

Public Schools Base Budget Overview

Joint Appropriations Subcommittee on Education

February 15, 2011



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

Agenda

1. Public Schools Funding: Structure and Recent History
2. Specific Allotment Categories
3. Pass-throughs and Miscellaneous Programs



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

2

Public Schools Funding: Structure and Recent History

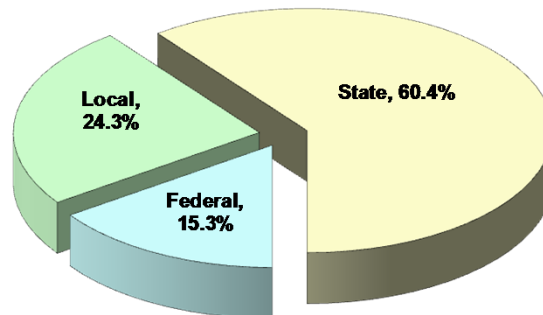


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

3

Public Schools Funding Distribution

Source of Public Schools FY 2009-10 Expenditures
(Child Nutrition Included)



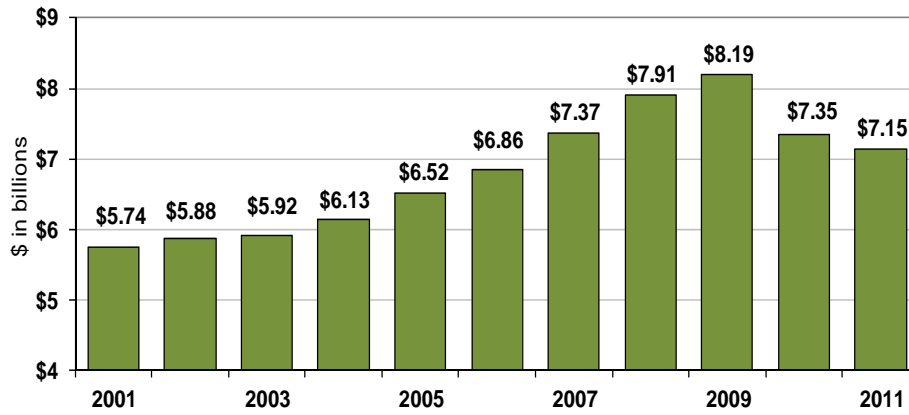
Source: Department of Public Instruction (Highlights), Feb. 2011



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

4

State General Fund Total for Public Schools



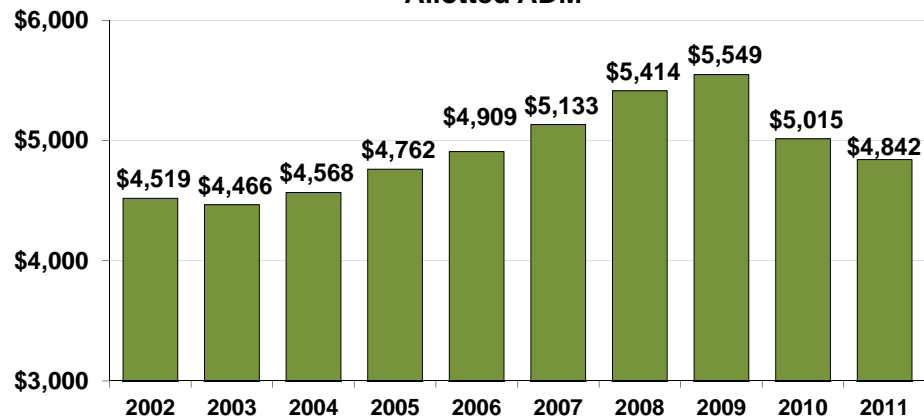
Source: Department of Public Instruction (Highlights), Feb. 2011

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

5

State Per-Pupil Public School Funding

State Public School Fund Budget— Dollars per Allotted ADM



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

6

Public School Personnel

- Over 93% of State funds used for Salaries and Benefits
- Salaries for Certified Personnel established by NCGA in statewide salary schedules
 - Individual's placement on the schedule based on experience and certain credentials
 - Locals may supplement guaranteed minimum salary

Public School Personnel Salaries

Personnel Type	Salary Range	Average Base Salary	Allotted Positions
Superintendent (12 months)	\$56,640 - \$137,388	N/A	N/A
Assoc/Asst Supt/Dir Supervisors/Coord (12 months)	\$39,708 - \$103,068	N/A	N/A
Principals (12 months)	\$50,916-\$109,116	\$66,821	2,399
Assistant Principals (10 months)	\$37,810-\$64,420	\$49,173	1,793
Teachers (10 months)	\$30,430-\$67,280	\$41,791	67,321
Instructional Support (10 months)	\$30,430-\$67,280	\$47,890	7,201
Vocational Education (10 months)	\$30,430-67,280	\$44,157	6,460
Non Certified Employees - Monthly Salary			
Teacher Assistants	\$1,912.56-\$3,051.03	\$21,006	N/A
Clerical	\$1,852.85 - \$3,957.37	\$31,414	N/A
Custodian	\$1,834.71 - \$3,535.64	\$20,735	N/A

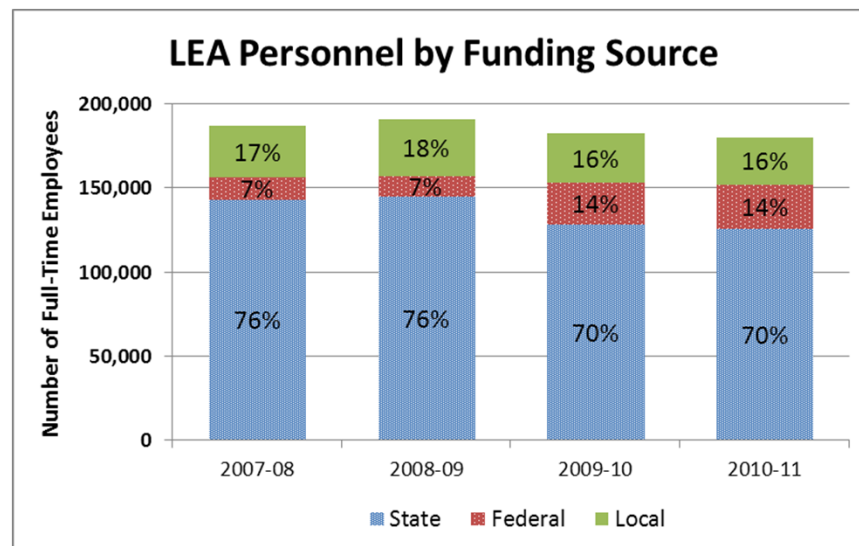
Source: Department of Public Instruction, Feb. 2011

Personnel by Fund Source: 2010-11

Certified Personnel:	State	Federal	Local	Total
Central Office Admin.	1,026	155	680	1,861
Principals	2,103	28	292	2,423
Assistant Principals	1,680	95	911	2,686
Teachers	78,963	11,443	4,473	94,879
Instructional Support	9,947	1,732	2,786	14,465
Total Certified	93,719	13,453	9,142	116,314
Non Certified Personnel:				
Teacher Assistants	18,227	5,587	2,492	26,306
Technicians	478	140	951	1,569
Clerical, Secretarial	3,682	3,005	3,959	10,646
Other Non Certified	9,875	3,885	11,875	25,635
Total Non Certified	32,262	12,617	19,277	64,156
Total 2011	125,981	26,070	28,419	180,470
Percent of Total	69.8%	14.5%	15.7%	100.0%

Source: Department of Public Instruction, Feb. 2011

Historic Personnel by Fund Source



Source: Department of Public Instruction

ARRA Funding

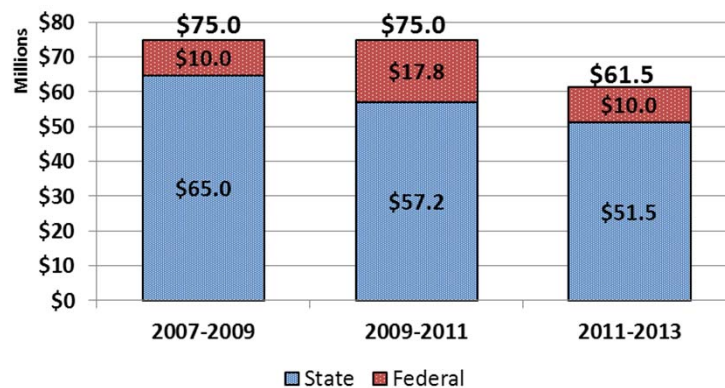
Program Name	Allocations	Expenditures	Balances
Education Stabilization Fund	777,926,642	548,381,279	229,545,363
Title 1	320,127,071	175,804,637	144,322,434
IDEA	326,481,180	231,605,132	94,876,048
Education Technology	15,504,917	11,337,869	4,167,048
McKinney Vento Homeless	1,627,010	1,042,810	584,200
Child Nutrition Equipment	3,310,586	3,310,417	169
EPA Retrofitting Diesel Program	256,704	256,704	0
Rural Education Achievement	9,465	3,226	6,239
Education Jobs Fund	296,966,063	15,307,512	281,658,551
Total	1,742,209,638	987,049,586	755,160,052

Source: Department of Public Instruction, Dec. 2010

Expiration of ARRA Funding

- Expiration of ARRA funding magnifies effects of State funding reductions in upcoming biennium

Expiration of ARRA in a Hypothetical LEA



LEA State Spending Flexibility

- While LEAs already had significant flexibility in spending State funds, 2009-11 Budget directed State Board of Education to expand this flexibility
- Board Action permitted transfers among all State allotments with following exceptions:
 - No Transfer into **Central Office**
 - No Transfer out of **Career Tech. or Children with Disabilities** (federal matching concerns)
 - No Transfer out of **Driver Training**



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

13

LEA Adjustment-Flexible Cut

- The FY 2009-11 Budget required LEAs to designate cuts of \$225M (09-10) and \$305M(10-11)

<u>Allotment</u>	<u>Reduction</u>	<u>Allotment</u>	<u>Reduction</u>
Classroom Teachers	(176,753,621)	Furlough	(1,800,389)
Teacher Assistants	(47,489,046)	Transportation	(1,379,986)
Instructional Support	(17,531,330)	Central Office Administration	(1,326,108)
CTE Month of Employment	(14,971,355)	Limited English	(1,245,461)
School Building Administration	(11,965,844)	Academically Gifted	(1,044,683)
Classroom Material	(4,635,270)	DSSF	(864,061)
Low Wealth Supplemental	(4,034,508)	Textbooks	(211,080)
Children with Disabilities	(3,608,634)	School Technology	(103,057)
Non-Instructional Support	(2,651,155)	Small County Supplemental	(70,772)
At-Risk Student Services	(2,601,831)	Charter School Reductions	(8,515,775)
CTE Program Support	(1,970,400)	Total	(304,774,366)



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

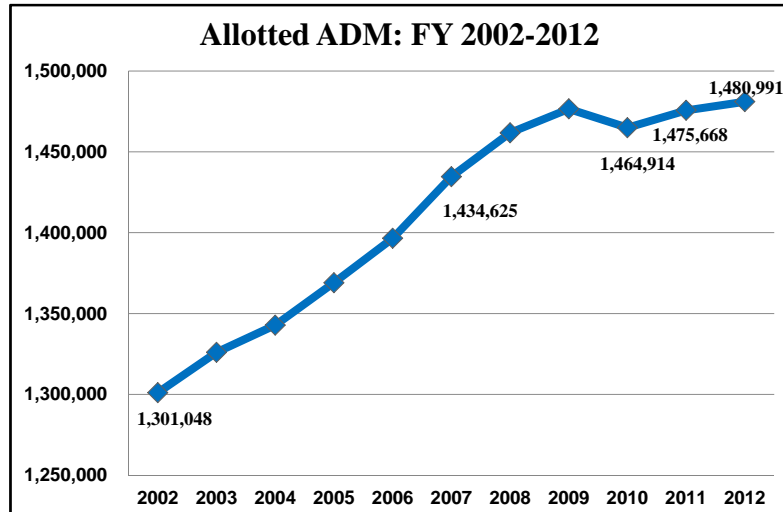
14

Specific Allotment Categories

State Funding Allotments

- State funds are distributed to LEAs via allotments
 - Allotments differ from spending
 - “How the money goes out the door”
- Allotments provided directly to LEA
 - LEA decides how to allocate funding across its schools
 - LEA may transfer funding amongst most allotments
- Allotments determined by formula
 - ADM is primary component of most formulas

Average Daily Membership



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

Allotment Types

- **Position Allotments (70% of State Funds)**
 - Allocated to LEAs based on ratio of positions to ADM
 - State pays salary and benefits for that position, as determined by the State salary schedule
- **Dollar Allotments (10% of State Funds)**
 - LEAs are provided a specific dollar amount to use to purchase materials or hire certain personnel
- **Categorical Allotments (20% of State Funds)**
 - Address specific student populations or instructional challenges not fully met by basic allotments

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

State Funding by Purpose

- Basic
 - Funding directed on behalf of every student
- Supplemental
 - Targeted funding directed on behalf of specific student groups or LEAs with certain characteristics
- Pilot Programs
 - Targeted funding designed to address a specific issue or condition
- Other/Miscellaneous

Basic Allotments

Classroom Teachers

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
2,877,145,324	2,642,998,247	2,948,951,192

- **Purpose:** Position allotment providing LEAs guaranteed funding (salaries & benefits) to cover 10-month positions for classroom teachers
- **Formula:** LEAs provided a certain number of positions based on the allotted ADM in certain grade spans
- **Please note:** Other allotments also support teachers

Classroom Teachers

Class-size Ratios

2010-11 Grade Spans	Teacher Allotment Ratio	Class-Size Average Ratio for the LEA	Individual Class-Size Maximum	Positions Allotted in 2010-11
K-3	1:18	1:21	1:24	25,100
4-6	1:22	1:26	1:29	15,533
7-8	1:21	1:26	1:29	10,391
9	1:24.5	1:26	1:29	5,163
10-12	1:26.64	1:29	1:32	11,134

- Average class-size and individual class-size limits in grades 4-12 temporarily suspended this biennium

Source: Department of Public Instruction (Highlights), Feb. 2011

Teacher Assistants

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
454,437,632	390,577,104	528,168,903

- **Purpose:** Dollar allotment providing funding for salaries and benefits for teacher assistants
- **Formula:** \$1,131 per K-3 ADM

Instructional Support

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
342,459,537	319,689,676	358,373,825

- **Purpose:** Position allotment providing guaranteed funding to cover 10-month positions for counselors, social workers and other instructional support personnel
- **Formula:** 1 position per every 200.10 in ADM

School Building Administration

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
242,529,110	227,167,067	260,067,059

- **Purpose:** Position allotment providing guaranteed funding to cover 12-month positions for principals, and months of employment for assistant principals
- **Formula:**
 - Principals: 1 position for each school where ADM > 100, or at least 7 teachers
 - Assistant Principals: 1 month of employment per every 80 in ADM

Central Office Administration

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
117,292,221	105,659,167	107,450,586

- **Purpose:** Dollar allotment providing funding for salaries and benefits for central office personnel
- **Formula:** Dollars received in 02-03, adjusted annually for legislative increases or benefit changes. Additional reductions of 7.5%, 14%, or 18% based on LEA size.

Noninstructional Support Personnel

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
405,600,759	199,362,362	23,723,656

- **Purpose:** Dollar allotment providing funding for clerical, custodians, substitute teachers, etc.
- **Formula:** \$14.61 per ADM
- **Note:** Allotment reduced as offset to Education Stabilization Fund (ARRA)

Personnel Benefits

ALLOTMENT	2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
SOCIAL SECURITY	283,555,211	262,386,533	295,233,553
STATE RETIREMENT	312,480,297	307,484,468	413,353,051
MEDICAL INSURANCE	330,700,626	339,411,579	415,416,624
SHORT TERM DISABILITY	6,882,538	265,330	5,437,304
LONGEVITY	89,700,021	84,634,981	78,528,598
ANNUAL LEAVE	34,085,488	34,816,019	33,457,308
WORKERS COMP	38,391,455	38,144,549	33,759,906

- Personnel benefits are provided based on the number of positions, and the requirements of the specific benefit

Supplies/Materials/Equipment

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
95,154,080	99,824,707	90,901,761

- **Purpose:** Dollar allotment providing funds for classroom supplies and materials
- **Formula:** \$61.16 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing

Textbooks

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
76,408,364	93,041,059	2,500,000

- **Purpose:** Dollar allotment providing funds for textbooks
- **Formula:** \$1.69 per ADM in grades K-12
- 2010-11 Budget cut nearly all textbook funding on a nonrecurring basis

Transportation

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
365,011,012	368,163,167	403,042,227

- **Purpose:** Dollar allotment providing funds for transportation to and from school
 - Transportation personnel
 - Bus drivers
 - Fuel
 - Maintenance
- **Formula:** Based on pupils transported and “budget rating”

School Buses

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
67,185,907	60,838,326	44,951,619

- **Purpose:** Dollar allotment providing funds for school bus replacement
- **Formula:** Based on age and mileage of an LEAs vehicles

Career and Technical Education

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
302,133,487	299,273,858	311,264,504

NOTE: Does not include benefits associated with CTE instructional personnel.

- **Purpose:** A combination of position and dollar allotments providing guaranteed months of employment and additional funding for CTE programs
- **Formula:** Base amount to each LEA with remainder distributed based on ADM in grades 8-12

Mentor Teachers

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
10,097,125	8,149,497	0

- **Purpose:** Dollar allotment to provide mentoring services to 1st and 2nd year teachers and 1st year instructional support
- **Formula:** Based on the number of eligible employees in the LEA

Staff Development

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
9,556,352	23,640	0

- **Purpose:** Dollar allotment to provide money for staff development
- **Formula:**
 - Base: \$750 per LEA
 - Of the remainder:
 - 25% distributed evenly between LEAs
 - 75% based on ADM

Supplemental Allotments

Children with Disabilities

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
662,718,369	659,735,304	693,894,148

- **Purpose:** Categorical allotment providing funding to benefit students with identified disabilities in various settings and age spans
- **Formula:** Varies. School-age children based on a 12.5% maximum identified student cap per LEA multiplied by \$3,599 per-student

Academically or Intellectually Gifted

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
62,479,736	63,102,801	70,413,503

- **Purpose:** Categorical allotment providing funding to support differentiated services to students with outstanding capability
- **Formula:** Total LEA Funding = 4% of LEA's ADM x Per-Pupil Funding Factor (FY 2010-11: \$1,193)

At-Risk Student Services

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
231,480,372	209,953,314	235,873,311

- **Purpose:** Categorical allotment funding At-Risk Student Services such as alternative instruction, dropout prevention, school safety officers (SSOs), summer school instruction, remediation, alcohol/drug prevention, and preschool screening
- **Formula:** Every LEA receives the following:
 1. Funding equivalent to an SSO salary (\$37,838) per high school
 2. Remaining funds allocated based 50% on Federal Title I headcount and 50% on allotted ADM

Disadvantaged Student Supplemental Funding

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
67,461,773	70,748,489	78,753,727

- **Purpose:** Categorical allotment providing supplemental funding to LEAs to enhance capacity to address the needs of disadvantaged students
- **Formula:** Distributed to all LEAs on a per-student basis, factoring in certain student characteristics and the relative wealth of the county

Low Wealth Supplemental Funding

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
187,580,693	203,961,228	223,335,000

- **Purpose:** Categorical allotment providing funding for counties that have below State-average ability to generate local revenue to support public schools
- **Formula:** Only LEAs with calculated county wealth of less than 100% of the State average qualify. Qualifying LEAs can receive a maximum of the amount required to bring that district up to the statewide average local revenue per student

Small County Supplemental Funding

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
43,539,770	43,307,446	44,073,736

- **Purpose:** Categorical allotment providing additional support for small county LEAs
- **Formula:** All county LEAs with fewer than 3,239 students qualify, as do some with fewer than 4,080 students. Funds are then allocated on seven different criteria to all qualifying LEAs.

Limited English Proficiency

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
68,787,226	74,427,475	76,536,814

- **Purpose:** Categorical allotment providing funding to LEAs to serve students not proficient in English
- **Formula:** Funding provided for up to 10.6% of total LEA ADM. Each LEA receives dollar equivalent of a teacher assistant position, with remaining funds allocated 50% on 3-year weighted average LEP headcount and 50% on LEP concentration.

Child and Family Support Teams

2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
11,176,578	10,916,145	9,198,576

- **Purpose:** A combination of positions (nurses) and dollars (social workers) to coordinate services among educational and human service agencies working with at-risk children and their families.
- **Formula:** Positions and dollars distributed between the 79 participating schools

ADM Reserve

2008-09 Certified Bud	2009-10 Certified Bud	2010-11 Certified Bud
5,237,000	5,237,000	2,618,500

- **Purpose:** Used in cases where first month ADM exceeds the allotted ADM by more than 2% or 100 students
- **Formula:** LEAs must apply for this funding, as applicable

Pilot Programs

Learn and Earn Programs

ALLOTMENT	2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
LEARN AND EARN	18,347,629	20,342,498	22,490,863
LEARN & EARN ONLINE	8,527,788	5,679,356	4,875,000
L&E VIRTUAL HS	0	992,878	1,000,000

- These programs provide high school students the opportunity to earn college credit while in high school

Other Pilots

ALLOTMENT	2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
SCHOOL BREAKFAST	1,948,728	1,431,167	2,017,761
COLLABORATIVE PROJ.	2,035,684	2,446,881	4,350,355
1:1 TECHNOLOGY PILOT	1,994,147	703,680	0
DROPOUT PREVENTION	15,000,000	11,785,803	13,000,000
EVAAS	845,000	845,000	1,845,000
STUDENT DIAGNOSTIC PILOT	0	0	10,000,000
CONNECTIVITY	18,961,576	18,855,807	20,536,226
JOBS COMMISSION SCHOOLS	0	0	200,000

Passthroughs and Miscellaneous Programs



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

49

Passthroughs

ALLOTMENT	2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
PUBLIC SCHOOL FORUM	2,342,705	2,003,012	2,087,350
COMMUNITIES IN SCHOOLS*	1,607,500	1,374,412	1,932,282
TARHEEL CHALLENGE	0	1,166,933	706,302
SCHOOLS ATTUNED	820,911		
EXPLORNET	400,000		
TEACHER CADET	400,000	323,000	336,600
NC NETWORK	312,625		
SCIENCE OLYMPIAD	150,000	121,125	150,975
TEACH FOR AMERICA	950,000	855,000	891,000
NC HUMANITIES COUNCIL	100,000		
KIDS VOTING	250,000		49,500
PTA PARENT INVOLVEMENT*	300,000	285,000	500,000
NC MATH & SCIENCE	200,000		99,000
PROJECT ENLIGHTENMENT	200,000		
*FY 2010-11 funding includes \$500,000 From Dropout Prevention			



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

50

Miscellaneous Programs

Program	2008-09 Expenditures	2009-10 Expenditures	2010-11 Certified Bud
CHARTER SCHOOLS	190,514,336	188,127,564	0
MORE AT FOUR	159,887,173	161,130,351	157,849,051
SCHOOL TECHNOLOGY FUND	10,000,000	368,060	1,000,000
DRIVERS EDUCATION	31,759,614	31,352,417	32,021,964
NBPTS	5,556,610	13,437,815	3,274,500
TEACHING FELLOWS	12,763,609	12,763,609	13,825,953

- Charter Schools: Funds from LEA allotments are transferred to provide equal per pupil funding for charter students
- More at Four: Supports high-quality child care to 4-year olds.
- Drivers Ed.: LEA receives \$235.99 per 9th grade ADM
- National Board for Professional Teaching Standards: Funds application fees of teachers seeking NBPTS certification
- EVAAS: Diagnostic testing data

Other Funds

- School Technology Fund
 - Provides funds to LEAs to implement local technology plans
- Pub. Sch. Building Capital Fund
 - Includes Lottery (\$113M) and Corporate Income Tax support for school capital
 - Corporate Income Tax set-aside suspended over biennium

Other State Funding Sources

- North Carolina Education Lottery
 - 10-11 Budget: \$441 million
 - Supports pre-K, Class Size Reduction, School Capital, and Postsecondary Scholarships for Needy Students
- Department of Revenue Transfer
 - 10-11 Budget: \$46 million
 - Implemented in FY 06-07 to offset elimination of LEA's refund eligibility for the State portion of Sales and Use Tax
- Fines and Forfeitures
 - 10-11 Budget: \$138.4m
 - Constitutional requirement for Revenue, Transportation and other penalties to be used to support Public Schools



Questions?

