



PUBLIC SCHOOLS OF NORTH CAROLINA

State Board of Education | Department of Public Instruction

Impact of Late Increase to Charter School Maximums

The ADM Budget Process



Budgeted ADM

ADM is the backbone of the State Public School Fund and the driver of individual public school unit local, state and federal budget.

It affects the budgeting of everything in the public school - student school assignment, the number of teachers, instructional support, teacher assistants and other personnel needed, bus routes and instructional resources.

Budgeted ADM Process

The process was developed:

- To ensure sufficient funding for all public schools
- To ensure that projections and maximums are available early in the budget process to allow PSUs to develop budgets, request funding from county commissioners and plan staffing requirements.
- To communicate ADM to all PSUs to avoid budget surprises and minimize tension.

Process for ADM projections

October Charter schools may request approval from the SBE for a material increase in maximum ADM

January All charters provide DPI a preliminary projection of their student membership for the following year.

To avoid over budgeting the total State budgeted ADM, a maximum of 20% growth for each charter is included in the allotted ADM. Realized growth above 20% is funded by moving the budgeted funds from the LEA to the charter school.

Process for ADM projections

February Budgeted ADM for all public school units is finalized and used to build the base budget for the State Public School Fund

June All charters provide a final maximum ADM. Charters are not funded above this number and it is used for initial allotments.

Process for ADM projections

LEAs and charters have access to

- ADM maximums
- the number of students that are anticipated to be transferring from their PSU

Based on this information the PSU can plan for the budget impact and personnel requirements

Initial Allotments

July - All LEAs and charter schools have received their initial allocations based on the allotted ADM.

The LEAs have received the data stating the maximum number of ADM they may be reduced due to new and growing charter schools.

Confidence in the Process

The process is in place to ensure that all PSUs can plan accordingly.

DPI has applied the procedures consistently to provide confidence in the process for both charters and LEAs.

Impact of a late change



2019-20 Virtual Charters Funding

| Total funding | State | Federal |
|---------------|---------------------|--------------------|
| Cyber Academy | \$14,381,277 | \$995,536 |
| NC Virtual | <u>\$16,522,523</u> | <u>\$1,635,398</u> |
| Total | \$30,903,800 | \$2,630,934 |

Does not include local funding

2020-21 Impact on LEAs – Current Based on VCS June submission

| | Cyber | NCVA | Total | Est.Fund* |
|--------------|--------------|--------------|--------------|----------------|
| LEAs | 2,545 | 2,247 | 4,792 | \$29.8m |
| Homeschool | 27 | 262 | 289 | \$1.8m |
| Out of State | 10 | 362 | 372 | \$2.31m |
| Private | 10 | 74 | 84 | \$0.52m |
| Total | 2,592 | 2,945 | 5,537 | \$34.4m |

* Does not include COVID funds

Additional students

| | Cyber | NCVA | Total addl |
|-------------|--------|-----------|------------|
| Addl ADM | 1,061 | 353*+1000 | 2,414 |
| State Base | \$6.1m | \$7.7m | 13.8m |
| EC at 12.5% | \$571 | \$770 | \$1.4m |
| Total | \$6.7m | \$8.5m | \$15.2m |

* 353 addl students approved 6/3/20



Source of additional funds

For Funds for students that transfer from an LEA:

| | |
|---------------|----------------------------------------------------------------------------|
| State Base | Reduced from the LEAs |
| EC Suppl. | Reduced from the LEAs |
| Federal Funds | Recalculate all PSUs to incorporate growth in distribution of grant funds. |
| Local funds | Reduced from the LEA |
| COVID funds | Reserves did not consider a change of this size |

Source of additional funds

For Funds for students that were previously at a homeschool, private or out of state. Not budgeted:

| | |
|---------------|--------------------------------------------------------|
| State Base | From reserves, if available |
| EC suppl | No funds available |
| Federal Funds | Recalculated to transfer from LEAs/charters |
| COVID funds | Reserves did not consider a change of this size |
| Local funds | Unanticipated by the county additional budget required |

Example of the Impact on an LEA

Cumberland Co

2019-20 reduction for 163 ADM for virtual schools

2020-21 maximum reduction of 271 based on June

Approved increase could result in an unanticipated reduction of additional 146 ADM - approx \$1m in State funds

Total 2020-21 reduction 417 ADM = \$2.7m in State funds

Additional impact on federal and local funds

Other considerations

If the students go back to the LEA after month 2, there is no funding.

If the students start the virtual school after month 1, the reserve will need to fund month 5 adjustment.

There may be a strain the on the State Public School Fund to fund both the additional students at the virtual charters and hold the PSUs initial allotments harmless.