

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 853

Short Title: School Funding Formula Changes. (Public)

Sponsors: Representatives Whitmire, McGrady, Steinburg, and Queen (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Education, if favorable, Appropriations.

April 15, 2013

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE ALLOTMENT FORMULA FOR SMALL SCHOOL SYSTEM
SUPPLEMENTAL FUNDING AND TO DIRECT THE JOINT LEGISLATIVE
EDUCATION OVERSIGHT COMMITTEE TO STUDY OTHER EDUCATION
FUNDING FORMULAS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding to each county school administrative unit with an average daily membership of fewer than 4,080 students. The allocation formula shall do all of the following:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four and provide seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of seven hundred seventeen thousand three hundred sixty dollars (\$717,360) for the 2013-2014 and 2014-2015 fiscal years.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula also is not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county school administrative units.

SECTION 1.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2013-2015



1 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
2 county found to have used these funds to supplant local per student current expense funds. The
3 State Board of Education shall make a finding that a county has used these funds to supplant
4 local current expense funds in the prior year or the year for which the most recent data are
5 available, if the following apply:

- 6 (1) The current expense appropriation per student of the county for the current
7 year is less than ninety-five percent (95%) of the average of the local current
8 expense appropriations per student for the three prior fiscal years and
- 9 (2) The county cannot show (i) that it has remedied the deficiency in funding or
10 (ii) that extraordinary circumstances caused the county to supplant local
11 current expense funds with funds allocated under this section. The State
12 Board of Education shall adopt rules to implement this section.

13 **SECTION 1.(c)** Phase Out Provisions. – If a local school administrative unit
14 becomes ineligible for funding under this formula because of an increase in the population of
15 the county in which the local school administrative unit is located, funding for that unit shall be
16 continued for seven years after the unit becomes ineligible.

17 **SECTION 1.(d)** Definitions. – As used in this section, the following definitions
18 apply:

- 19 (1) "Average daily membership" means within two percent (2%) of the average
20 daily membership as defined in the North Carolina Public Schools Allotment
21 Policy Manual adopted by the State Board of Education.
- 22 (2) "Local current expense funds" means the most recent county current expense
23 appropriations to public schools as reported by local boards of education in
24 the audit report filed with the Secretary of the Local Government
25 Commission pursuant to G.S. 115C-447.

26 **SECTION 1.(e)** Reports. – The State Board of Education shall report to the Joint
27 Legislative Education Oversight Committee prior to May 1, 2014, if it determines that counties
28 have supplanted funds.

29 **SECTION 1.(f)** Use of Funds. – Local boards of education are encouraged to use
30 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
31 academic performance of children who are performing at Level I or Level II on either reading
32 or mathematics end-of-grade tests in grades 3-8.

33 **SECTION 2.(a)** The Joint Legislative Education Oversight Committee shall study
34 current school funding formulas and shall make recommendations to the General Assembly on
35 implementing the following modifications:

- 36 (1) Revamping funding formulas to reward high performance by local school
37 administrative units so as to provide additional incentives for enhancing
38 student performance.
- 39 (2) Reweighting the formulas for allotting funds to low-wealth counties to more
40 effectively meet the needs of students in those counties by placing greater
41 emphasis on household incomes and the number of students receiving free
42 and reduced-priced meals in those counties and less emphasis on the county
43 tax base and tax rate. These allotment formulas include low-wealth counties
44 supplemental funding and lottery funds for school construction projects.
- 45 (3) Adjusting average daily membership (ADM) four times a year to ensure that
46 it accurately reflects the number of students in a local school administrative
47 unit.

48 **SECTION 2.(b)** The Committee shall report its findings, together with any
49 recommended legislation, to the 2013 General Assembly when it reconvenes in 2014.

50 **SECTION 3.** This act becomes effective July 1, 2013.