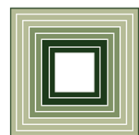


Digital Learning: State Funding Perspectives

**Legislative Research Commission
On Digital Learning Environments in Public Schools**

November 26, 2012



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

- State funding sources
- Other considerations
- Takeaways

What State support exists for Digital Learning?



State Allotments

- Public schools receive State funding through a variety of “allotments”
 - Each allotment determined by specific formula
 - Certain rules on allowable uses
- Types of allotments
 - Position
 - Dollar
 - Categorical

State Allotments (con't.)

- School districts (LEAs) have considerable flexibility in spending allotments
 - LEA determines allocation across schools
 - Certain allotments have many allowable uses
 - LEAs able to move money between allotments
- Budget allows “maximum flexibility to LEAs regarding the expenditure of State funds.”
 - Exceptions: transfer into Central Office & “walling off” of Classroom Teachers/Teacher Assistant funds

Primary State Allotments Supporting Digital Learning

- State Technology Fund
 - Provides funding to LEAs on a student headcount basis
 - May only be used for hardware (no personnel)
 - Historically supported by General Fund and Fines and Forfeitures
 - FY 2011-13: \$10m Gen. Fund cut, \$18m F&F retained

Primary State Allotments Supporting Digital Learning

- School Connectivity
 - Primary mission: building the capacity of LEAs to access broadband
 - Does not support student/teacher hardware or services
 - Connected all 115 LEAs to Statewide backbone
 - Assists LEAs in optimizing federal E-Rate discounts
 - FY 2012-13 funding: \$19 million

Primary State Allotments Supporting Digital Learning

- Textbooks
 - Primarily has supported paper-based content
 - Digital content allowable
 - G.S. 115C-85 "systematically organized material comprehensive enough to cover the primary objectives...in the standard course of study..."
 - Significant funding decline
 - FY09: \$115m →FY13: \$20m

Other Digital Learning Sources

- Other State public school funding
 - Most allotments may be used for multiple purposes
 - However, total public school funding has declined over the last five years as greater flexibility was provided
- Tradeoffs
 - Greater adoption of digital learning may be sound strategy, but flexibility does not mean easy choices
 - Most K-12 funding is in personnel, so migration to “21st century classroom” likely means foregone positions
 - Some LEAs have increased grade 4-12 class sizes or otherwise reduced classroom staff

Other Digital Learning Sources

- Federal support
 - Ed. Tech. State Grants
 - E-Rate
 - Race to the Top
- Local and Non-Profit Investment



Other Considerations



State Capital Funding

- ADM Fund
 - 7.25% set-aside of Corporate Income Tax
 - Allowed to be used to purchase technology
 - Funding redirected to General Fund since FY 2009
- Education Lottery
 - 40% of net proceeds but NCGA may override
 - Declining revenue: FY11: \$170m → FY13: \$100m
 - Funding not allowed to purchase technology

Possible Legislative Action

- Consider allowing Lottery Capital funding to be used on technology
 - Pros: Aligns uses with other sources; Enhances flexibility
 - Con: Would introduce additional uses for relatively scarce State funding source
- Revise Textbook allotment name to reinforce that funds may be used for all types of content



Takeaways



Takeaways

- State support for K-12 digital learning is:
 - Varied
 - Derived from several allotments
- Flexibility requires LEAs to make trade-offs
 - Absent additional funding, increasing digital learning investment necessarily requires decreasing investment elsewhere
- This Committee may wish to clarify and broaden certain funding flexibilities on State funds.

Questions

