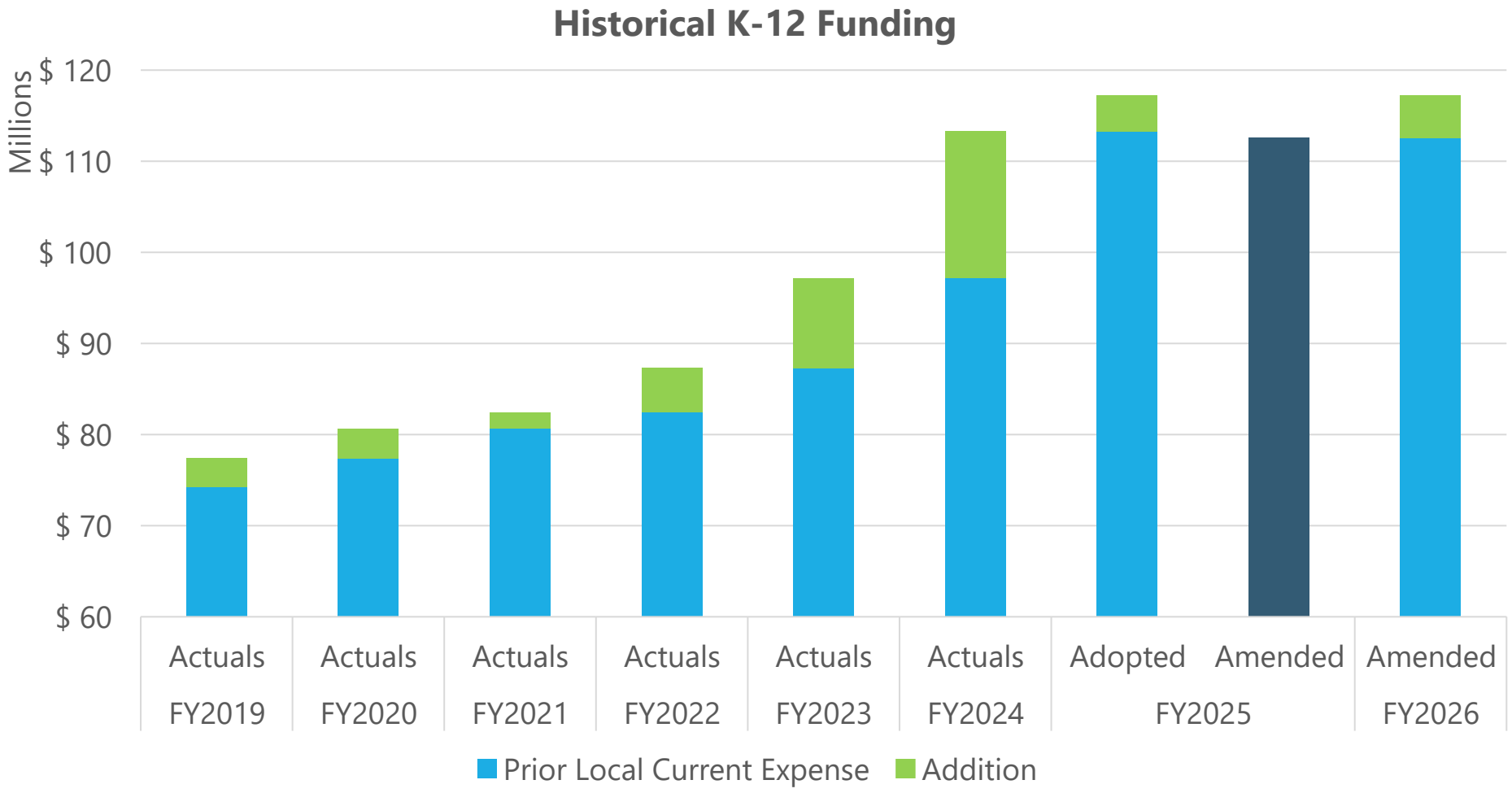
School Funding Agreement

Presented by

John Hudson, Budget Director

December 2, 2025

Local Current Expense



Other Funding

- Currently $146M of active school capital projects via Article 39 sales tax funding ($25.5M *estimated* to be generated this year)
- Article 40/42 Sales Tax is *estimated* at $22.7M of revenue for capital projects in FY26
- Asheville City Schools Supplemental Tax is *estimated* to generate $16.5M of revenue for operating

$4M of Article 39 was allocated to operating in this year. This figure is excluded from the above.

School Funding Agreement

- Challenges
  - Planning
  - Sustainability
  - State Funding
- Research
  - Reviewed Various Counties
  - In-Depth Discussions with Our School Partners

School Funding Agreement

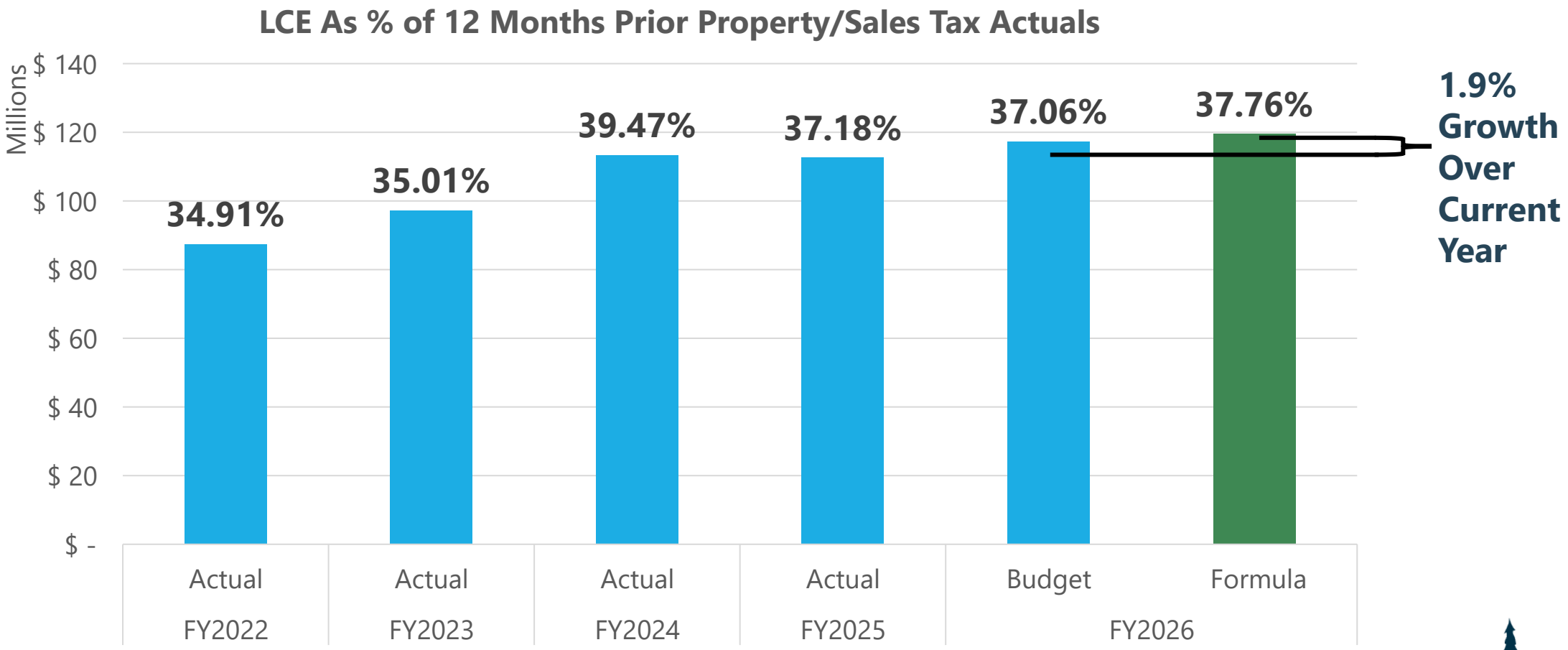
Solution: A formula based on:

- Major county revenue sources
- Timely reporting deadlines
- Flexible adjustment for enrollment/emergencies
- Focused solely on operating (Local Current Expense) funding

Revenue Sources

- Property Tax and Sales Tax are the two largest unrestricted revenue sources for the County, comprising about 95% of unrestricted revenue
- Generally, there is growth year over year in these revenue sources
- Using a percentage of these sources creates a sustainable path forward for both the County and the school systems

Local Current Expense



School Funding Agreement

- All three boards will review and approve Agreement
- Bringing for approval at January 6 meeting