The Chamber
LEADING BUSINESS IN CABARRUS

CABARRUS SCHOOLS FUNDING PRIMER

School funding comes from state, local, and federal sources. In North Carolina, the State primarily funds the **operating budget,** while the county is primarily responsible for the **capital budget**, which funds school construction, renovations, and facility maintenance.

Operation

- Pays people
- Annual expenses
- Funds current students
- Recurs every year

Capital

- Pays for buildings
- Long-term assets
- Builds capacity for growth
- One-time major projects

Current Funding Structure

State funding generally covers classroom instruction and teacher salaries. **Local county funding** supports operations, facilities, and supplemental staffing, while **federal funding** provides targeted support for programs. This blended funding model helps school systems meet current needs while financing long-term capital investments. Without debt financing, counties can face higher property taxes, delays in school construction and improvements, and increased overcrowding as student populations continue to grow.

Key Factors for Cabarrus

One of NC's fastest-growing counties.

- The county is expanding at a faster rate than NC overall, with a projected 37% growth rate by 2040.
- Projections show the county's population will increase by an additional 87,443 residents through 2040.

Student enrollment and residential development continue to outpace classroom capacity.

- CCS is the 8th largest school district in NC.
- The county adds an average of 400 new students per year.

As growth accelerates:

- New schools must be constructed before tax revenue from new development is fully realized.
- Counties often must build capacity years ahead of demand.
- Large capital projects exceed what can be funded through the annual budget.

Primary Revenue Streams for Education:

State Funding: Teacher salaries, Student transportation & Support services

Local Funding: Teacher supplements, Buildings and Facilities

Federal Funding: Title I, School Nutrition, & Career and Technical Education

BOND & LGC INFORMATION

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Why Do We Need Bonds?

Cabarrus County's rapid growth requires continued investment in school facilities. With more than 87,000 new residents projected by 2040 and student enrollment increasing each year, existing funding sources alone cannot meet the current demand. Because new schools must be built before tax revenue from growth is fully realized, annual budgets alone cannot fund these major capital projects. Bonds provide the long-term financing needed to build critical infrastructure now, ensuring students have adequate learning space while responsibly spreading costs over time.

What Is The Role Of The LGC?

The Local Government Commission (LGC) provides independent oversight of local government finances by reviewing borrowing requests, monitoring financial health, and enforcing fiscal management practices. Before a county or city can issue significant debt, the LGC ensures the borrowing is financially responsible and protects taxpayers. This oversight helps NC maintain strong local government credit ratings and avoid many of the fiscal challenges experienced in other states.

The LGC oversight helps North Carolina maintain strong credit ratings and fiscal stability.

LOBs

Limited Obligation Bonds

How it works:

- ***Do not require voter approval, but requires LGC approval.***
- **County creates a financing structure.**
- **Investors purchase the debt.**
- **County makes annual lease payments.**
- **Asset ownership transfers back fully when debt is paid off.**
- **Do not automatically require a property tax rate change.**

GO Bonds

General Obligation Bonds

VOTE

How it works:

- **Requires voter approval and LGC approval.**
- **County voters approve bond referendum.**
- **The county issues debt.**
- **Property taxes secure repayment.**
- **County receives cash upfront for projects.**
- **Estimated annual tax impact: $42.50 per $100,000 of assessed property value for the K–12 school bond and $7.50 per $100,000 for the Rowan-Cabarrus Community College bond.**

SCAN FOR CABARRUS COUNTY'S GO BOND FAQs & CAPITAL NEEDS BY SCHOOL SYSTEM

SCAN

What is Cabarrus County's Education Responsibility?

- Under Article IX of the North Carolina Constitution, the State funds public education, while local boards of education manage the day-to-day operation of schools.
- Under the North Carolina General Statute (G.S.) 115C-408, counties are responsible for funding school facilities, including land acquisition, construction, renovations, maintenance, and other capital improvements, as well as providing additional local funding for K–12 schools.
- Under G.S. 115D-32 of the North Carolina General Statutes, counties are responsible for providing and maintaining community college facilities, including land, buildings, renovations, maintenance, and other capital investments.