* holds that the trial court did not have the authority to issue that order because it lacked subject matter jurisdiction** (the legal power and authority of a court to make a decision that binds the parties). Courts cannot exceed the contours of the complaint. *Leandro* does not deny students their constitutional right to a sound basic education.