

ALLOTMENT ADJUSTMENTS FOR ADM GROWTH**PURPOSE:**

The contingency reserve was established to support the average daily membership (ADM) based allotments. The reserve is to be used in cases where first month Average Daily Membership exceeds the original anticipated ADM used for allotments. Increases will be made in the Classroom Teacher, Instructional Support, Non-instructional Support, Teacher Assistant, Classroom Materials and Supplies, Textbook, and Career Technical Educational Program Support categories as applicable.

OBJECTIVE:

In administering this allotment, the intent is to first ensure that adequate school-based resources are provided to meet the average daily membership as of the first month of school, per LEA request. The reserve will be allotted to LEAs on a case-by-case basis according to need. Secondly, (within available state funding) the reserve will be utilized to relieve class size overage problems as they may occur during the school year after the allotment adjustment for ADM growth. In the case of class size overage adjustments after the first month, allotments will only be made for regular teachers as authorized by [GS 115C-301](#).

ADMINISTRATION:

These adjustments are to ensure that adequate school-based resources are provided (within appropriated funding/formulas) to meet the requirements after the first month of school per LEA request.

The allotment adjustments are based on first month average daily membership reports as submitted by the LEAs to the **Division of School Business**.

After the first month of school, an LEA can request additional resources due to extraordinary student population growth that results in significant class size overage problems. Each request will be reviewed based on the criteria outlined below:

- The LEA's current month Average Daily Membership (ADM) will be compared to the LEA's Allotted ADM.
- Overall growth must be at least 2% or 100 students and the growth must have created significant class size overage problems that cannot be resolved by the LEA.
- Less growth will be considered if the growth and class size problem occur within a

specific grade or grade spans K, 1-3, 4-8, 9-12, or within classes for children with disabilities.

- Individual school class sizes and the type of class structures (blocked, combined, etc.) will be examined. If reorganization or class restructuring can absorb the growth, additional allocations will not be made.
- The LEA must show a need for funding not already included in the regular ADM teacher allotment or children with disabilities programs.
- With receipt of an LEA's request, the Department of Public Instruction will verify that sufficient State resources are available to meet the LEA's request and will notify the LEA:
 - If additional funding will be allotted to cover the LEA's ADM growth, or
 - If the LEA's request for additional funding for ADM growth has been denied.

Additional funds will be allotted, within available funds, on a case-by-case basis. The State Board of Education, in accordance with [GS 115C-416](#), may specifically authorize use of the reserve (within available state funding) on a case-by-case basis where additional resources are required to meet legislative mandates.

ALLOTMENT ADJUSTMENTS FOR ADM DECREASES**PURPOSE:**

In accordance with [SL 2007-323, Section 7.15\(b\)](#), decreases to allotments must be made if the original anticipated ADM used for allotments exceeds the higher of the first or second month Average Daily Membership (ADM) by at least 2% or 100 ADM.

The funds from this adjustment will be added to the ADM Contingency Reserve to be used in cases where first month Average Daily Membership exceeds the original anticipated ADM. Decreases are made in the Classroom Teacher, Instructional Support, Non-instructional Support, Teacher Assistant, Classroom Materials and Supplies, Textbook, and Career Technical Educational Program Support Categories as applicable.

[Notwithstanding Section 7.15\(b\) of S.L. 2007-323 for the 2020-21 fiscal years, the State Board of Education shall not reduce allotments for LEAs due to a discrepancy between actual and anticipated average daily membership. LEAs shall be funded for initial allotments based on the 2020-21 allotted average daily membership less transfers for new and growing charter schools, innovative schools, regional schools and lab schools, as reported by July 1, 2020.](#)

[Funds for children with disabilities will be transferred to and from the LEA, if the child leaves or returns to the LEA from a charter school, regional school, lab school or innovative school.](#)

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CHARTER SCHOOLS (PRC 036)

PROGRAM REPORT CODE: **036**

UNIFORM CHART OF ACCOUNTS CODE: XXXX-036-XXX

STATUTORY REFERENCE: [GS 115C, Article 14A](#)
[SL 2001-424, Section 28.20](#)
[SL 2020-97 Section 3.1\(1\)](#)

TYPE: Dollars

TERM: July 1 - June 30

PURPOSE: Provides state funding to charter schools based on the students attending the school.

ELIGIBILITY: All charter schools approved by the State Board of Education.

FORMULA:

Funding for an existing charter school is based on the dollars per ADM of the LEA in which the school is located. Funding for new charter schools is based on the dollars per ADM of the LEA in which the student is, or would be, currently enrolled. The total number of public-school students attending a new charter school will reduce an LEA's initial allotment.

An LEA's initial allotment is also reduced for existing charter schools growing over their planning ADM. LEAs are held harmless and will not have their allotment reduced for the following categories: Central Office Administration and School Building Administration.

A charter school will have 34% of its Initial Allotment available to "draw down" after the General Assembly adjourns.

After the 1st month ADM is submitted, allotments will be recalculated and an additional 34% of the allotment will be made available to the charter school. Note: charters in good financial standing may receive the full annual allocation. Charter schools in financial disciplinary noncompliance may receive their funding in monthly installments.

[Unless noted in the exceptions below, charter schools with a two year history of accurate projections shall be funded at the higher of](#)

1. 2020-21 actual month 1 ADM and
2. 2021 Phase II final ADM projection as reported in the CSADM system by the charter school, not to exceed the allotted 2020-21 ADM

All other charter schools shall be funded at the higher of

1. 2020-21 actual month 1 ADM and
2. the prior year funded month 1 ADM

Exceptions

- a) Virtual charter schools shall be funded based on current year month 1 membership last day and adjusted for month 5
- b) Schools serving students at risk of dropping out, as approved by the SBE, shall be funded on Month 5 ADM
- c) For schools that were not open in 2019 or 2020, the school shall be funded based on 2020-21 actual month 1 ADM, not to exceed the legal maximum.

No charter school shall be funded for an average daily membership greater than is permissible by law.

A charter school is deemed to have a history of accurate projections if the projection provided by the charter school in the CSADM system Phase II final Projection was within 2% or 20 ADM of funded ADM in either 2019 or 2020, and the difference between the projection and funded ADM in both 2019 and 2020 did not exceed 10% of the projection.

For schools that were not open in 2019, the 2020 year will be the only year used for this assessment

The final 32% of the allotment will be distributed prior to the end of February.

After 1st month ADM adjustments, a charter school can request additional funding if it has significant growth (20% or more) in months two through four. Requested ADM must be verified and be within the charter school's maximum. The state contingency reserve will be used to fund the prorated increases within funds available. Please refer to the Charter School Financial Guide for instructions for this process.

In addition to the state funding based on dollars per ADM, a charter school may receive Children with Disabilities and Limited English Proficiency funding if they qualify. These special funds plus the dollars per ADM funding are distributed under PRC 036.

SPECIAL PROVISIONS:

- 1) During the first 60 school days, if a child with disabilities was included in the prior fiscal year April 1 child count and leaves or returns to an LEA from a charter school, the prorated

share of funds allocated for that child will be adjusted. In order to initiate the transfer of funds, the LEA or charter school receiving the students must complete the appropriate transfer request forms by the 10th of the month following the month the child transferred. Children with Disabilities' transfer requests are sent to the School Allotments Section. Please refer to www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/allotments--funding-public-school-units#forms for the Children with Disabilities Child Count Transfer System. Notification must include the student's name (first, middle last), PowerSchool number, birth date, the LEA or charter school from which the child came, the date the student transferred, and the beginning date of the current school year.

- 2) A charter in its third year of operation or longer that is in good financial and governance standing, shall receive the balance of its total allocation in the second installment.
- 3) Funding for 1st Month ADM increases will be reduced from the LEA in which the charter school resides if the LEA is declining in ADM after second month. If the LEA is increasing in ADM after the second month, the funding will come from the Contingency Reserve.
- 4) Charter schools will receive an allocation of fines and forfeitures based on dollars per allotted ADM in PRC 036. Unspent funds will revert June 30.
- 5) Funding allotted to purchase diagnostic devices in accordance with the Excellent Public Schools Act ([SL 2012-142 Part VII-A](#)) must be used to purchase diagnostic devices.
- 6) Charter School Staff may participate in the Digital Learning Staff development of the LEA in which they are located.
- 7) Charter Schools, if awarded, will receive funding for Resource Officers for Middle Schools in PRC 036.
- 8) For charter schools, which have been approved by the State Board of Education to serve students who are at risk of or have dropped out of high school, either in the prior year or during the current year, shall be funded based on 5th month ADM. These schools have specialized programs to encourage these students to re-enroll in school and assist them until they have graduated.
- 9) Charter Schools must have a valid Certificate of Occupancy on file with the Office of Charters before any funding can be released for the fiscal year.
- 10) Virtual Charter School Pilots -Virtual Charters are funded based on a dollars per ADM excluding Low Wealth and Small County. The school is funded based on month 1 and month 5 Membership Last Day.

INNOVATIVE SCHOOL DISTRICT (ISD) (PRC 044)

PROGRAM REPORT CODE: **044**

UNIFORM CHART OF ACCOUNTS CODE: XXXX-044-XXX

STATUTORY REFERENCE: [GS 115C, Article 7A](#)

TYPE: Dollars

TERM: July 1 - June 30

PURPOSE: The ISD is established by statute under the State Board of Education and the Superintendent of Public Instruction to manage and operate schools that have been selected as innovative schools.

The State Board of Education is authorized to select, upon the recommendation of the ISD Superintendent, no more than five qualifying elementary schools to transfer to the ISD as innovative schools. The five qualifying schools selected for inclusion in the ISD should represent geographic diversity, including urban and rural schools. The State Board of Education shall select no more than one qualifying school per local school administrative unit, unless the local board of education consents. The State Board of Education may contract with an Innovative School (IS) operator for each the innovative school.

ELIGIBILITY: The ISD is eligible for the funds under this PRC.

FORMULA: The IS operator shall select one of the allocation methods as the method to be used for the innovative school, as outlined in [GS 115C-75.10](#).

SPECIAL PROVISION:

- 1) The State Board shall allow for annual adjustments to the amount allocated to the ISD based on the enrollment changes in the innovative schools in school years subsequent to the initial year of operation.
- 2) The ISD may seek, manage, and expend federal money and grants, State funding, and other funding with the same authority as a local school administrative unit, including decisions related to allocation of State funds among innovative schools. The ISD shall be considered a local school administrative unit for all federal funding purposes.
- 3) The ISD shall be allotted 34% of its Initial Allotment available to "draw down" after the General Assembly adjourns, based on the projected total ADM of the innovative schools provided by the ISD. Final allotments shall be recalculated based on [the higher of current year Month 1 ADM and prior year month 1 ADM](#) and 100% of the allotment shall be made available to the ISD.
- 4) After first month ADM adjustments, the ISD may request additional funding if it has significant growth (20% or more) in months two through four. Requested ADM must be verified. The state contingency reserve will be used to fund any prorated increases within funds available.
- 5) In addition to the state funding based on dollars per ADM, the ISD may receive Children with Disabilities and Limited English Proficiency funding if the ISD qualifies. These special funds plus the dollars per ADM funding are distributed under PRC 044.

An additional amount for each child attending the innovative school who is a child with disabilities. In the event a child with disabilities leaves the innovative school and enrolls in a public school during the first 60 school days in the school year, the innovative school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in the innovative school during the first 60 school days in the school year, the State Board shall allocate to the innovative school the pro rata amount of additional funds for children with disabilities. **"Z" SCHOOLS**

LABORATORY SCHOOLS (LAB SCHOOLS)

PROGRAM REPORT CODE: 038

UNIFORM CHART OF ACCOUNTS CODE: XXXX-038-XXX

STATUTORY REFERENCE: [GS 116, Article 29A](#)

TYPE:	Dollars
TERM:	July 1 - June 30
PURPOSE:	<p>The Board of Governors' Subcommittee on Laboratory Schools shall approve constituent institutions to establish lab schools to serve public school students. The Board of Governors shall select constituent institutions with quality high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with GS 115C-269.35.</p> <p>The mission of a lab school shall be to improve student performance in LEAs with low-performing schools by providing an enhanced education program for students residing in those units and to provide exposure and training for teachers and principals to successfully address challenges existing in high-needs school settings. A lab school shall provide an opportunity for research, demonstration, student support, and expansion of the teaching experience and evaluation regarding management, teaching, and learning.</p>
ELIGIBILITY:	Eligibility for this allotment is as follows:

Schools as approved by the Board of Governors' Subcommittee on Lab Schools.

Recognition of a Lab School. – The Subcommittee shall file a copy of each resolution to approve a lab school with the Department of Public Instruction. Upon receipt of a resolution from the Subcommittee and upon the recommendation of the Superintendent of Public Instruction, the State Board of Education shall approve the creation of the lab school.

The Board of Governors and the Department of Public Instruction shall be notified in the event of the dissolution or assumption of a lab school, including the identity of the entity assuming operation of the school.

The chancellor shall be the administrative head of a lab school approved by the Subcommittee.

Reporting – The chancellor shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

Any child is eligible to attend the lab school who:

- 1) is residing in a local school administrative unit in which a lab school is located, and either:
 - a) is enrolled in a low-performing school, as defined by [GS 115C-105.37](#) at the time of the student's application, or
 - b) did not meet expected growth in the prior school year based on specific criteria.
 - c) is the sibling of a child who is eligible under (a) or (b)
 - d) is the child of a lab school employee

If the maximum enrollment is not met, the lab school may enroll children who do not meet one of the criteria above, not to exceed 20% of total capacity.

FORMULA: The State Board of Education shall allocate to a lab school the following:

- (1) An amount equal to the average per pupil allocation for average daily membership from the LEA allotments in which the school is located for each child attending the lab school, except for the allocation for children with disabilities, and for the allocation for children with limited English proficiency. See special provision 7 for allocation transportation.
- (2) An additional amount for each child attending the lab school who is a child with disabilities. In the event a child with disabilities enrolls in the lab school during the first 60 school days in the school year, the State Board shall allocate to the lab school the pro rata amount of additional funds for children with disabilities. In the event a child with disabilities leaves the lab school and enrolls in a public school during the first 60 school days in the school year, the lab school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located.
- (3) An additional amount for children with limited English proficiency attending the lab school, based on a formula adopted by the State Board.

SPECIAL PROVISION:

- 1) The State Board shall allow for annual adjustments to the amount allocated to the lab school based on its enrollment growth in school years subsequent to the initial year of operation.
- 2) If a student attends a lab school, the LEA in which the child resides shall transfer to the lab school an amount equal to the per pupil share of the local current expense fund of the LEA for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the lab school within 30 days of the receipt of monies into the local current expense fund.

A Lab School shall be allotted 34% of its Initial Allotment available to "draw down" after the General Assembly adjourns, based on the projected ADM provided by the school.

Lab schools with a two year history of accurate projections shall be funded at the higher of

3. 2020-21 actual month 1 ADM and

4. 2021 Phase II final ADM projection as reported in the CSADM system by the Lab school, not to exceed the allotted 2020-21 ADM

All other Lab schools shall be funded at the higher of

3. the actual month 1 ADM and

4. the prior year funded month 1 ADM

A Lab school is deemed to have a history of accurate projections if the projection provided by the charter school in the CSADM system Phase II final Projection was within 2% or 20 ADM of funded ADM in either 2019 or 2020, and the difference between the projection and funded ADM in both 2019 and 2020 did not exceed 10% of the projection.

For schools that were not open in 2019, the 2020 year will be the only year used for this assessment

- 3) 100% of the allotment shall be made available to the school.
- 4) A lab school can request additional funding after 1st month ADM adjustments if it has significant growth (20% or more) in months two through four. Requested ADM must be verified. The state contingency reserve will be used to fund the prorated increases within funds available.
- 5) In addition to the state funding based on dollars per ADM, a lab school may receive Children with Disabilities and Limited English Proficiency funding if they qualify. These special funds plus the dollars per ADM funding are distributed under PRC 038.
- 6) Upon request, the LEA in which the lab school is located shall provide student support services, food services through the National School Lunch Program, transportation services, In addition, upon request the LEA shall lease adequate facilities and maintenance, including use of or access to any existing buildings, parking areas, playgrounds, driveways required for ingress and egress, furniture, classroom space, a cafeteria or multipurpose room, moveable equipment, appliances, playground materials, including a library collection, instructional materials, and classroom and other technology equipment.

This requirement shall not apply to or alter existing leases, contracts, or agreements in effect on July 1, 2020 without the consent of all parties to the lease, contract, or agreement.

If a lease, contract, or agreement in effect on July 1, 2020 includes transportation services, the LEA providing those services shall provide a copy of the lease, contract, or agreement to DPI' Division of School Business by August 31st, and the per pupil share of the transportation allotment shall not be included in the base allocations for Lab school until the existing lease, contract, or agreement expires or is mutually modified by all parties.