

Comments to the Joint Legislative Task Force on Education Finance Reform

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What is the NC School Boards Assoc.(NCSBA)?

- ▶ Non-profit Association
- ▶ Represents ALL 115 local boards of education in NC and the board of the Cherokee Central Schools

General Comments

- ▶ NCSBA has historically not taken formal positions on allotment formulas because there are winners and losers within our membership.
- ▶ If there were a situation where the methodology or outcome did not make sense, then NCSBA would comment.
- ▶ NCSBA is prepared to provide feedback on ideas that the Task Force may be considering as to what the reaction will be or how it might affect school districts.

Unique Funding Structure in NC

- ▶ Historically, current expense is funded by the state and capital is funded by the county.
- ▶ Line has become blurry with county commissioners providing on average 26% of the funding for current expense. Equates to over \$3 billion. Thus this reduces their ability to provide sufficient \$s on the capital side of the equation.
- ▶ NC is in the minority nationally with approximately 90% of the local boards of education not dependent upon another local government for the local revenue.

Low Wealth Schools Funding Formula

- ▶ This formula is by far the most complicated formula in the chart of accounts.
- ▶ There are components of the formula that do not make sense, like 50% of a county's eligibility is based on per capita income which counties don't tax.
- ▶ Additionally, whether the LEA receives the full amount they are entitled to under the formula is based upon decisions made by county commissioners and not by the local board of education.
- ▶ School districts and students in the district are penalized because of decisions on local funding levels and property tax rates set by county commissioners.
- ▶ 67 counties qualify for low wealth. Of those, 22 LEAs in 17 counties did not receive their full amount under the formula for the 2017-18 school year. One county gets 25.1% of what it is entitled.
- ▶ Demonstrates that some counties, even poor ones, have the ability to do more than they are.

Low Wealth and Small Schools Funding

- ▶ Both of these funding streams rely upon certain criteria of the school district and/or county.
- ▶ Over the years, as school districts no longer meet the criteria, the criteria may be rewritten by certain legislators to keep a school district eligible.
- ▶ Does this challenge the integrity of the funding formula, over time? Is it fair to school districts that do not have a legislator who can accomplish this?

Special Education Funding

- ▶ Currently, the State provides \$4,125.27 per special needs student regardless of the disability with a cap of 12.75% of the ADM of the LEA.
- ▶ School districts that exceed the cap or have a disproportionate # of very expensive students have long complained about the formula.
- ▶ There are pros and cons to this methodology.
- ▶ Charter schools, special education vouchers and special education savings accounts diminish the effectiveness of the current formula.
- ▶ Pros: limits over identification and over classification
- ▶ Cons: many districts exceed the cap; may not have enough students that are less expensive to generate enough \$ for the students with more expensive exceptionalities

Allotments Used for Teaching Positions

- ▶ There are a number of allotments that are used to pay for teachers (classroom teacher, AIG, Special Education, etc.).
- ▶ Over the last few years the General Assembly has eliminated transfers among these allotments. This has reduced the number of teaching positions in the districts that had used this flexibility for many years.
- ▶ If the committee decides to continue with some modified version of the current allotment system, NCSBA would recommend an examination of whether an allotment could be created to cover all teachers.

Charter School Funding

- ▶ While funds for LEAs are generated through the various allotments, charter schools receive their state funds calculated off the student's originating school district's per pupil allocation.
- ▶ This means that some charter schools are receiving parts of allotments for purposes that they do not cover.
- ▶ Example: A student attending a 9-12 grade charter school receives a portion of the teacher assistant allotment in the calculation of \$s that attach to the student.
- ▶ Recommendation: School districts and charter schools should be financially disentangled at the state and local level.
- ▶ S 562 (Tucker, McInnis & Curtis) addresses the local portion of this.

Recommendations

- ▶ The relationship between the state and county commissions needs to be clarified as it relates to the responsibility of capital vs. current expense.
- ▶ If certain aspects of school funding are going to be dependent upon factors controlled by the county commission instead of the school board then the State needs to require minimum funding levels and not leave them subjective.
- ▶ School districts and charter schools should be financially disentangled at the state and local level.
- ▶ Examination of whether an allotment could be created to cover all teachers.

Conclusion

- ▶ No matter what direction the committee goes, if there is going to be a revamp of the current allotment structure or a weighted student formula, we implore upon you that there be:
- ▶ A multi-year plan to phase the changes in so that LEAs know what is coming and can plan accordingly.
- ▶ Provide enough time in the transition phases so that adjustments associated with the change can be addressed.
- ▶ Be prepared to make adjustments in structure and timelines as the transition occurs.