



PUBLIC SCHOOLS OF NORTH CAROLINA

State Board of Education | Department of Public Instruction

Public Education Finance in NC

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State Board of Education

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Overview

- **Fundamentals of Current Resource Allocation**
- **Aligning with the SBE Comprehensive Remedial Plan**

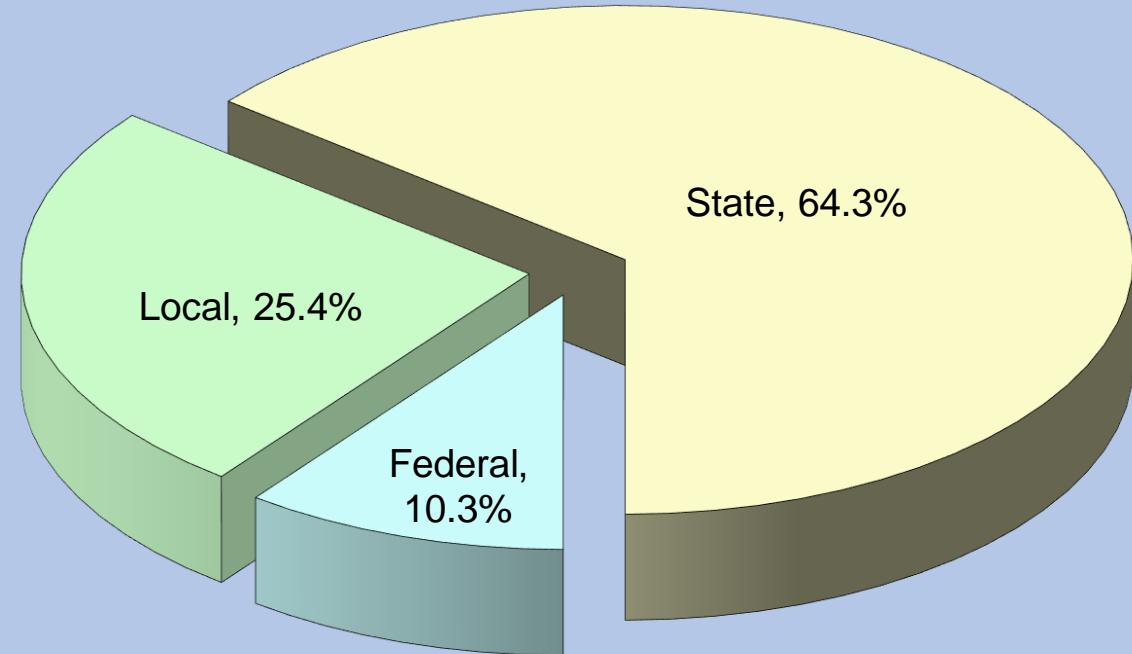
Not Addressing

The following is not included in today's presentation

- Charters
- Virtual Charter Schools
- Lab Schools
- Regional Schools
- Renewal School District
- Restart Schools

Breakdown of Source of Expenditures 2019-20 LEAs

	<u>Total</u>	<u>avg. per ADM</u>
State	\$9.4 billion	\$6,637
Local	\$3.7 billion	\$2,320
Federal	\$1.5 billion	\$ 994
Total	\$14.6 billion	\$ 9,951



Includes School nutrition
Does not include COVID funds

Local Budget

- Governed by Local government
- Very flexible and unspent funds carry forward to the next year
- Per pupil expenditure by county
 - Lowest \$ 768
 - Average \$ 2,320
 - Highest \$ 6,331

Federal Grants

Governed by:

- Federal Agency
 - USDOE
 - USDA – School nutrition

Federal Grants are Supplemental

Federal grants are supplemental funds to support specific populations of students, specifically:

Exceptional children (IDEA)

Students in poverty, migrant, homeless (Title I)

Career Technical Education (Perkins)

State Budget and Allotments

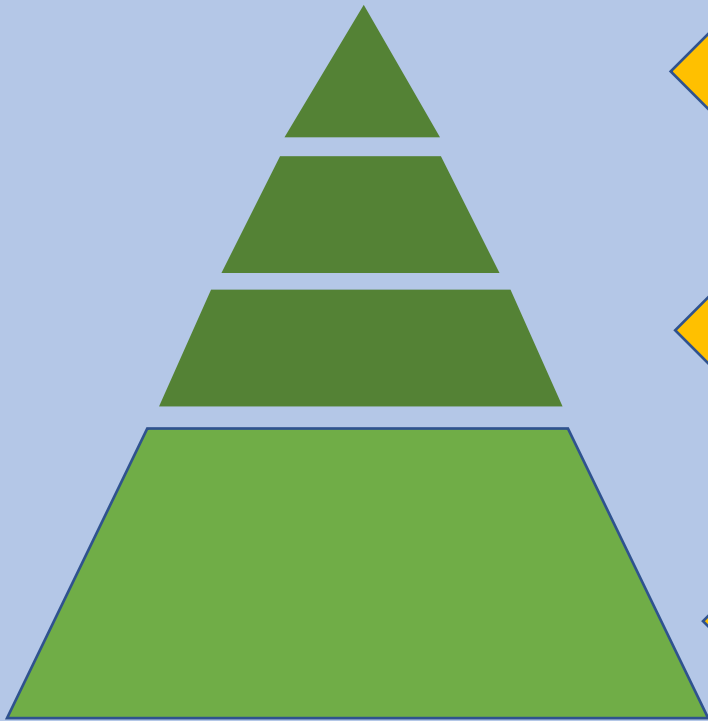
Governed by:

- General Statute & Session Law
- State Board of Education Policy
- Office of State Budget & Management

5 Types of State Budget and Allotments

- Positions
- Guaranteed (predominantly benefits)
- Dollars
- Supplemental Categorical
- Grants

Current System of Allotments



Grants

Restricted Grants

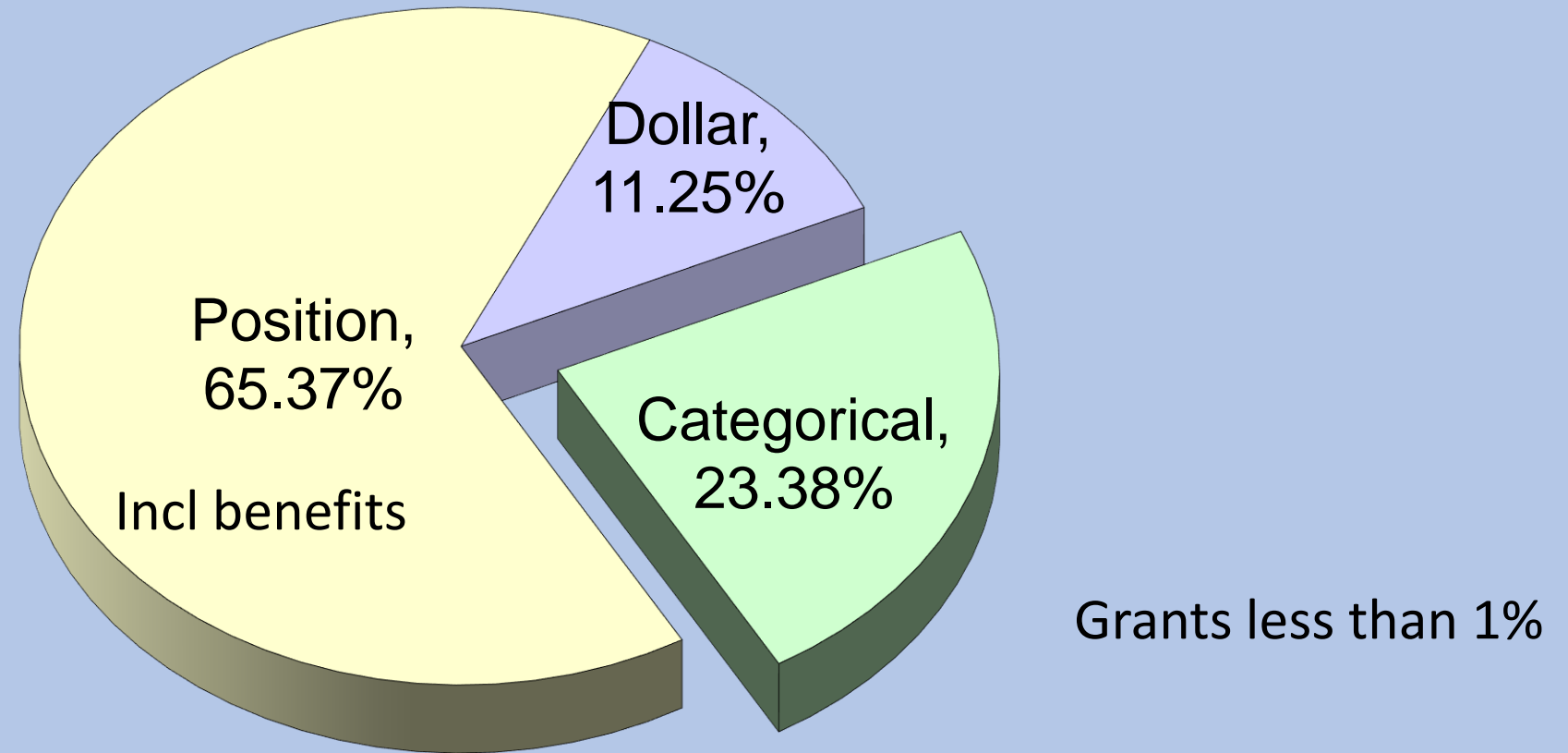
Supplemental Categorical

Funds to address student characteristics or LEA demographics

Base – Positions & Dollars

Base funding generated by all students

State Allocations



Main State Allotments

Base – Positions, Dollars & Guaranteed	Categorical - Programs
Classroom teachers and instructional support*	Disadvantaged Student Supplemental (DSSF)
Principals and assistant principals*	At Risk Supplemental
Teacher assistants	Low wealth and Small County Supplement
Classroom materials & textbooks	Transportation
Central office admin	Academically & Intellectually Gifted (AIG)
Career technical education support (CTE)	Exceptional Children (EC)
Non instructional support (Clerical, custodians, subs)	Limited English Proficiency (LEP)

- includes guaranteed benefits
- Makes up over 95% of total State appropriations

Position Allotments

Certified Position Allotments – Unique to NC

Legislature

- Determines the formulas to provide the number of certified educator positions
- Determines the base pay through salary schedules

LEA

- Recruits the most qualified individual
- Determines the location and which grade/subject taught
- Must be in compliance with K-3 class size mandates

DPI

- Manages the budget for both the salary and benefits

Position Allotments

Rationale for position allotment includes the following:

- Gives each LEA the same ability to pay a teacher regardless of local circumstances
- Each LEA can hire “best teacher” for each spot without regard for salary availability
- Provides districts (and the State) with predictability in budgeting

State Budget to LEA Allotments - Positions

Position Type	State Budgeted positions	Budget 2020-21
Classroom Teachers & PET	73,811	\$3,628,917,815
Instructional Support	7,477	\$410,479,822
Career Technical Teachers	7,145	\$529,108,282
School Based Administrators	4,133	\$301,587,990
Benefits (ss, health, retirement)	Guaranteed	\$1,808,832,286
Total		\$6,678,926,195

Principals – Current Formula

Schools open prior to 7/1/2011 with at least 100 ADM or at least 7 state paid teachers or instructional support personnel are eligible for a 12 month position

Schools open after 7/1/2011 are eligible for a principal position if the school with at least 100 ADM.

CRP – no action

Assistant Principals

Current

1 month per 98.53 ADM (rounded to nearest whole month).

Therefore a school must be 983 students to generate one 10 month AP

CRP

1:80 ADM (2010-11 level)

Instructional Support - Current

One 10 month position per 210.56 in ADM

Eg. A school of 1,000 generates approx. 4.7 positions for school counselors, media coordinators, nurses, social workers, instructional technology etc.

The LEA determines which support positions are employed. Categorical allotments fund IS positions.

Note: In 2020, \$20m was added to this allotment approx 5% increase (2008-09 1:200)

Instructional Support - CRP

Nurses	1 per school > 100ADM
Media	1 per school > 200 ADM
Counselors	1:250 ADM
Psychologist	1:700 ADM
Social Workers	1:400 ADM

Classroom and Program Enhancement Teachers

Grades	One 10 month position per
K	18 ADM
1	16 ADM
2-3	17 ADM
4-6	24 ADM
7-8	23 ADM
9	26.5 ADM
10-13	29 ADM
K-5 Program enhancement	191 ADM in K-5 (phased in fully funded in 2021-22)

 CRP Action Completed

LEA may use the positions in any grade, however must adhere to the K-3 maximum class size

Guaranteed Allotments

Guaranteed Allotments

Appropriations that are provided and managed at the State level. These cover items that are required by law.

E.g. annual leave payout, longevity, short term disability, HQ teacher supplement, legislated bonuses, retirement and health for position allotments.

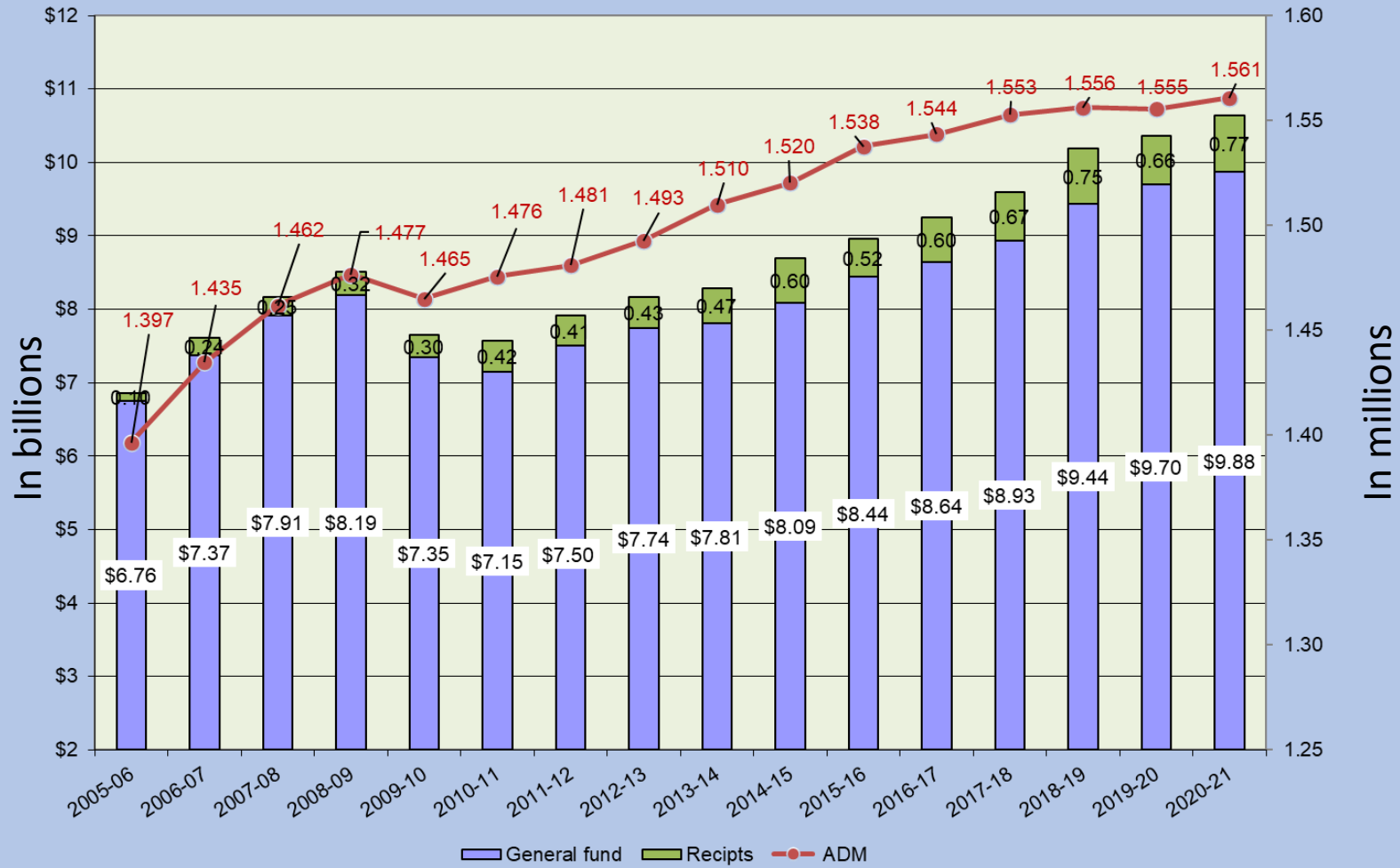
These funds are not provided on a uniform per ADM basis

Salaries, Benefits and Support



Total State Public School Appropriation/Receipts and Allotted ADM

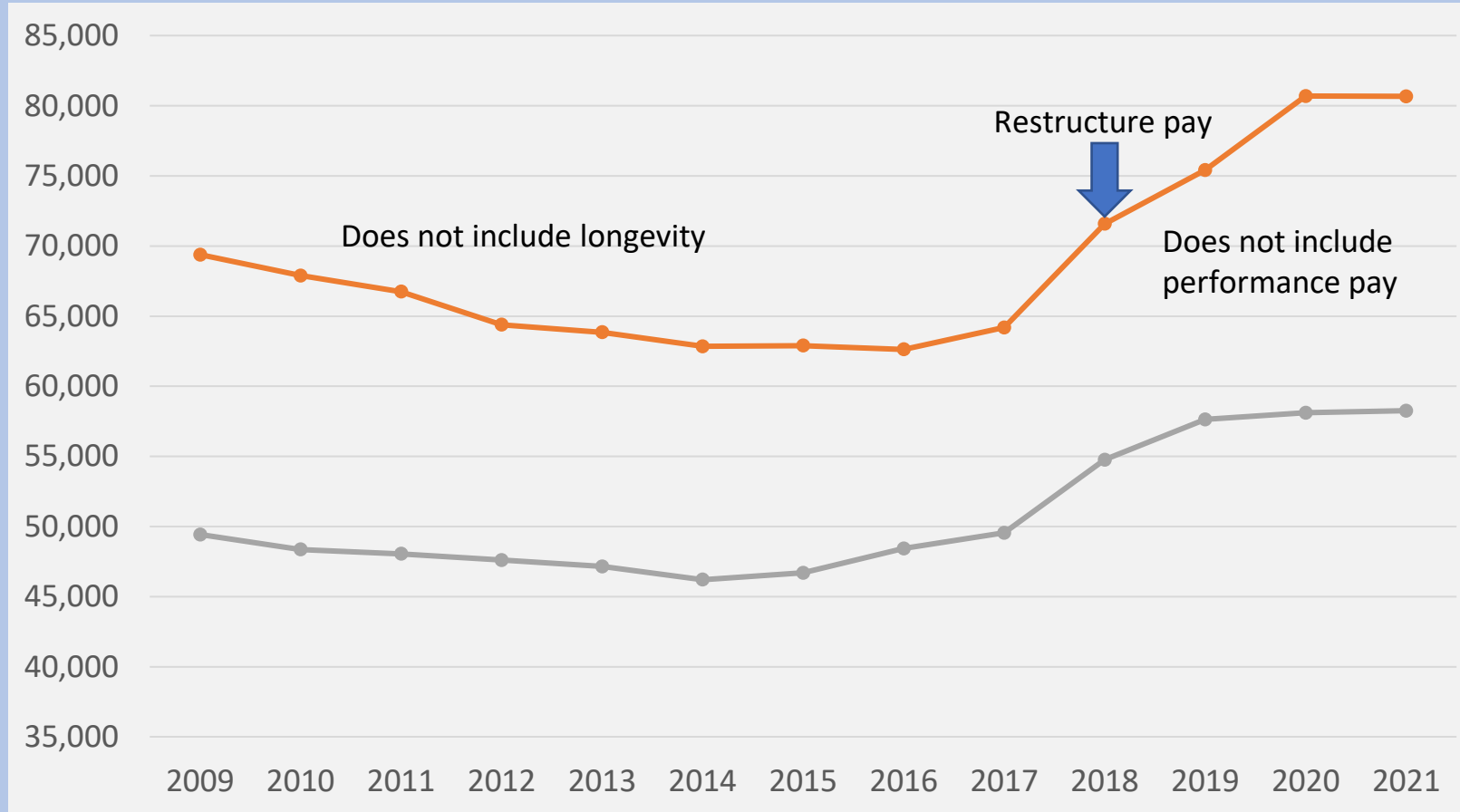
Since 2008-09 the State funds have increased \$2.1 billion or 25%



Since 2009 the ADM has increased 84,144 or 5.7%

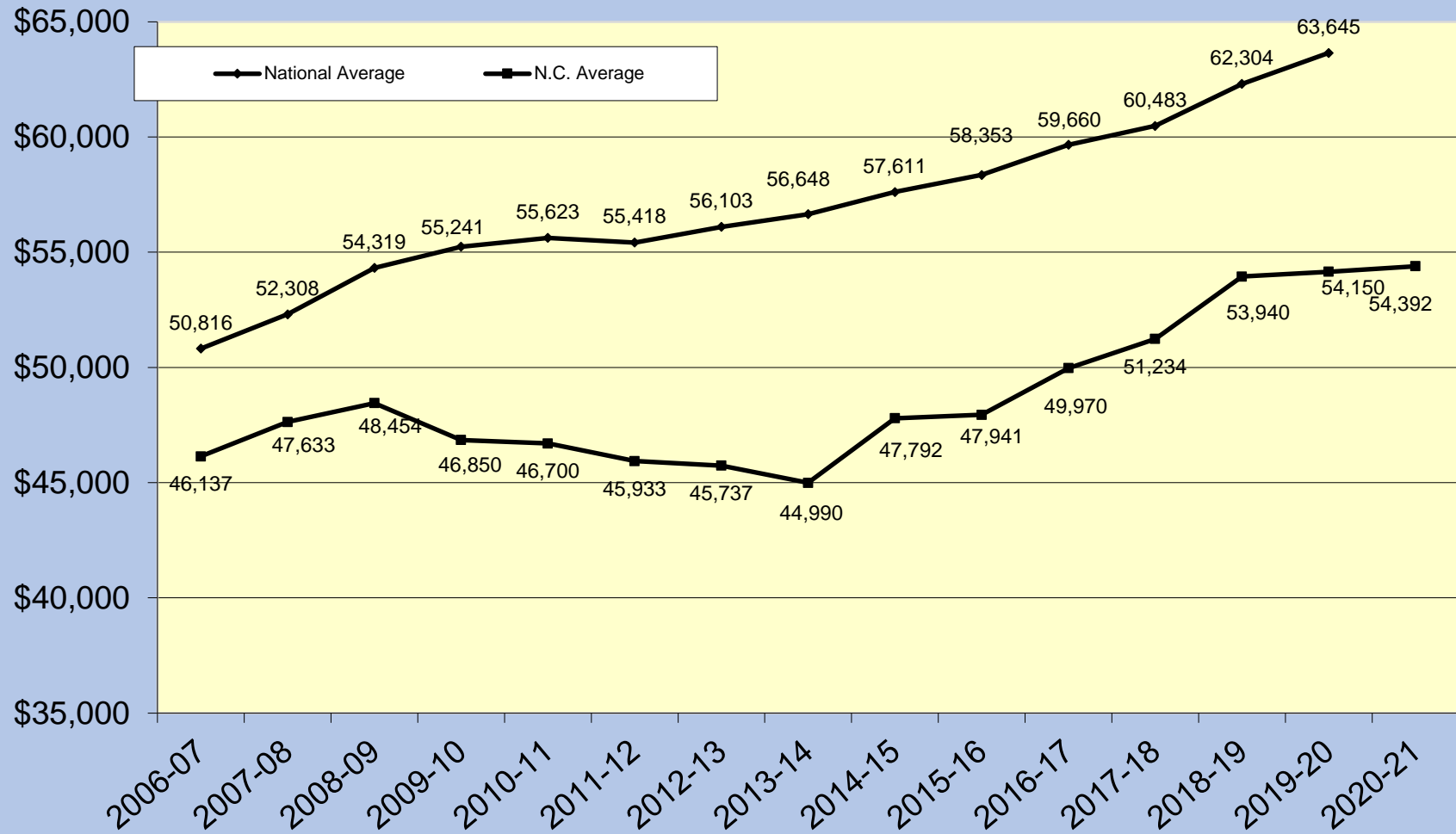
Average State Base Salary of School Building Administrators

Local supplement is not included

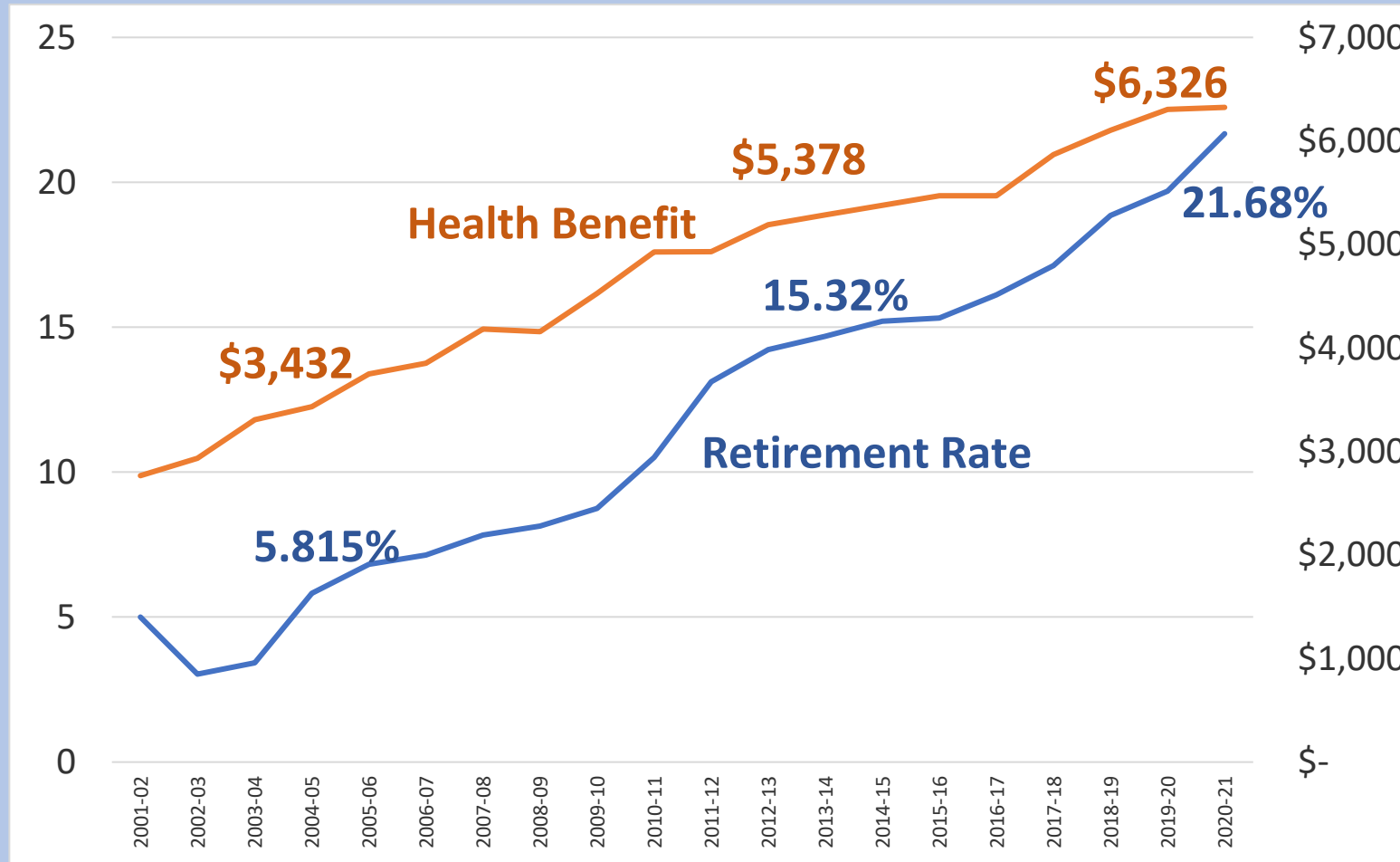


Average Compensation State Funded Teachers

Local supplement included



History of Retirement (%) and Health Benefit Rates



Expenditures as a % of Total – ALL funds

	2005	2015	2021
Benefits as a % of Salaries	22%	34%	39%
Salaries	67%	62%	60%
Benefits	<u>15%</u>	<u>21%</u>	<u>24%</u>
Total salary & Benefits	82%	83%	83%
Other	18%	17%	17%

If the benefits % of expenditures was at the 2015 level, there would be an additional \$370m

Current – Other Compensation Teachers

- \$39m Performance bonuses for teachers of grades 3-5 reading, grades 4-8 math, AP/IB/AICE and CTE
- Recruitment bonuses for HQ Teacher Supplement
- Advanced Teaching Roles (Select LEAs)
- NBPTS 3 days educational leave

Challenge

Approx. 77% of LEA employees are State funded

Current – Other Compensation Principals

\$7m Performance bonuses ranging from \$1,000 to \$15,000

Recruitment bonuses for HQ principal in low performing schools.
\$30,000 a year for 3 years

CRP- Teacher Compensation and Support

- Wage comparability study
- Professional Development and mentor programs for beginning teachers
(2008-09 - \$12m Mentor Pay, \$12m Literacy Coaches, \$12.5m Prof. development)

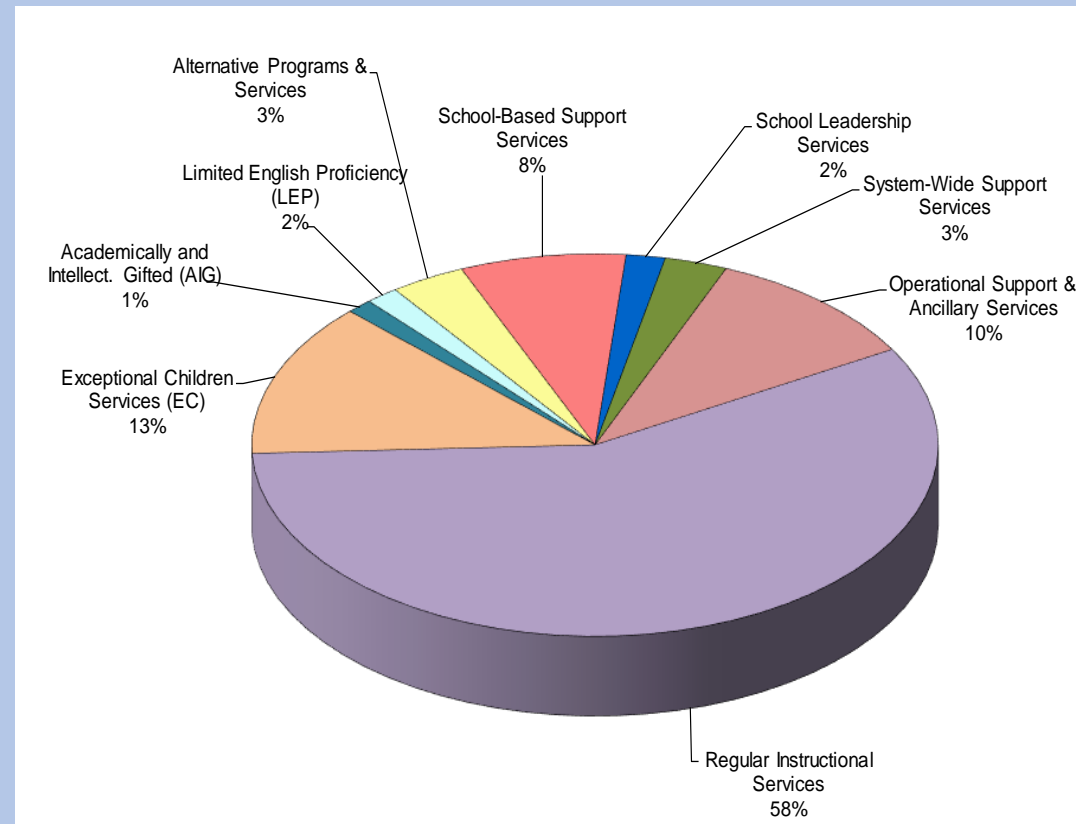
Dollar Allotments

Dollar Allotments

Allotment	Current	CRP
Classroom Materials	\$30.12 per ADM + \$2.69 per ADM in grades 8 & 9 for PSAT	Combine allotment at \$150 per ADM
Textbooks & Digital Resources	\$32.26 per ADM	
Non-instructional Support	\$274.80 per ADM	Increase funding
Teacher Assistants	K - 2 TAs per every 3 classes; Grades 1-2 - 1 TA for every 2 classes; and Grade 3 - 1 TA for every 3 classes	Return to \$ per ADM (2014-15)

Categorical Allotments

Breakdown of LEA State Expenditures by Program



Categorical Allotments – Uses of Funds

Funds are restricted to the purpose of the program and supplement the base allocations.

Uses include teachers, instructional support, instructional supplies, tutoring etc.

In 2021, 67,295 teachers were allotted in the CT position allotment, but LEAs paid 81,943 teachers out of State funds (ie. 14,648 paid from categorical allotments)

Categorical Allotments

Categorical Allotment	2020-21 Budget
Academically & Intellectually Gifted	\$85m
At-Risk Student Services/Alternative Schools	\$307m
Disadvantaged Student Supplemental Funding	\$100m
Children with Disabilities	\$956m
Limited English Proficiency	\$100m
Small County Supplemental Funding	\$49m
Transportation	\$513m
Low Wealth Supplemental Funding	\$245m

Categorical Allotments Weighted by Student Demographic

Current – Exceptional Children

K-12 Funding per Headcount \$4,550

Lesser of the April 1 headcount and cap of 12.75% of ADM

3 years old to Pre-K Funding – Base + \$3,641 per headcount

Special State Reserve – By application for high cost students

Additional funding for assaulting and violent children programs, developmental day care, Group Homes, Community Residential Centers

2020-21 funding levels

CRP– Exceptional Children

- Remove the 12.75% cap
- Fund at 2.3 times the cost of the average student
- Revise the formula to differentiate based on the level of required student support
-

Current– Academically or Intellectually Gifted

\$1,364.84 per student for 4% of LEA ADM

CRP No action

2020-21 funding levels

Current– Limited English Proficient (LEP)

Calculate 3-Year Average Headcount weighted on the most current year

- Most current years available weighted twice (50%)
- Two previous years weighted once (25%)

Base Allocation

Each eligible LEA/charter school receives the minimum of 1 teacher assistant position.

- 1) 50% of the funds (after calculating the base) will be distributed based on the concentration of limited English proficient students within the LEA.
- 2) 50% of the funds (after calculating the base) will be distributed based on the weighted 3-year average headcount.

Funding capped at 10.6% of ADM

CRP– Limited English Proficient (LEP)

- Eliminate cap
- Eliminate the concentration
- Increase funding

Current– DSSF and At Risk

At Risk & Alternative Schools Funding - \$307m

Half the funds are distributed by ADM

Half the funds are weighted based on census data on poverty

Plus one SRO for each eligible high school

Dollars per ADM weighted from \$140 to 684

Disadvantaged Student Supplemental Funding - \$100m

Weighted based on county disadvantaged population.

Dollars per ADM weighted from \$31.37 to \$584.89

CRP– DSSF and At Risk

Allowable use for the two allotments is similar

- Combine the 2 allotments
- Increase funding to a supplemental weight of 0.4

Categorical Allotments – Targeting Achievement

Summer Reading Camps

Based on % of students in grades 1-3 who are below grade level

Performance Bonuses

Bonuses to principals and teachers based on growth of students, advanced learning and industry credentials students earned.

Recruitment Bonuses

\$30,000 supplement to HQ principals in Low Performing Schools

Categorical Allotments Weighted by LEA Demographic

Current– Low Wealth Supplemental funds

The purpose of the allotment is to provide additional funds to LEAs that have below-State average ability to generate local revenue to support their schools

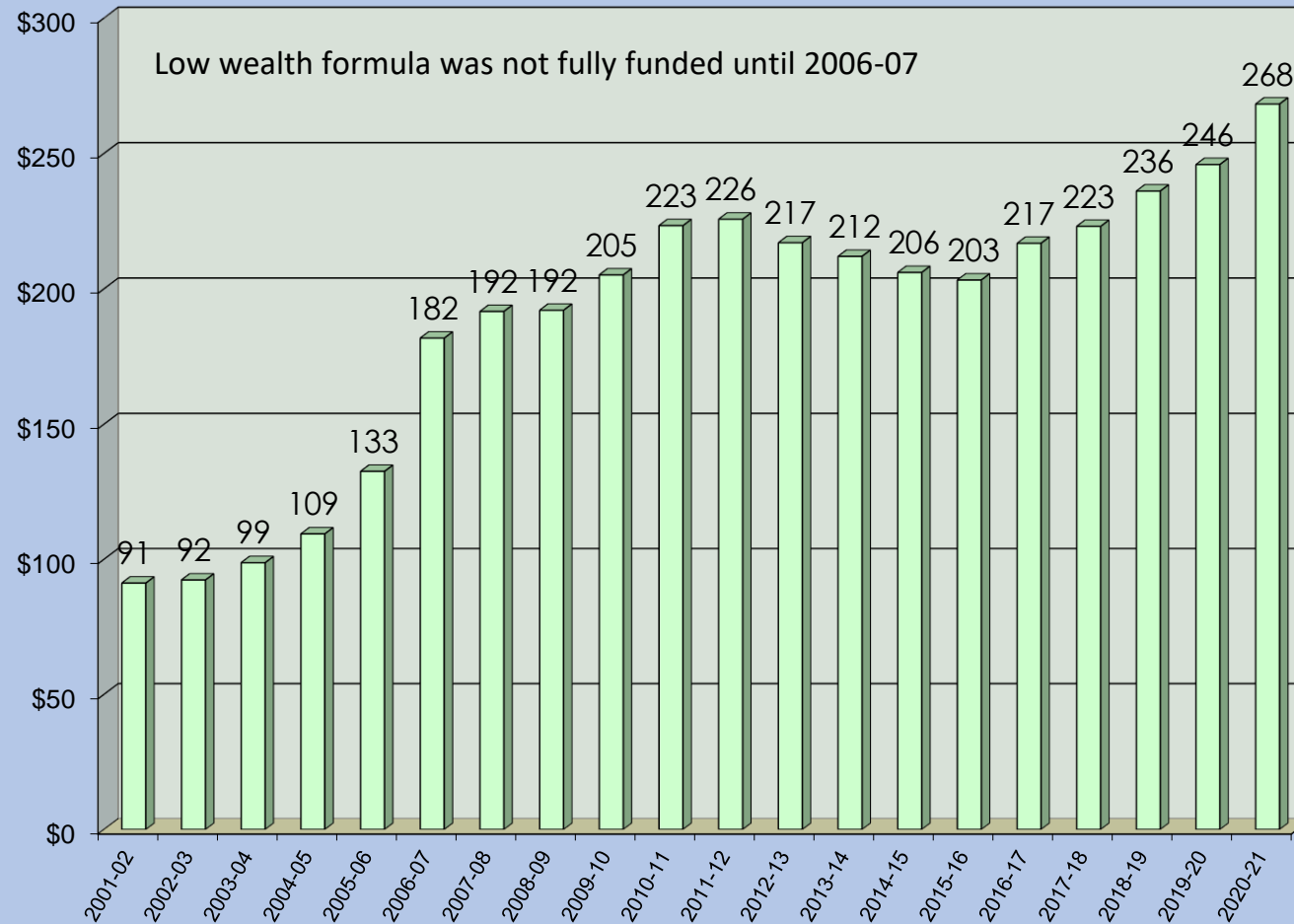
Funding helps make up the difference between what a county is able to generate from its property tax base and what the average county in the state can generate

GA first funded the Low Wealth allotment in 1990-91; fully funded it for the first time in 2006-07

Formula weighs “

- ability to generate property tax (40%),
- per capita income (50%), and
- taxable property per square mile (10%)

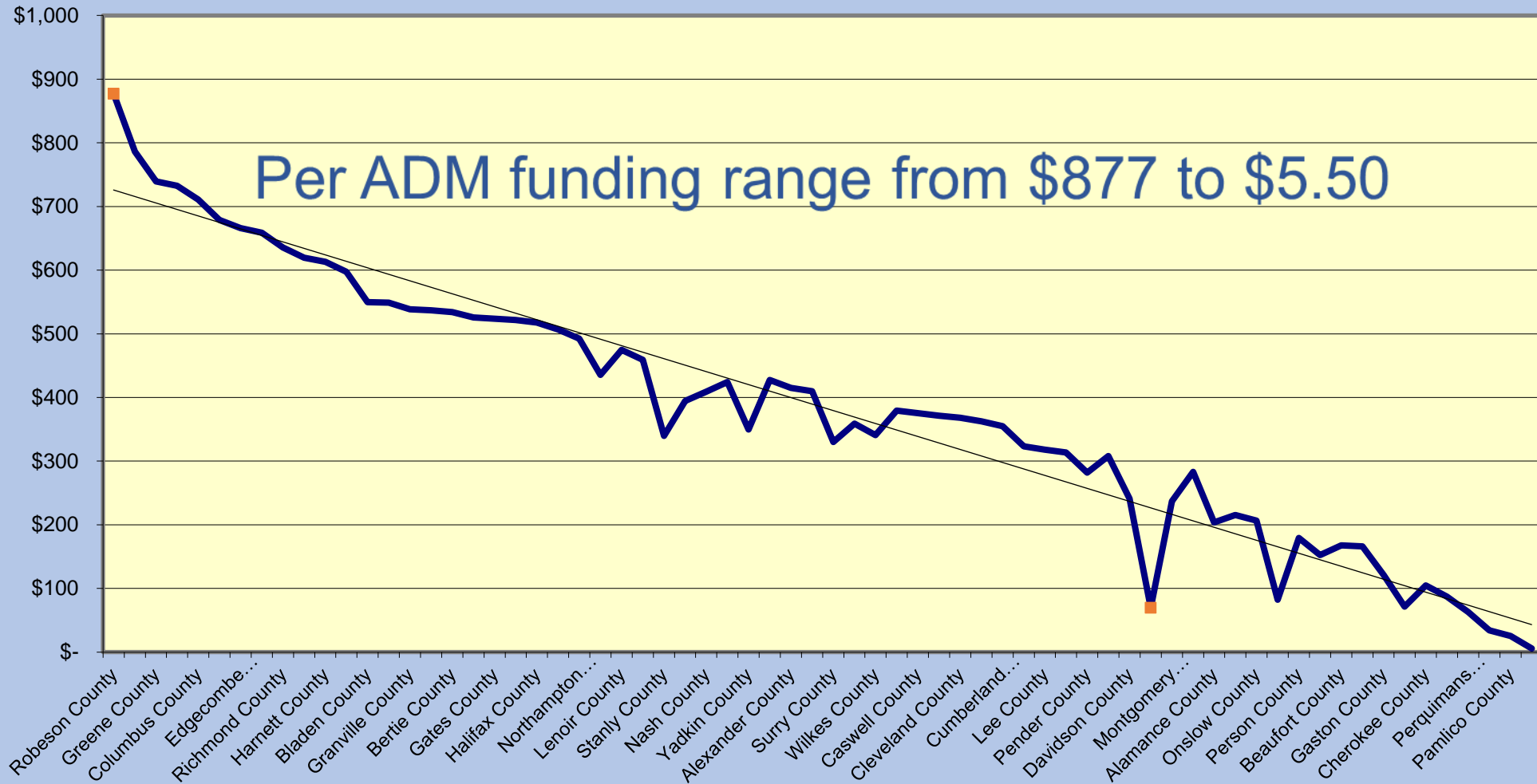
Low Wealth State Appropriations



Current– Low Wealth Supplemental funds

- Only LEAs in counties that are below the State average are eligible for funds
- The further the county is from the State average the more funds per ADM the LEA receives
- Counties must meet effort requirements to be fully funded
- 76 LEAs were eligible in 2020-21

Low Wealth per ADM Allotment 2020-21



CRP– Low Wealth Supplemental funds

Incrementally increase low wealth funding to provide eligible counties supplemental funding equal to 110% of the statewide local revenue per student.

Current– Small County Supplemental funds

Allotment with broad allowable use for county LEAs with 3,330 or less ADM

28 county LEAs were eligible in 2021

Weighting is from \$492 to \$3,161 per ADM.

The average funding was \$861 per ADM

CRP – No Action

Central Office

- GA created the allotment in 1995 (S.L. 1995-450), consolidating separate allotments for superintendents, school administrators, finance officers, maintenance supervisors, child nutrition supervisors, community schools, sports medicine, health education, categorical central office administrators, and the associated benefits into a single allotment.
- **1995 to 2001-02:** each LEA received a base amount, depending on ADM range, and additional funds for ADM above the base amount
- **2002-03 to present:** each LEA's allotment has been frozen at the amount based on 2002-03 ADM, adjusted each year only for legislated actions.

Central Office Funding

Current

Appropriation at 0.86% of the State Public School Fund
Funding formula frozen in 2002
Average \$62 per ADM
\$ per ADM range from \$19 to \$859

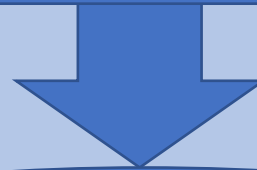
CRP

Ensure sufficient funding
(2009 1.42% of SPSF)

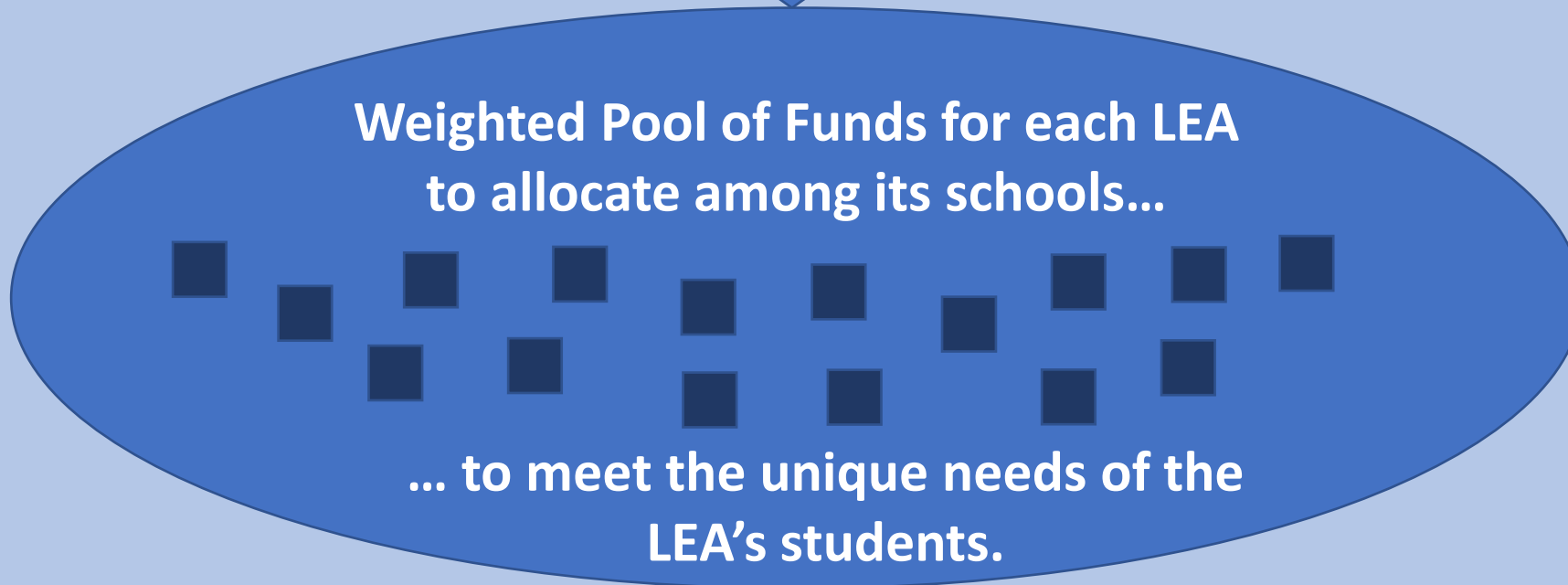
Weighted Pool of Funds

Allotments produce Weighted Pools of Funds

State



LEA



State per Student Allocation by LEA

Includes initial allotments only

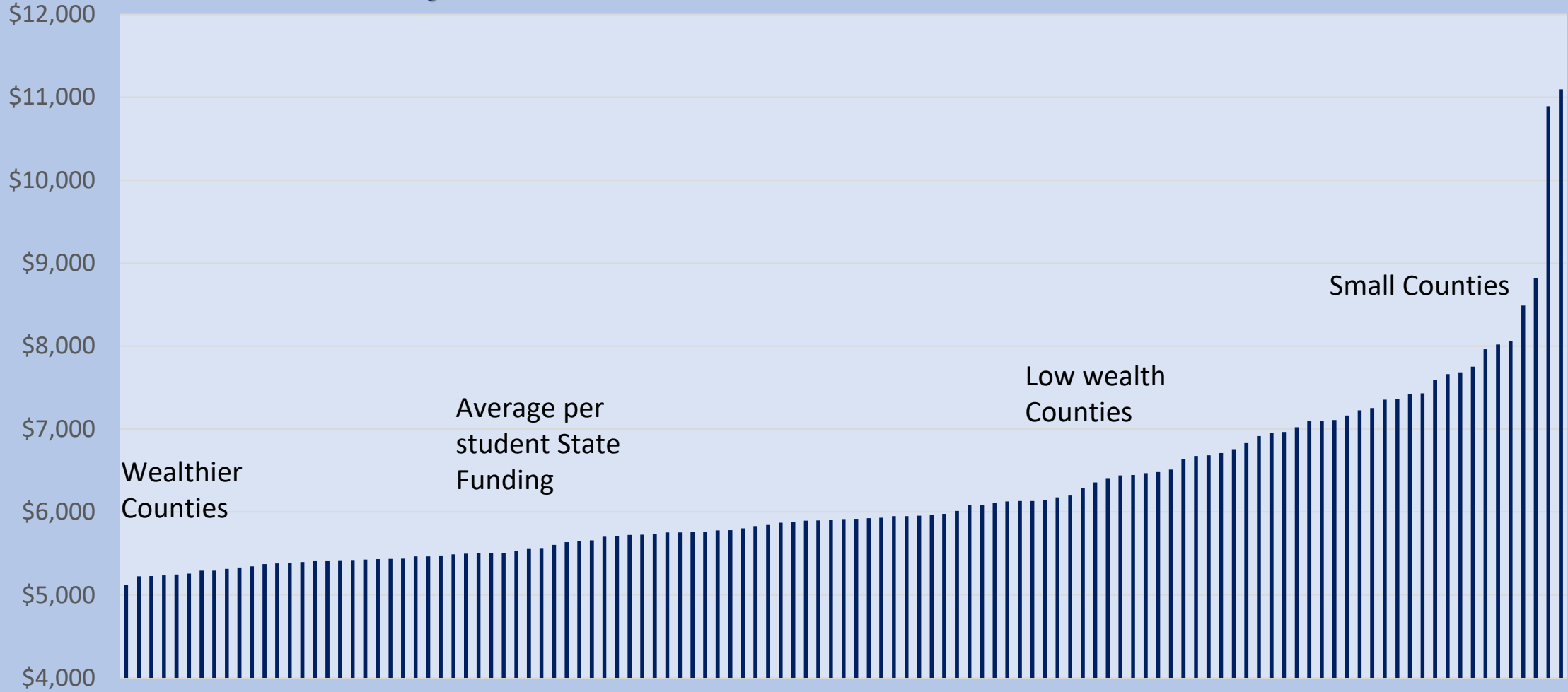


Illustration of How Funding is Weighted

	Average State	Average Federal	Student 1	Student 2	Student 3
			\$6,171	\$16,574	\$19,647
Every Student	\$6,141	\$30	X	X	X
Special Learning Issues	\$4,550	\$2,024		X	X
Limited English Proficiency	\$951	\$1,194			X
Intellectually and Academically Gifted	\$437				
Students Below Grade Level	\$66				X
Student from a Low Income Family	\$432	\$2,710		X	X
Disadvantaged Student	\$295			X	X
Low Wealth County	\$392			X	X
Small County	\$861				X
CTE (funded grades 8-12)					

Formula Weighting Average K-3



Limited English Proficient Student with Special Learning Issues, Disadvantaged Student from Low-Income Family living in a Small, Low-Wealth County. Total \$19,647. Supplemental funds \$13,476



Student with Special Learning Issues, Disadvantaged Student from Low-Income Family living in Low-Wealth County. Total \$16,574. Supplemental funds \$10,403



Students in Grade K-3 with no additional needs

■ State
■ Federal

Budget Flexibility

LEA budgetary flexibility

Flexibility of the use of State funds was designed to give LEAs the ability to meet the needs of their strategic goals in exchange for greater accountability.

Flexibility supports the efficient use of resources.

LEA Transfers

Budget Flexibility 115C-105.25

Defines allowable transfers between allotments categories to meet the educational requirements of their school district.

Flexibility with the use of funds

In recent years legislation has been passed to prohibit the transfer of the funds.

- No teacher positions may be transferred
- Other positions may be transferred at the beginning step
- No transfers out of AIG, EC, LEP
- No transfers out of textbooks or teacher assistants
- No transfers into central office,
- No transfers in to or out of driver education

Summary

The current funding formulas creates a weighted pool of funds

There are formulas that need to be reviewed

Budget flexibility is an important companion to the NC funding mechanism