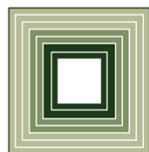


# NC Public Schools Expenditures, Outcomes & Other Topics



**Kristopher Nordstrom**  
**Fiscal Research Division**

**February 26, 2013**



**FISCAL RESEARCH DIVISION**

A Staff Agency of the North Carolina General Assembly

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# NC Virtual Public Schools



# North Carolina Virtual Public Schools

## NCVPS Overview

- Online (and blended) courses for public school students

| Course Type  | FY 07-08      | FY 08-09      | FY 09-10      | FY 10-11      | FY 11-12      | FY 12-13*     |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Summer       | 6,985         | 2,697         | 7,484         | 8,542         | 10,215        | 8,000         |
| Fall         | 4,205         | 4,550         | 10,596        | 13,019        | 17,150        | 15,950        |
| Year Long    | 1,269         | 1,778         | 3,162         | 3,796         | 4,580         | 4,372         |
| Spring       | 4,866         | 7,860         | 15,864        | 19,371        | 17,332        | 18,748        |
| <b>Total</b> | <b>17,325</b> | <b>16,885</b> | <b>37,106</b> | <b>44,728</b> | <b>49,277</b> | <b>47,070</b> |

\* Enrollments as of Feb 13, 2013

- Funded via cost-sharing formula
  - Original implementation FY 10-11
  - Modified for FY 11-12

# North Carolina Virtual Public Schools

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## NCVPS Funding Formula

- **Step 1**: Project NCVPS enrollment by course type for each LEA and charter school
- **Step 2**: Multiply by the per-student cost of instruction for each course type to get projected instructional cost
- **Step 3**: Reduce each LEA's teacher allotment by 75% of projected instructional cost
- **Step 4**: Adjust each LEA/charter's adjustment based on actual enrollment

# North Carolina Virtual Public Schools

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## NCVPS FY 12-13 Budget

### NCVPS FY 12-13 Reductions

|                      |                     |
|----------------------|---------------------|
| 75% Dollar Reduction | \$17,781,379        |
| Administration       | \$3,210,953         |
| Enrollment Reserve   | \$1,018,464         |
| <b>Total</b>         | <b>\$22,010,796</b> |

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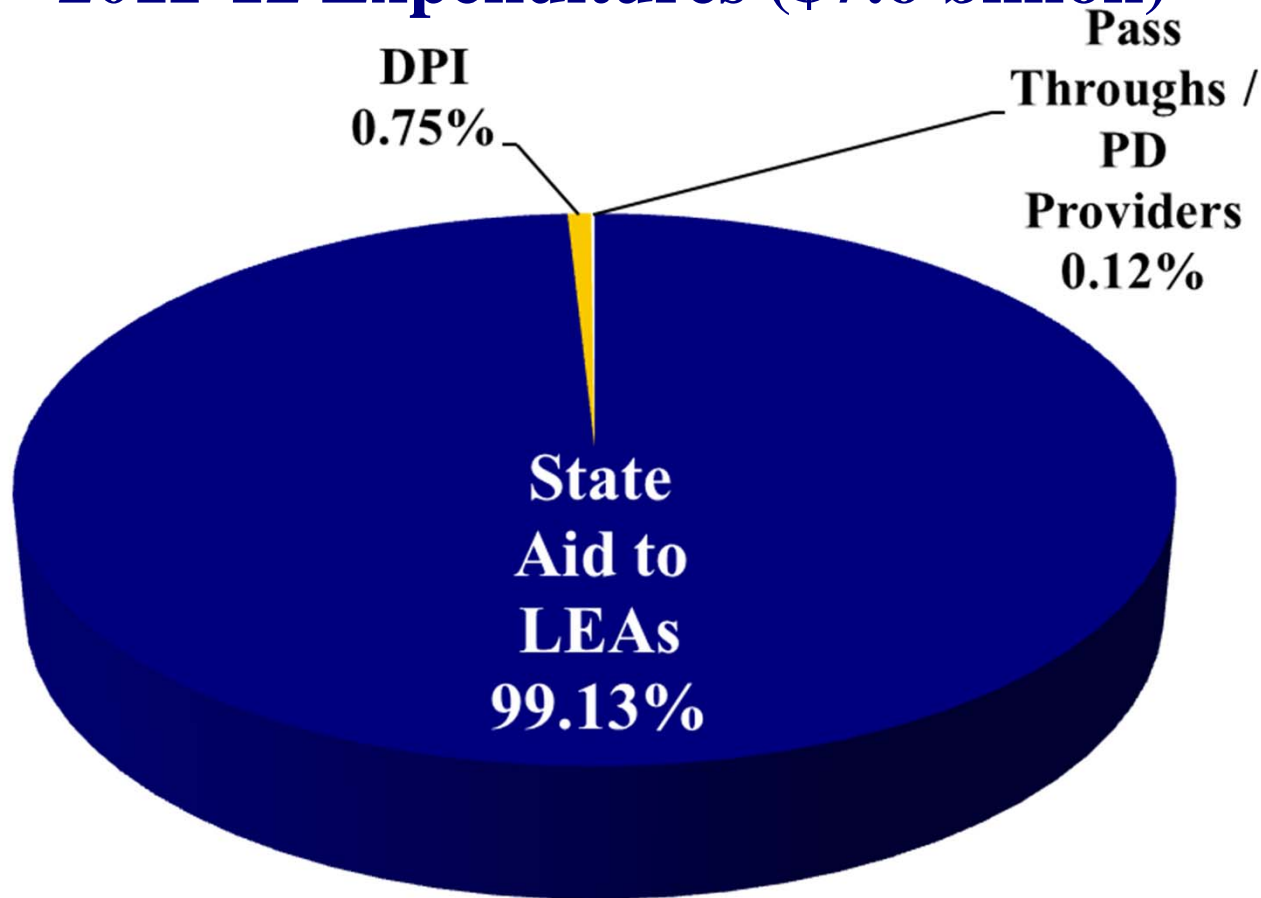
# How Is Public Education Money Spent?



# How Is Public Education Money Spent?

## Majority of Funding Supports Districts

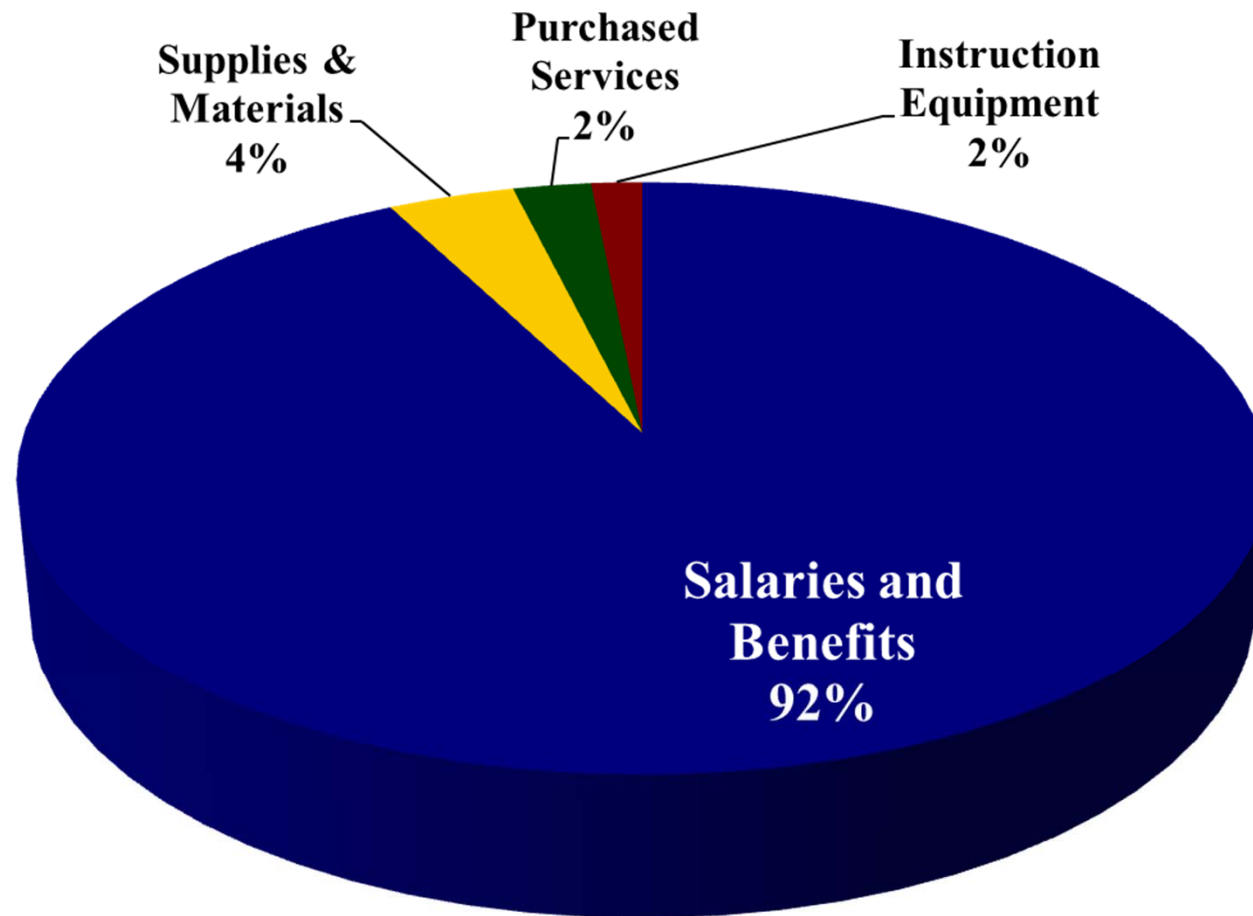
### 2011-12 Expenditures (\$7.6 billion)



# How Is Public Education Money Spent?

## Majority of LEA Spending on Personnel

**2011-12 Expenditures (\$7.6 billion)**





# How Is Public Education Money Spent?

## Number of Full-Time Employees Decreasing

### Full-Time Public School Personnel All Funding Sources

|                        | 2008-09        | 2009-10        | 2010-11        | 2011-12        | 2012-13        | # Change:<br>FY09 vs FY13 | % Change:<br>FY09 vs FY13 |
|------------------------|----------------|----------------|----------------|----------------|----------------|---------------------------|---------------------------|
| Teacher Assistants     | 30,002         | 26,752         | 26,306         | 24,264         | 24,412         | (5,590)                   | -18.6%                    |
| Other Non-Certified    | 27,414         | 26,890         | 25,635         | 24,507         | 24,069         | (3,345)                   | -12.2%                    |
| Assistant Principals   | 3,000          | 2,745          | 2,686          | 2,601          | 2,733          | (267)                     | -8.9%                     |
| Clerical / Secretarial | 11,153         | 10,732         | 10,646         | 10,364         | 10,270         | (883)                     | -7.9%                     |
| Technicians            | 1,640          | 1,574          | 1,569          | 1,519          | 1,555          | (85)                      | -5.2%                     |
| Teachers               | 99,098         | 95,377         | 94,879         | 93,964         | 95,146         | (3,952)                   | -4.0%                     |
| Central Office         | 1,868          | 1,850          | 1,861          | 1,786          | 1,810          | (58)                      | -3.1%                     |
| Instructional Support  | 14,550         | 14,595         | 14,465         | 14,227         | 14,722         | 172                       | 1.2%                      |
| Principals             | 2,402          | 2,424          | 2,423          | 2,398          | 2,432          | 30                        | 1.2%                      |
| <b>Total</b>           | <b>191,127</b> | <b>182,939</b> | <b>180,470</b> | <b>175,630</b> | <b>177,149</b> | <b>(13,978)</b>           | <b>-7.3%</b>              |

# How Is Public Education Money Spent?

## Changes in FTE Vary by Funding Source

### Full-Time Public School Personnel All Position Types

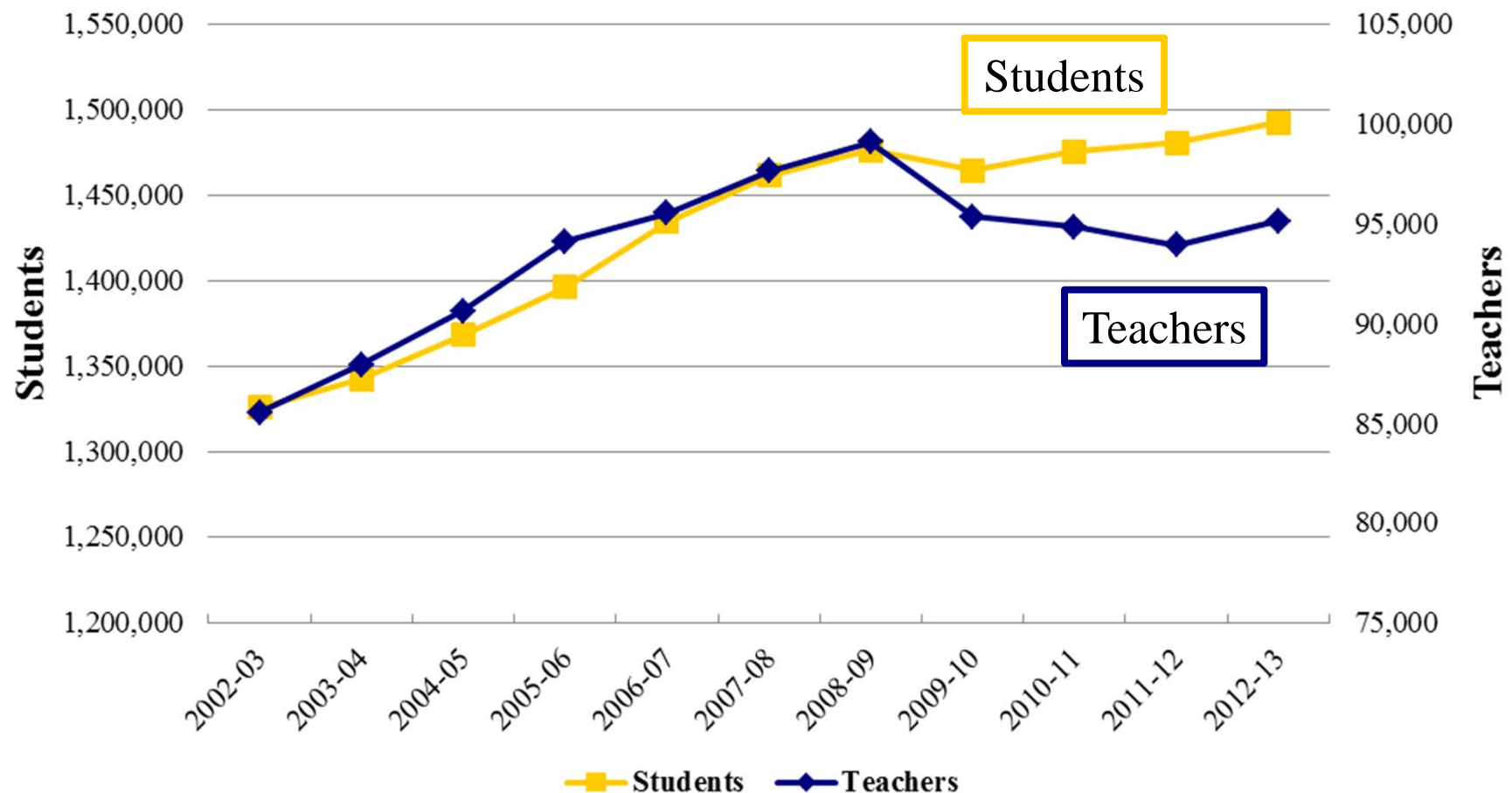
|              | 2008-09        | 2009-10        | 2010-11        | 2011-12        | 2012-13        | # Change:<br>FY09 vs FY13 | % Change:<br>FY09 vs FY13 |
|--------------|----------------|----------------|----------------|----------------|----------------|---------------------------|---------------------------|
| State        | 144,793        | 128,540        | 125,981        | 130,594        | 133,792        | (11,001)                  | -7.6%                     |
| Federal      | 12,524         | 24,715         | 26,070         | 18,650         | 13,993         | 1,469                     | 11.7%                     |
| Local        | 33,810         | 29,684         | 28,419         | 26,386         | 29,364         | (4,446)                   | -13.1%                    |
| <b>Total</b> | <b>191,127</b> | <b>182,939</b> | <b>180,470</b> | <b>175,630</b> | <b>177,149</b> | <b>(13,978)</b>           | <b>-7.3%</b>              |

- Local and State reductions off-set partially by increased federal support

# How Is Public Education Money Spent?

## Student Population Continues to Grow

**Historic Count of Students and Teachers**



# How Is Public Education Money Spent?

## Historical Changes in Teacher Salaries

| Fiscal Year | Teachers | State Employees | Consumer Price Index |
|-------------|----------|-----------------|----------------------|
| 1993-94     | 5.0%     | 2.0%            | 2.6%                 |
| 1994-95     | 7.0%     | 4.0%            | 2.9%                 |
| 1995-96     | 2.0%     | 2.0%            | 2.7%                 |
| 1996-97     | 5.5%     | 4.5%            | 2.8%                 |
| 1997-98     | 7.5%     | 4.0%            | 1.8%                 |
| 1998-99     | 7.5%     | 3.0%            | 1.7%                 |
| 1999-00     | 7.5%     | 3.0%            | 2.9%                 |
| 2000-01     | 6.5%     | 4.2%            | 3.4%                 |
| 2001-02     | 2.9%     | 0.0%            | 1.8%                 |
| 2002-03     | 1.8%     | 0.0%            | 2.2%                 |

Efforts made to  
bring NC teacher  
salaries to  
national average

# How Is Public Education Money Spent?

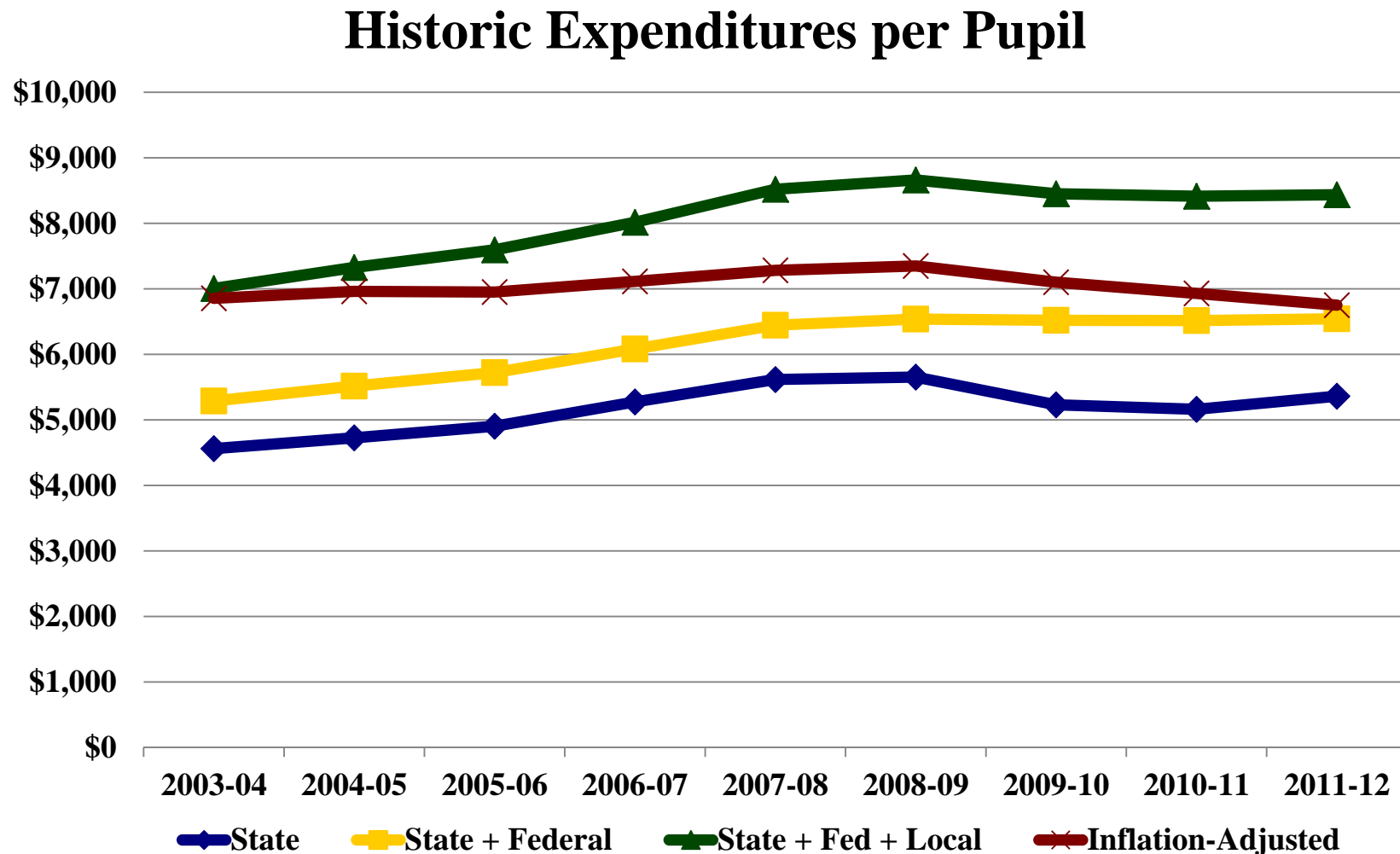
## Historical Changes in Teacher Salaries

| Fiscal Year | Teachers | State Employees | Consumer Price Index |
|-------------|----------|-----------------|----------------------|
| 2003-04     | 1.8%     | 0.0%            | 2.2%                 |
| 2004-05     | 2.5%     | 2.5%            | 3.0%                 |
| 2005-06     | 4.2%     | 2.0%            | 3.8%                 |
| 2006-07     | 8.0%     | 5.5%            | 3.2%                 |
| 2007-08     | 5.0%     | 4.0%            | 2.8%                 |
| 2008-09     | 4.0%     | 2.8%            | 3.8%                 |
| 2009-10     | 0.0%     | 0.0%            | -0.4%                |
| 2010-11     | 0.0%     | 0.0%            | 1.5%                 |
| 2011-12     | 0.0%     | 0.0%            | 3.0%                 |
| 2012-13     | 1.2%     | 1.2%            | 1.8%                 |

} Salaries frozen during Recession

# How Is Public Education Money Spent?

## Historic Per Pupil Expenditures



# How Is Public Education Money Spent?

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## Takeaways

1. Over 99% of State funds support LEAs
2. Almost all funding supports personnel
3. Personnel has decreased, despite increased students
4. Teacher pay and expenditures per student relatively flat over recent years

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# Flexibility in Using Allotted Funds





# Flexibility in Using Allotted Funds

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## Funding Flexibility

- Restricted by State:
  - Central Office Administration – funds can move out, but not in
- Restricted by federal maintenance of effort:
  - CTE
  - Children with Disabilities
- Partially-restricted by State:
  - Classroom Teachers – only into TA allotment
  - Teacher Assistants – only into Teacher allotment

# Flexibility in Using Allotted Funds

## FY 2012-13 Impact of LEA Adjustment

| Description                                  | Positions  | Amount                  |
|--|------------|-------------------------|
| Classroom Teachers                           | (4,289.42) | (179,370,676)           |
| Estimated Matching Benefits                  | -          | (65,813,312)            |
| Teacher Assistants                           | -          | (44,649,593)            |
| Vocational Education                         | (444.03)   | (27,480,564)            |
| Charter Schools                              | -          | (11,758,791)            |
| Instructional Support                        | (216.76)   | (10,404,263)            |
| Classroom Materials/Instructional Supplies   | -          | (5,387,018)             |
| School Building Administration               | (51.43)    | (2,859,426)             |
| Academically & Intellectually Gifted         | -          | (2,135,219)             |
| Children with Special Needs                  | -          | (2,110,876)             |
| At Risk Student Services/Alternative Schools | -          | (1,990,895)             |
| Low Wealth Supplemental Funding              | -          | (1,634,406)             |
| Disadvantaged Student Supplemental Funding   | -          | (1,411,417)             |
| Noninstructional Support Personnel           | -          | (758,053)               |
| Limited English Proficiency                  | -          | (641,270)               |
| Central Office                               | -          | (630,705)               |
| Textbooks                                    | -          | (603,152)               |
| Small County Supplemental Funding            | -          | (79,906)                |
| Transportation                               | -          | (18,966)                |
| <b>Total</b>                                 |            | <b>\$ (359,738,508)</b> |

Teachers and TAs  
account for  
approximately 75%  
of the funds returned  
in the LEA  
Adjustment

# Flexibility in Using Allotted Funds

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## Position Transfers

- Before 2012 Budget, positions transferred at State average salary
- LEAs increasingly began transferring out positions, receiving the State average salary, and paying beginning personnel from local funds

**LEA**

Classroom Teacher Position

- LEA receives teacher position

# Flexibility in Using Allotted Funds

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## Position Transfers

**LEA**

**\$42,263 (State funds)**

- LEA transfers-out the position
- LEA receives \$ equal to State average salary

# Flexibility in Using Allotted Funds

## Position Transfers

**LEA**

**\$42,263 (State funds)**

**— \$30,430 (local funds)**

**= \$11,843 (difference)**

- LEA pays beginning teacher from local funds
- LEA keeps difference for other purposes

# Flexibility in Using Allotted Funds

## Position Transfers

- GA enacted new rules for position transfers:
  - Principals – first step of the principal III salary schedule (S.L. 2011-145, Sec. 7.14)
    - **Savings: approximately \$7.7 million**
  - Teachers & Instructional Support – step 6 of the "A" Teachers salary schedule (S.L. 2012-145, Sec. 2.4)
    - **Savings: at least \$25 million**

**Under FY 12-13 rules, LEAs still have flexibility to transfer positions out if they'd like to use funds for other uses**

# Flexibility in Using Allotted Funds

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## Upcoming Session

- Without GA action, flexibility rules revert
- Pre- 09-10 rules still permit considerable flexibility
  - “Another important strength of the system...is the flexibility it promotes in the use of funds” – APA
- Permanent decision on transfer of positions
  - “it is the intent of the General Assembly to require that all transfers of teacher and instructional support personnel positions be based on step 0 of the "A" Teachers salary schedule” (S.L. 2012-145, Sec. 2.4)

# Flexibility in Using Allotted Funds

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## Takeaways

1. LEAs have had broad authority to move money between allotments, especially last four years
2. LEA Adjustment allows for flexibly managing cuts *and* expansion funding
3. LEA complaints are mostly arguments for increased resources, couched as an argument for more flexibility



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# 2013 Session: Public Schools Topics



# 2013 Session: Public Schools Topics

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## Continuation Budget

- ADM increase: \$136 million
- Restoration of NR items: \$135 million
- Underfunded line items\*: \$87 million
- Change in average salaries: (\$76 million)

**FY 13-14 continuation budget could be up to \$282 million above FY 12-13 budgeted levels**

# 2013 Session: Public Schools Topics

## LEA Adjustment (Negative Reserve)

- LEA Adjustment requires LEAs to identify a certain amount of budget reductions and “return” the money to the State

|                    | FY 09-10       | FY 10-11       | FY 11-12       | FY 12-13       |
|--------------------|----------------|----------------|----------------|----------------|
| LEA Adjustment     | \$ 225,000,000 | \$ 304,774,366 | \$ 428,991,908 | \$ 359,738,508 |
| Share of State Aid | 3.05%          | 4.27%          | 5.75%          | 4.67%          |

# 2013 Session: Public Schools Topics

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## **LEA Adjustment (Negative Reserve)**

- Options for 2013 Budget:
  1. Maintain LEA Adjustment at some level
  2. Eliminate LEA Adjustment, replace with cuts to specific allotments
  3. Eliminate LEA Adjustment, replace with additional appropriation

# 2013 Session: Public Schools Topics

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## **Excellent Public Schools Act**

- 2012's Excellent Public Schools Act (S795) enacted several reforms including:
  - Establishing North Carolina Read to Achieve Program, making numerous changes to K-3 literacy policy
  - Assignment of "A-F" grades to schools based on performance
  - Flexibility regarding required school instructional time and adjusts the school calendar start and end and dates

# 2013 Session: Public Schools Topics

## Excellent Public Schools Act

### Estimated Program Costs - Read to Achieve

| Requirement Description   | 2012-13             | 2013-14             | 2014-15             |
|---|---------------------|---------------------|---------------------|
| Continuously evaluate the comprehensive plan to improve reading achievement   | \$0                 | \$500,000           | \$500,000           |
| Solicit input from stakeholders in developing statewide plan  | \$80,000            | \$0                 | \$0                 |
| Formative diagnostic reading assessments for all students in grades k-3   | \$23,576,691        | \$9,777,168         | \$11,146,757        |
| Retain students who score at Level I or Level II on third grade Reading EOG   | \$0                 | \$0                 | \$20,536,590        |
| Provide technical assistance to LEAs to implement the program locally   | \$1,007,812         | \$1,078,610         | \$1,143,456         |
| Kindergarten Entry Assessment for all entering kindergarten students beginning FY 14-15   | \$0                 | \$18,500,000        | \$750,000           |
| Kindergarten developmental screening of early language, literacy, and math skills   | \$0                 | \$0                 | \$754,588           |
| Summer reading camp for students not demonstrating reading proficiency  | \$0                 | \$15,465,450        | \$15,465,450        |
| LEAs provide alternative reading assessment for third graders who have a reading deficiency   | \$0                 | \$257,613           | \$254,055           |
| Parents of retained students shall be provided with a plan for reading at home, including participation in reading workshops for the parent | \$0                 | \$23,007,944        | \$18,330,263        |
| Supplemental tutoring for students who have been retained twice   | \$0                 | \$0                 | \$8,927,453         |
| Providing monthly progress reports to parents of retained students  | \$0                 | \$0                 | \$159,777           |
| Establish NC Teacher Corps  | \$0                 | \$0                 | \$1,818,286         |
| <b>Total Requirements (per 2012 fiscal note)</b>  | <b>\$24,664,503</b> | <b>\$68,586,785</b> | <b>\$77,968,389</b> |
| <b>Existing State Appropriation</b>   | <b>\$27,000,000</b> | <b>\$27,000,000</b> | <b>\$27,000,000</b> |
| <b>Expansion Requirements</b>   | <b>N/A</b>          | <b>\$41,586,785</b> | <b>\$50,968,389</b> |

# 2013 Session: Public Schools Topics

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## Race to the Top

- NC one of 12 states to win a federal Race to the Top grant
- \$400 million over four years
- Funding multitude of initiatives
  - Cloud computing/IIS
  - Professional development for Common Core
  - NC Teacher Corps
  - District and School Transformation
  - Measures of Student Learning
- Funding only through 13-14

# 2013 Session: Public Schools Topics

## Race to the Top

- GA selects which projects to fund in 14-15

### Initial Budget Estimates of Race to the Top Initiatives

| Initiative                                  | Est. 14-15 Cost | Notes                          |
|---|-----------------|--------------------------------|
| Turning Around the Lowest-Achieving Schools | \$11,900,000    |                                |
| Professional Development                    | \$10,600,000    |                                |
| Incentives for Lowest-Achieving Schools     | \$9,000,000     |                                |
| Regional Leadership Academies               | \$8,000,000     |                                |
| Home Base                                   | \$6,000,000     | Potential for LEA cost-sharing |
| Induction Support in High-Need Schools      | \$2,600,000     |                                |
| Teach for America Expansion                 | \$2,500,000     | Potential for LEA cost-sharing |
| NC Teacher Corps                            | \$1,800,000     | Included in EPSA projections   |
| Student Survey of Teacher Performance       | \$1,500,000     |                                |

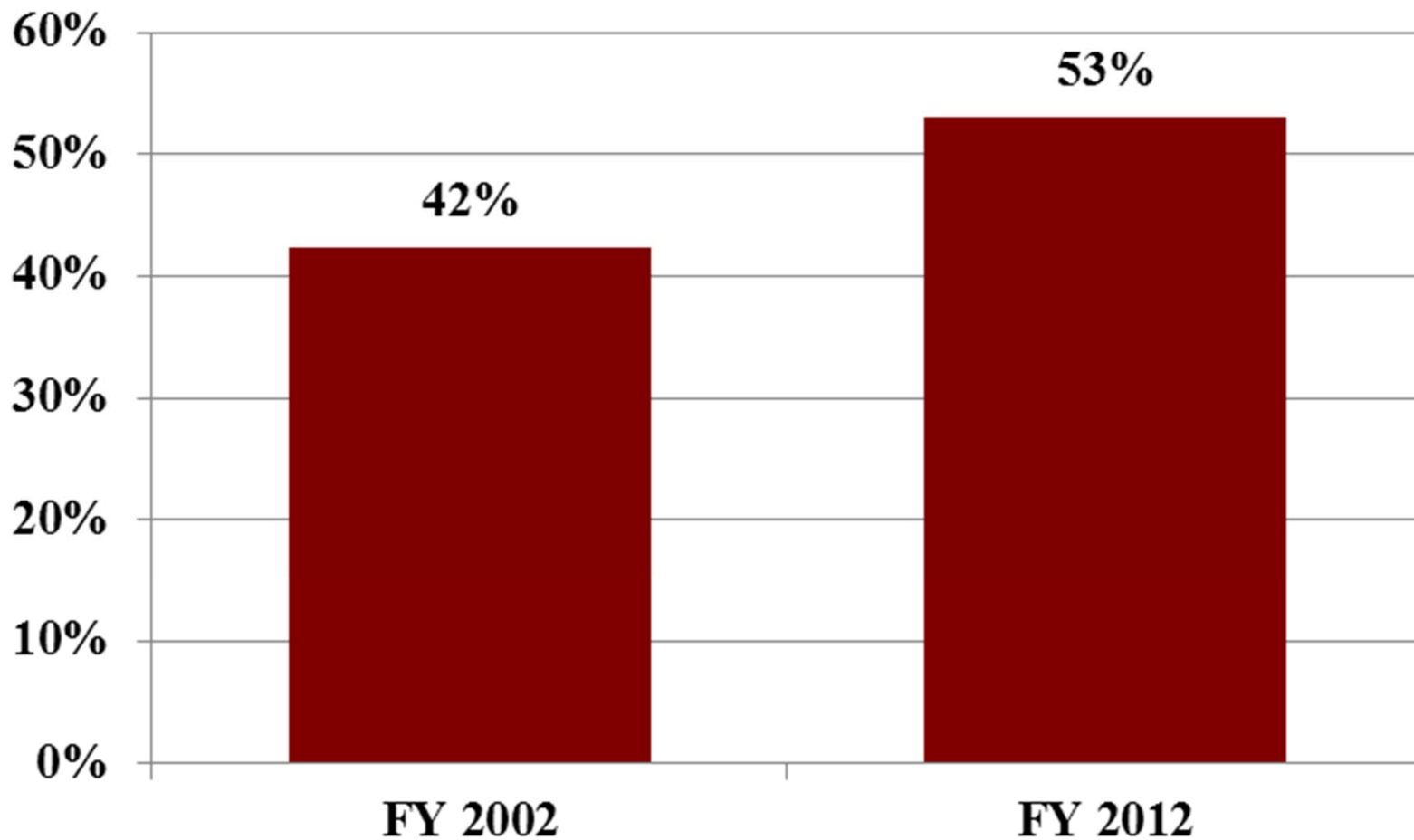


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# NC School Performance

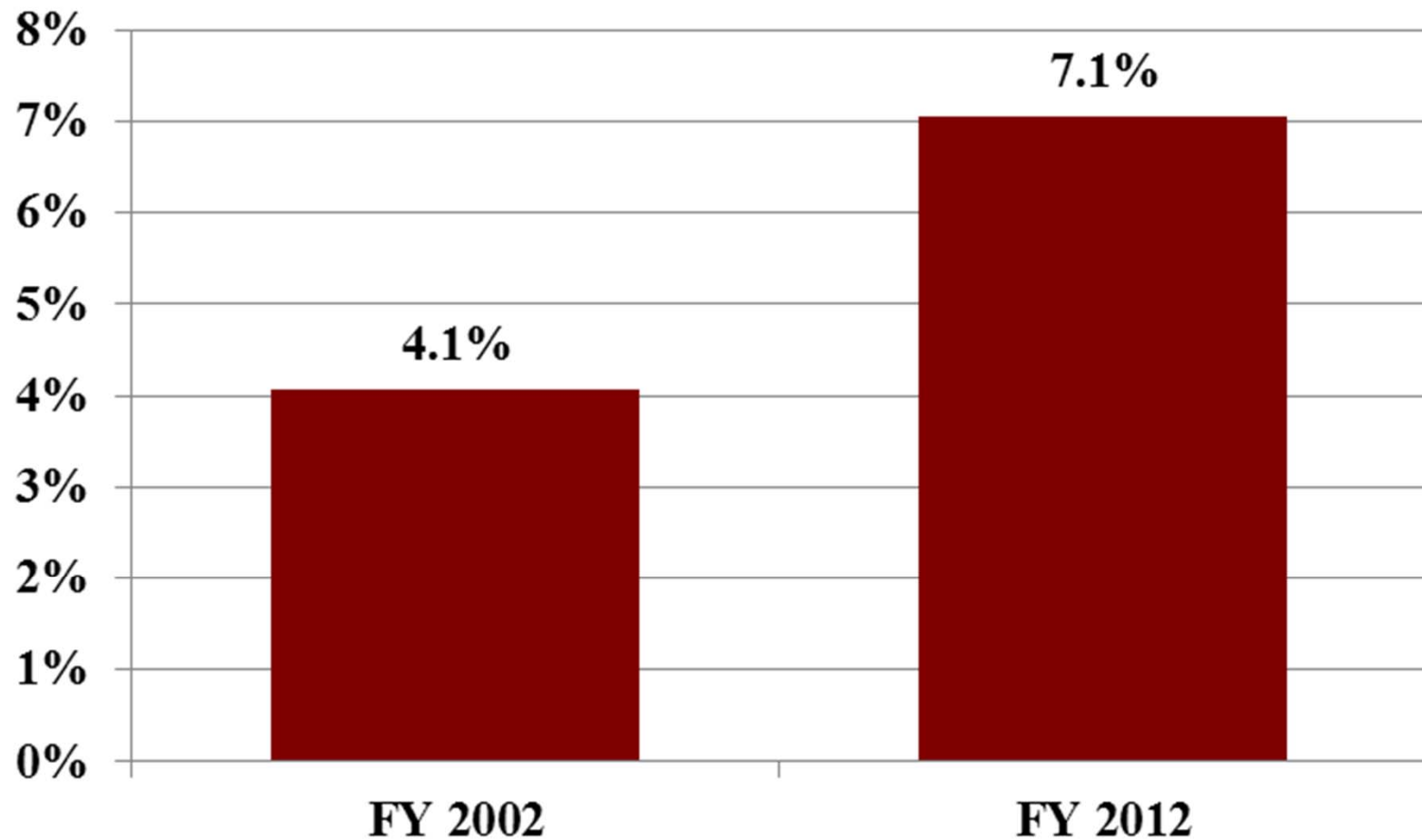
# NC Public Schools—Key Facts

## Free or Reduced Lunch



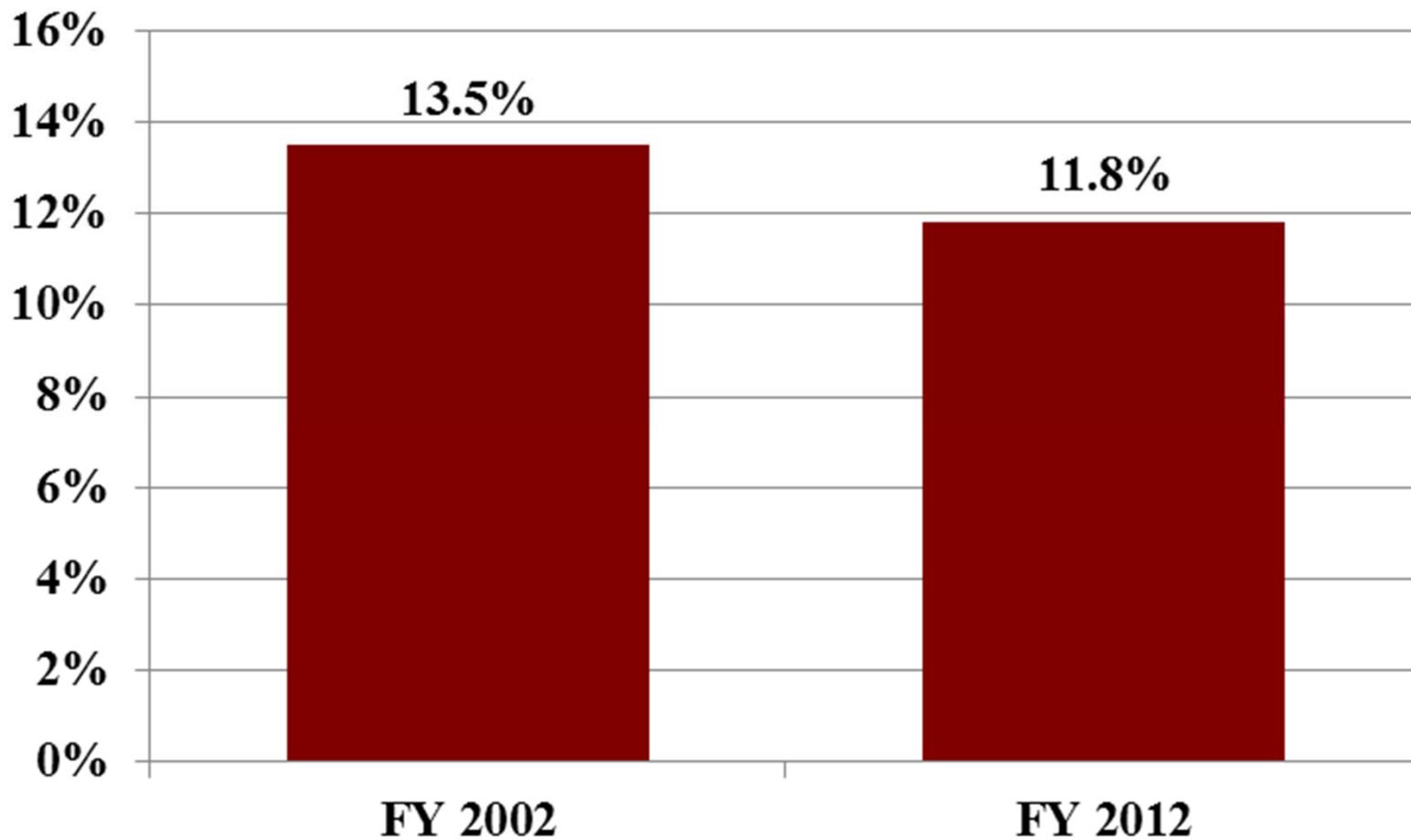
# NC Public Schools—Key Facts

## Limited English Proficient



# NC Public Schools—Key Facts

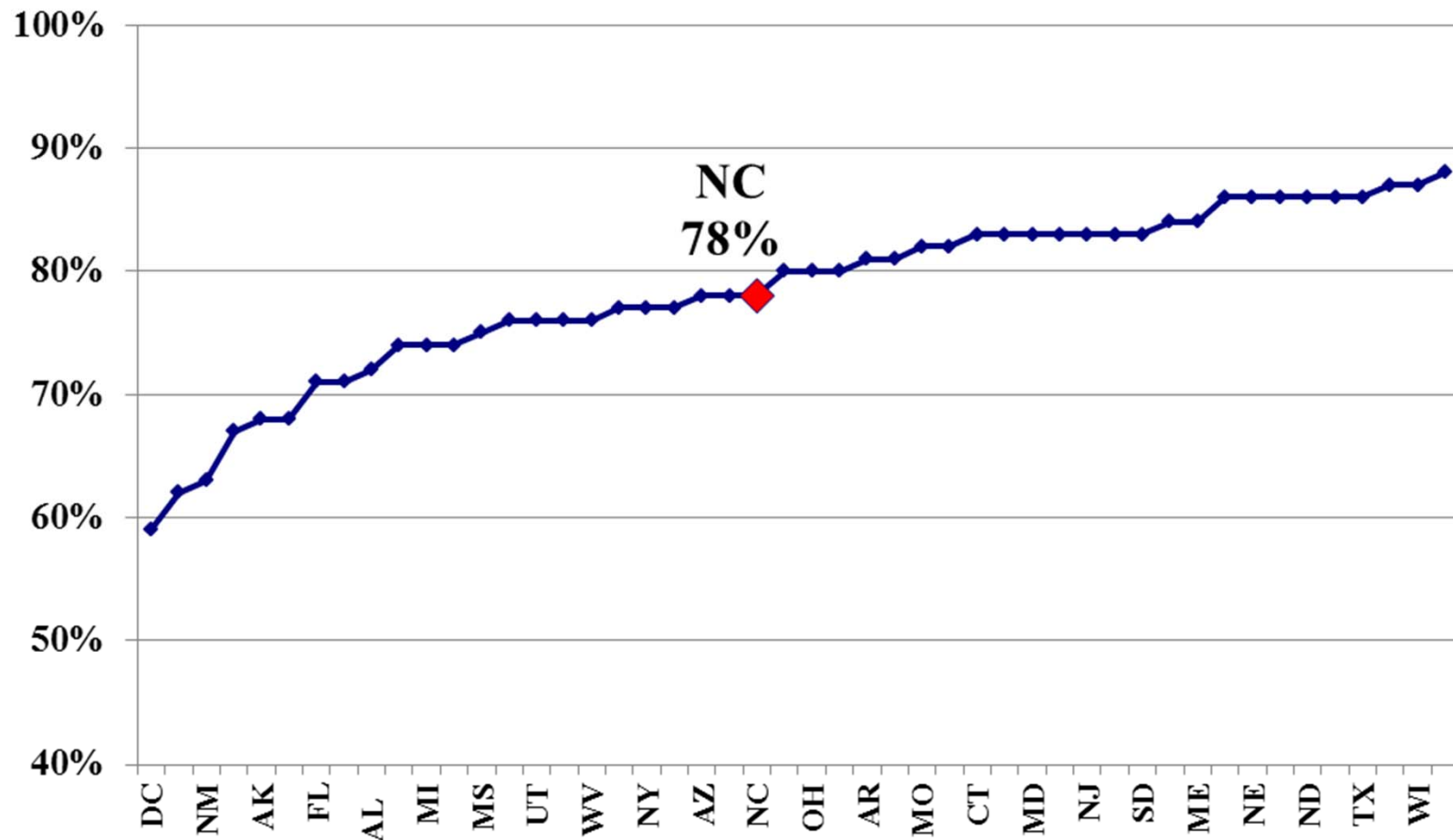
## Children with Disabilities



# Educational Outcomes

## Graduation Rate

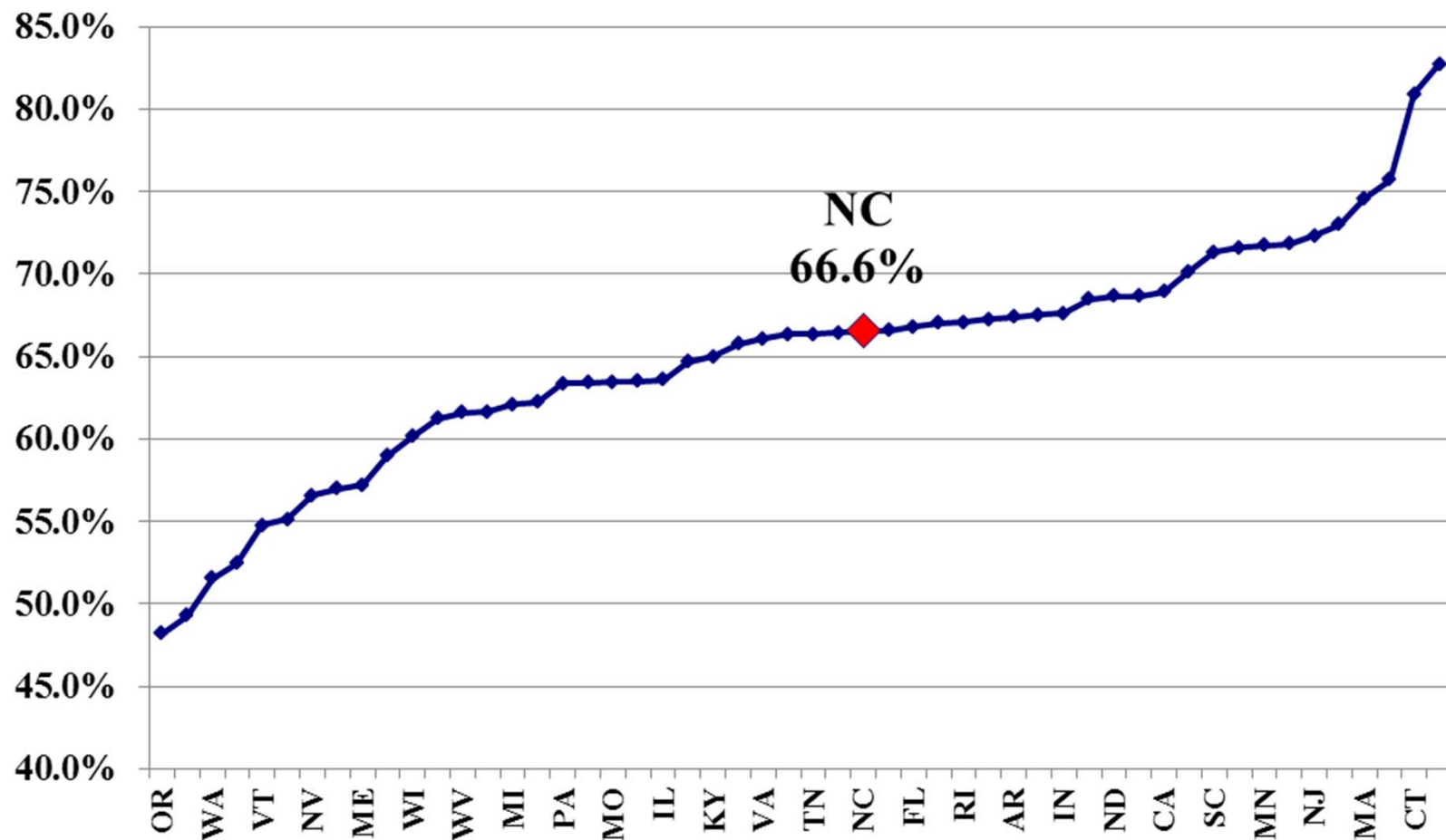
### 4-year Cohort Graduation Rate, 2010-11



# Educational Outcomes

## College-Going Rate

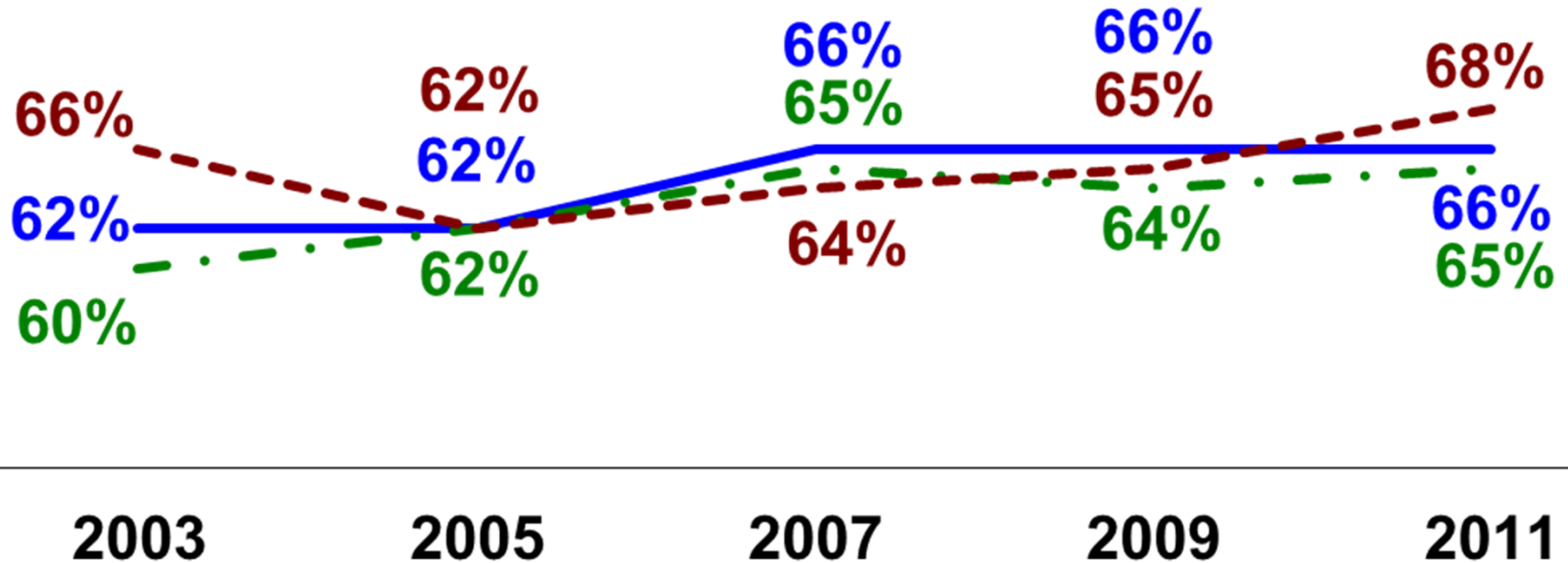
Est % of Recent H.S. Grads in College, Fall 2010



# Educational Outcomes

## NAEP Fourth-Grade Reading Results

Percent Scoring At or Above Basic



— U.S.

- · SREB

--- NC

Source: SREB *Challenge to Lead*

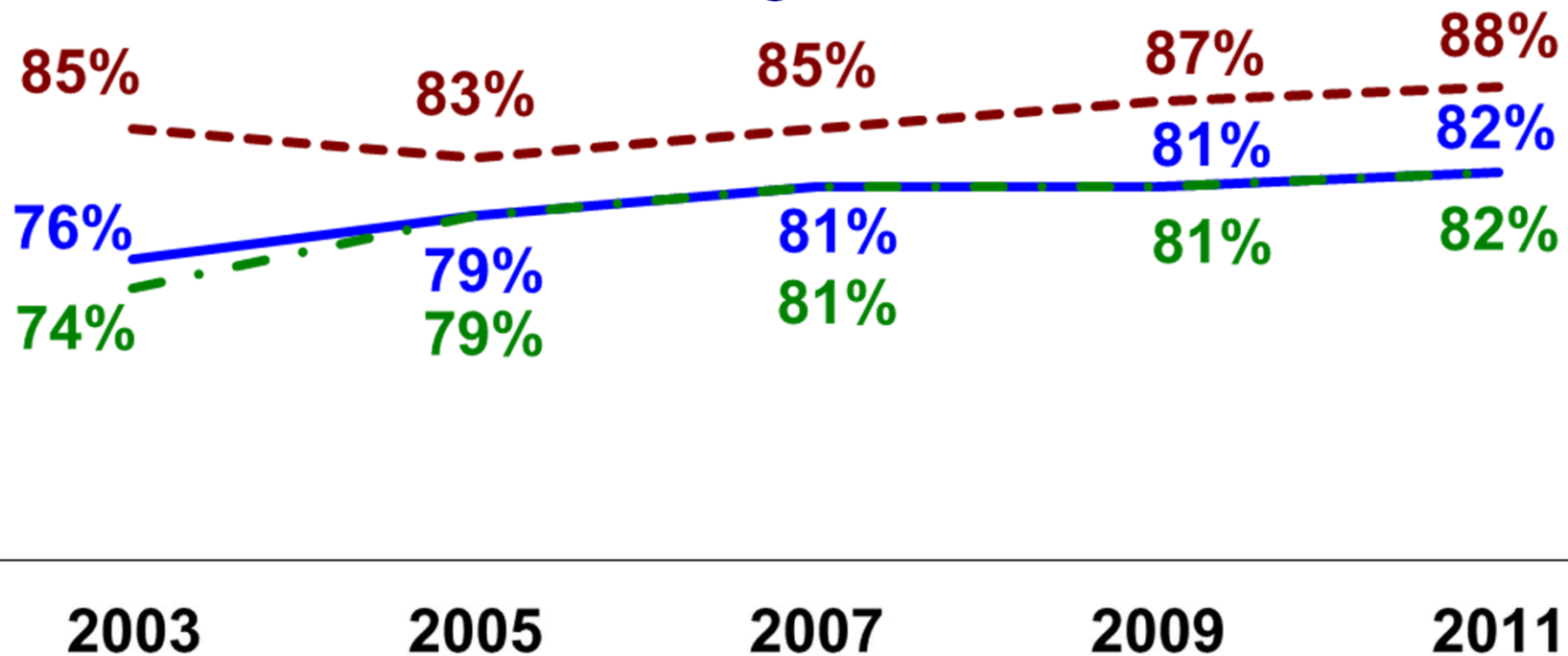


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# Educational Outcomes

## NAEP Fourth-Grade Math Results

Percent Scoring At or Above Basic



— U.S.

- · SREB

--- NC

Source: SREB *Challenge to Lead*

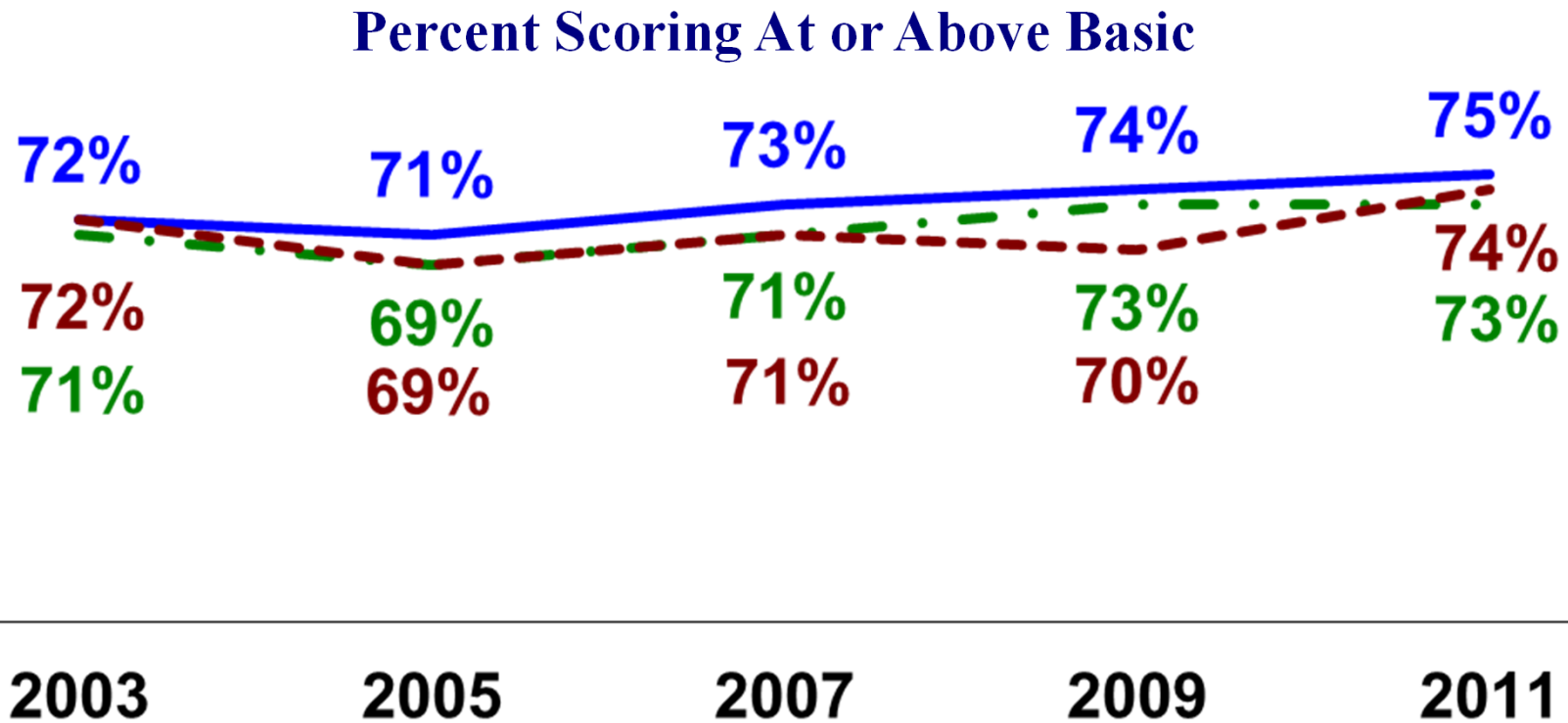


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# Educational Outcomes

## NAEP Eighth-Grade Reading Results



— U.S.

- · SREB

--- NC

Source: SREB *Challenge to Lead*

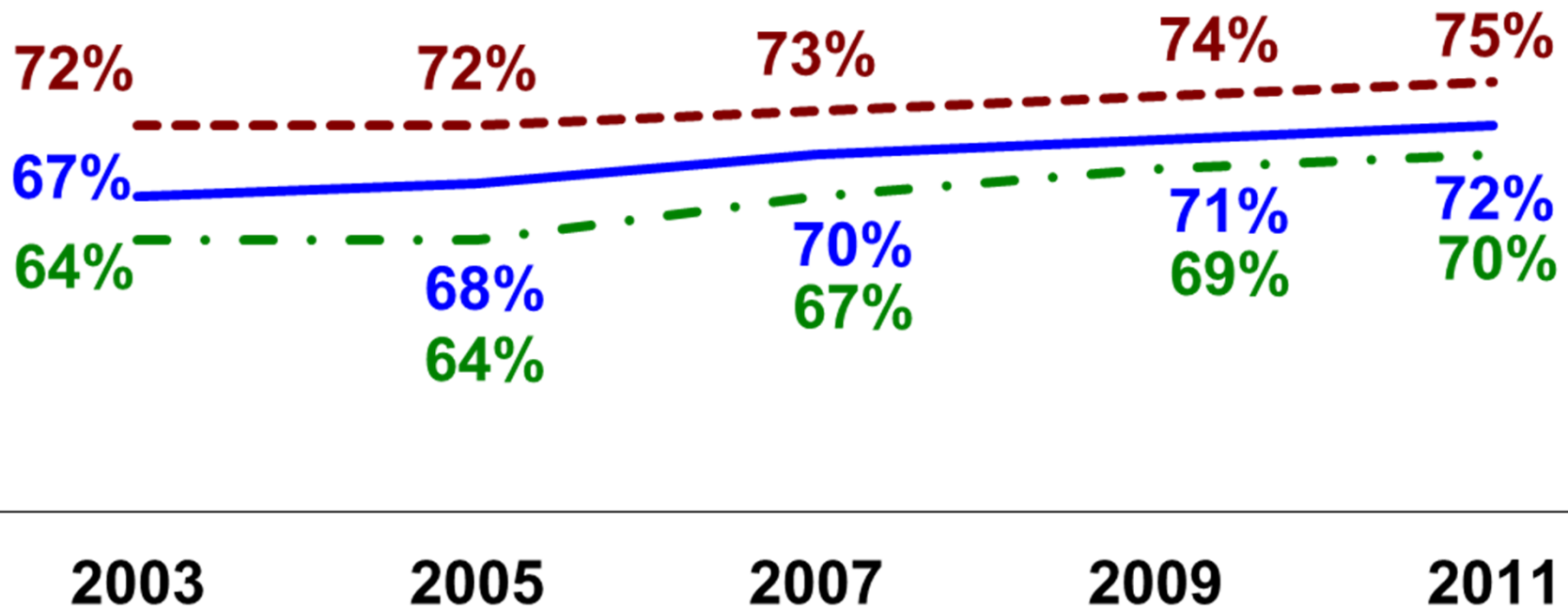


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# Educational Outcomes

## NAEP Eighth-Grade Math Results

Percent Scoring At or Above Basic



— U.S.

- · SREB

--- NC

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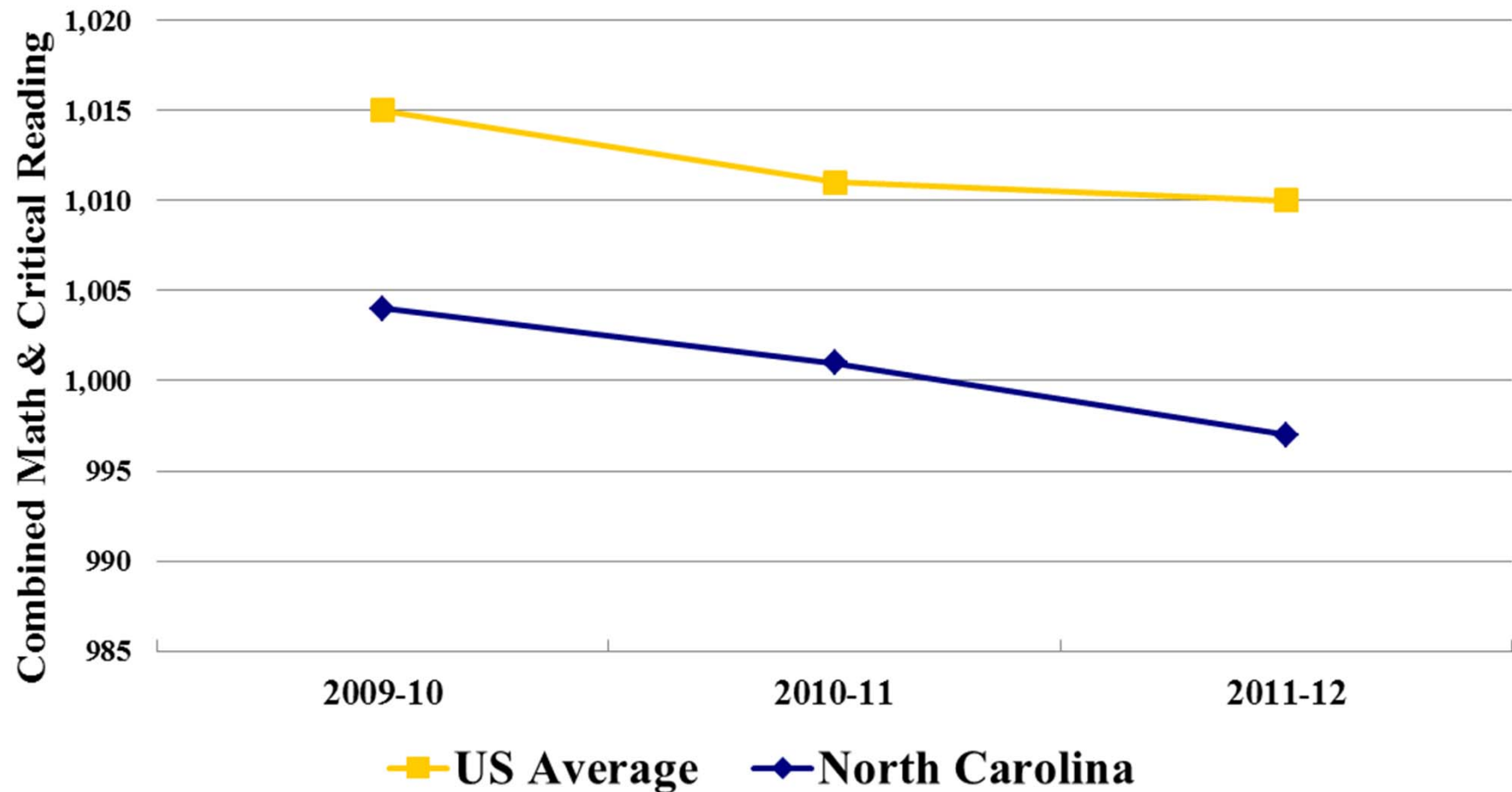


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# Educational Outcomes

## SAT Results

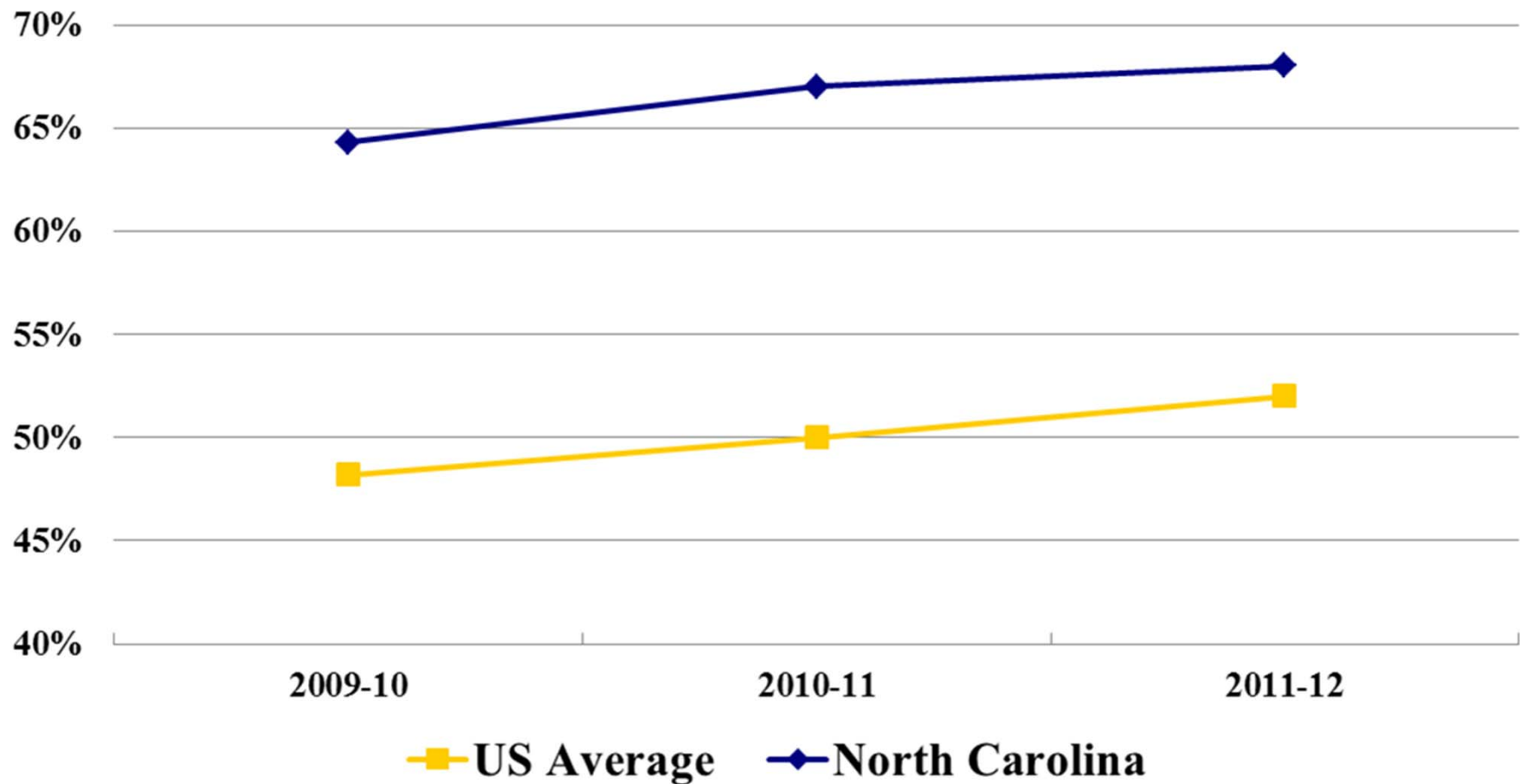
### NC SAT Results



# Educational Outcomes

## SAT Results

### NC SAT Participation Rate



# Educational Outcomes

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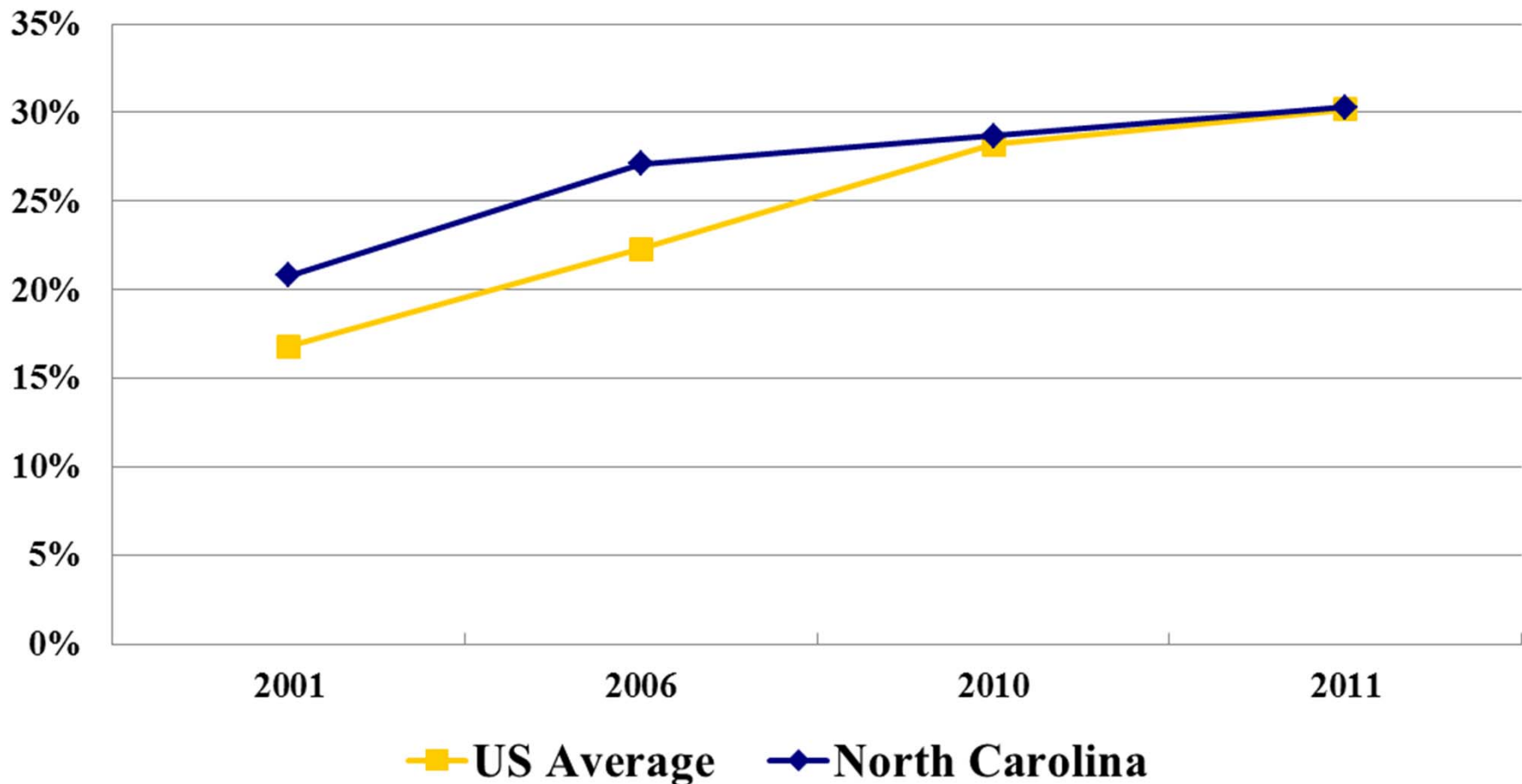
## TIMMS

- 2011, NC one of 9 states participating as “a country”
- 4<sup>th</sup> grade math: Only 5 education systems outperformed NC
- 8<sup>th</sup> grade math: Only 6 systems outperformed NC
- 4<sup>th</sup> & 8<sup>th</sup> grade science: In-line with US average

# Educational Outcomes

## Advanced Placement Exams

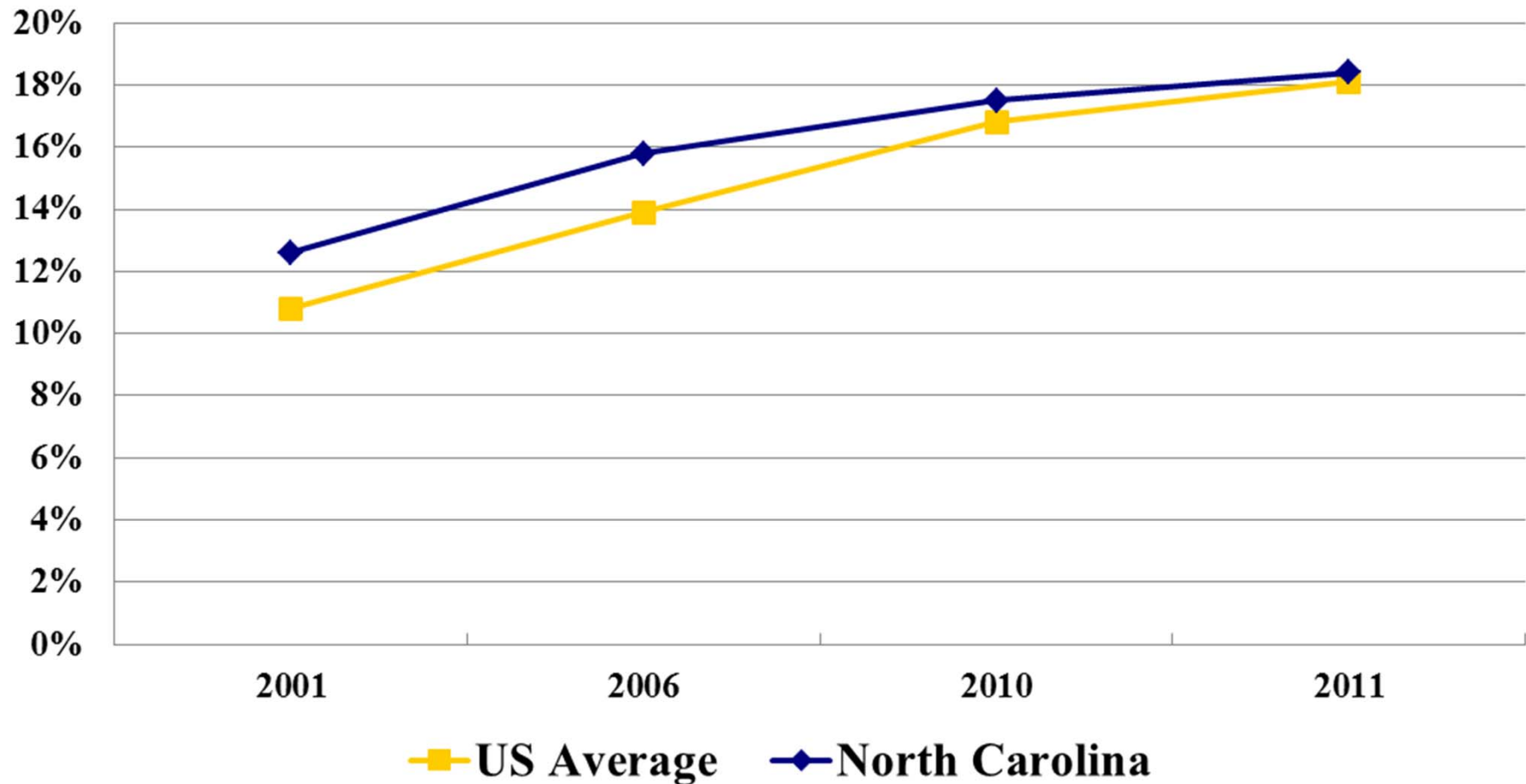
### NC Advanced Placement Participation Rate



# Educational Outcomes

## Advanced Placement Exams

Percent of Graduates Who Scored 3+ on an AP Exam



# Educational Outcomes

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## Harvard Study on Int'l Growth Trends 2012

- Ranked 12<sup>th</sup> for annual rate of growth in student achievement in math, reading and science from 1992-2011
  - Over 1.5 years of additional learning over 19-year period
- NC spent money wisely over the period
  - NC along with MI, IN, ID, CO, and FL made the most gains for every incremental dollar spent



# Educational Outcomes

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## Takeaways

1. Despite relatively low funding per student, absolute performance is near national average
2. Despite increasingly high-need student population, academic growth has been strong
3. Performance in math stronger than English/Reading

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# Questions?