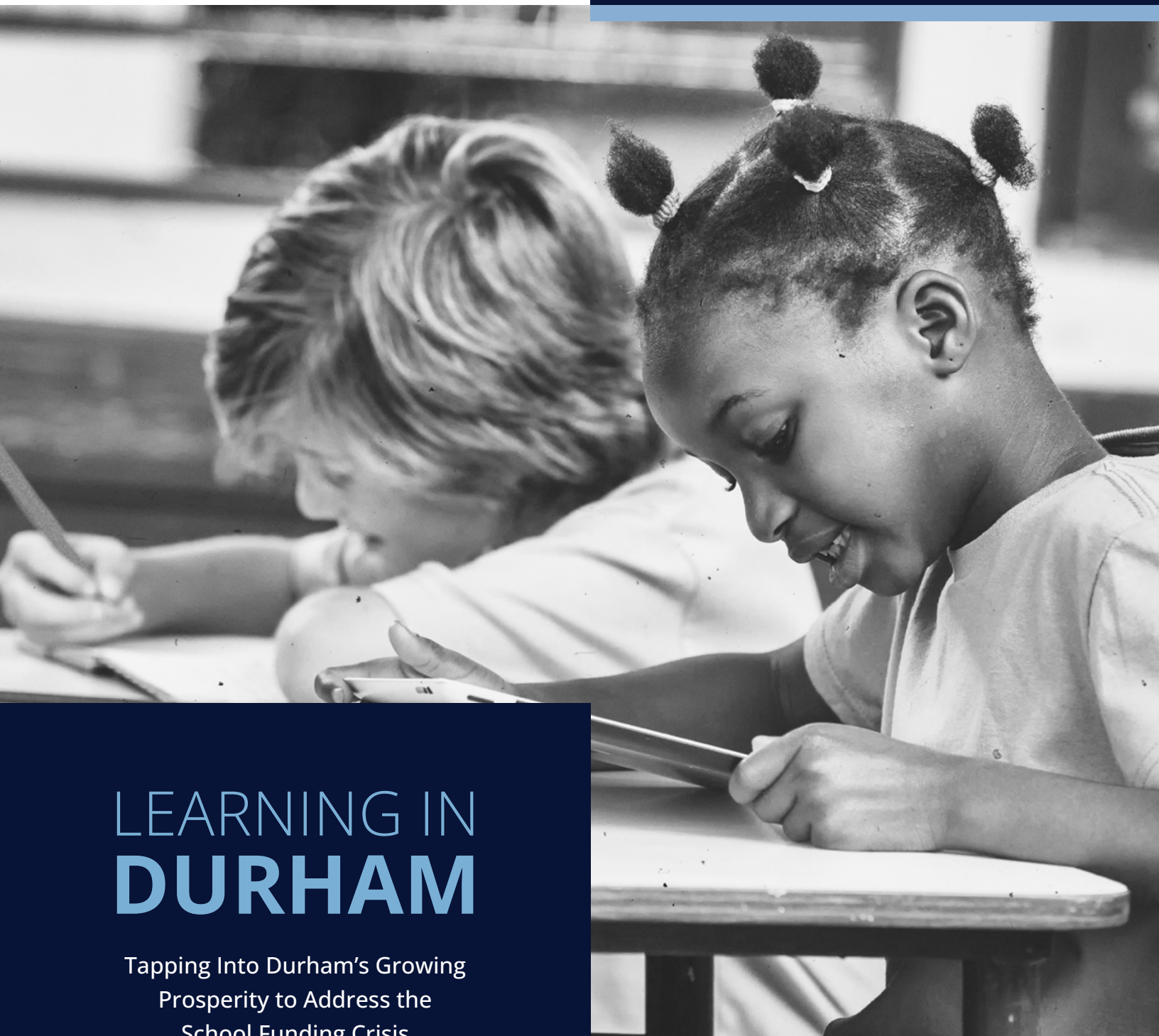




LEARNING IN **DURHAM**

Tapping Into Durham's Growing
Prosperity to Address the
School Funding Crisis

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INTRODUCTION

Durham is one of North Carolina's most prosperous counties. Several of Durham County's largest private-sector employers reported multibillion-dollar profits in 2025¹, and the county's largest employer, Duke University, holds more than \$22 billion in assets.² Of North Carolina's 100 counties, Durham ranks second in the state's County Economic Vitality Index, which measures counties by income, wages, employment, and education.³

Despite this prosperity, Durham's public schools, serving more than 31,000 children⁴, remain chronically underfunded. In 2025-2026, 30% of school funding came from the state, 27% locally, about 4% federally, and 34% largely from bonds,⁵ with the rest coming from other sources — and it wasn't enough. Longer term, Durham school staff are part of a statewide campaign to ensure North Carolina's wealthy corporations pay their fair share for public schools, which requires a policy shift at the General Assembly.⁶

Until state policies change, Durham's wealthiest institutions and companies can still play a vital role in addressing Durham's school funding crisis.

DURHAM'S SCHOOL FUNDING CRISIS

The disconnect between Durham's increasing wealth and stagnant school spending is striking. Despite rapid economic growth, Durham ranks 39th statewide for its relative funding effort, which measures the share of local resources invested in public education.⁷

The consequences of chronic underfunding are visible everywhere:

- Durham is considering closing schools in the face

of a backlog of more than \$1 billion in needed repairs, including ongoing issues with mold and HVAC systems at elementary schools.⁸

- Teachers and staff continue to leave in startling numbers due to low pay and burnout. Durham lost more than 260 teachers and administrators in 2024-2025, the latest year for which data are available, and the county's attrition rate was three percentage points above the state average.⁹
- Schools have faced ongoing staffing crises in other critical jobs. In fall 2024, hundreds of students were left without transportation when more than 30% of bus driver positions were unfilled amid a dispute over pay.¹⁰ Workers report experiencing financial distress, searching for second jobs (if they don't already have one), and contemplating bankruptcy.¹¹

There is little evidence that change is on the horizon. Durham Public Schools requested a \$28.5 million increase in county funding for 2026-2027; the increase in the county's approved budget was about half that, \$14.55 million — mostly covering inflation and modest pay raises.¹² That brought Durham's local per-pupil funding to \$5,998; nationally, local governments contributed an average of \$8,410 per student in 2023.¹³

LIMITED OPTIONS?

County leaders face real constraints: population growth, state education cuts, and slowing sales tax revenue have strained Durham's finances.¹⁴

Durham and other North Carolina counties face special barriers to addressing the problem. In more than 90% of school districts across the country, school districts can directly levy taxes and

raise needed resources; North Carolina is one of a handful of states where school districts lack that authority, making schools dependent on county leaders for funding.¹⁵ In addition, North Carolina broadly limits the power of local governments to act without legislative approval, and state laws specifically prohibit counties from implementing many local revenue-raising policies.¹⁶

With apparently limited options, Durham's county commissioners have largely turned to property tax rate increases to generate school revenue. For fiscal year 2026-2027, Durham commissioners approved an increase of 2.5 cents per \$100 of assessed value — which still wasn't enough to avoid 2% budget cuts across most other departments to balance the budget.¹⁷

THINKING OUTSIDE THE BOX

Durham has other options, several of which have been used successfully elsewhere.

Voluntary Payments

Across the country, many counties and cities have used voluntary payments to help close funding gaps. A voluntary payment is when a private entity, like a corporation or large nonprofit institution, gives money directly to a local government, or a fund administered for community benefit.

Voluntary payments have delivered hundreds of millions of dollars to local governments and public school systems nationally. One of the best-known approaches for large nonprofits is payments in lieu of taxes, or PILOTs. Because many properties owned by nonprofits are exempt from property taxes — a key source of school funding — PILOT programs have been used in dozens of states and hundreds of jurisdictions as a way for large nonprofit landowners to offset lost tax income.¹⁸

One prominent PILOT program is Yale University's agreement with New Haven, CT. Since it began in the 1990s, Yale's PILOT investments have steadily grown; in 2026, the city and university agreed to a seven-year pact in which Yale will make voluntary contributions of \$230 million, or about \$33 million a year — about 4% of the city's general fund.¹⁹

The University of Pennsylvania has a PILOT program that directly invests in schools. In 2020,



” Our students require consistent instruction and enrichment. Our budgets do not set our students up for that consistency; instead, they create a revolving door of exhausted educators with one foot out the door, like my assistants who work second and third jobs to scrape together a living wage. Without consistent staffing and retention, I can't give every child the time and support they need.

ANANDA GHOSH

DPS SPECIAL PROGRAMS TEACHER

the university agreed to ten years of voluntary payments totaling \$100 million to the School District of Philadelphia, to address lead and asbestos in school buildings.²⁰

In Durham, since at least the 1990s community leaders have called on Duke University — Durham's largest employer and landowner — to make voluntary investments in the community. The university benefits from millions of dollars in county tax exemptions, has an endowment valued at more than \$12.3 billion, and has more than \$22 billion in assets.²¹

Another approach is Community Benefits Agreements, which are legally binding contracts requiring developers or corporations to provide financial or other benefits. When Columbia University sought to develop a new campus in the West Harlem neighborhood of New York in 2009, it negotiated a CBA that committed \$30 million to public school projects.²²

Tax Assessment Reform

North Carolina's Constitution prevents counties from levying higher property taxes on corporations or wealthy individuals. But Durham does have discretion over how it handles property tax appeals,



” One year my son went the entire semester with a full-time sub leading his Spanish class because DPS can't afford to recruit and retain teachers. Look around you - Durham isn't poor. My son and his classmates are getting shortchanged because Durham's wealth isn't ending up in public school budgets.

LISA MCCOOL-GRIME
DPS PARENT

a process that has disproportionately benefited large corporate property owners at the expense of funding for public services.

A June 2026 investigation by Indy Week found that, when property owners appealed tax reappraisals after Durham's 2025 assessment, corporate landlords and large companies were more likely than typical residential homeowners to win their appeals. IBM alone reduced its Durham tax bill by \$2.6 million through an appeal.²³

Reforming the county's tax appeal process could preserve millions of dollars in future revenue for community needs like schools.

Raise Property Tax Rates While Insulating Low-Income Homeowners

Absent major changes in state policy to support schools, property taxes will continue to be an important source of revenue for Durham schools. Fortunately, Durham has a new tool that can ensure that future property tax increases don't overburden low-income residents. The Low Income Homeowner Relief Program (LIHRP), funded by the city and county, provides means-tested grants to offset part or all of property tax bills for eligible low-income homeowners.²⁴

Pairing a property tax increase with robust funding

of the LIHRP would help shift more of the tax burden away from eligible low-income homeowners and toward other property owners, including toward corporate and higher-income landowners.

CONCLUSION

Given Durham's growing prosperity, there is little reason for its public schools to remain chronically underfunded. Durham's wealthy companies and institutions must step up to address the county's education funding crisis and do their part to ensure thriving schools.

ENDNOTES

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23. Lena Geller, "How \$4 Billion Came Off Durham's Tax Rolls Last Year, Mostly Benefiting Corporate Landlords — and Blowing a Hole in the City Budget," Indy Week, June 12, 2026.
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