

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

Public Schools Funding, Part 2

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March 3, 2021

1

Agenda

- Yesterday
 - Key Facts
 - How Public Education Money Is Spent
 - Average Daily Membership (ADM)
 - Base Allotments – Guaranteed Positions
- Today
 - Base Allotments – Dollars
 - Allotments Addressing Student Characteristics
 - Allotments Addressing District Characteristics
 - Miscellaneous Programs, Other State Funds, and Federal Funds
 - COVID-19 and Other Recent Developments

2

Base Dollar Allotments



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3

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3

Teacher Assistants

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 417M | 426M | 4.3% |

- Purpose:** Provides funding for teacher assistants' salaries and benefits
- Formula:** Number of classes determined by a ratio of 1:21:

| Grade | # Classes | # TAs |
|--------------|-----------|-------|
| Kindergarten | 3 | 2 |
| 1st | 2 | 1 |
| 2nd | 2 | 1 |
| 3rd | 3 | 1 |



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4

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4

Central Office Administration

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 90M | 92M | 0.9% |

- **Purpose:** Provides funding for central office personnel salaries and benefits
- **Formula:** Funds frozen at FY 2002 level and adjusted in subsequent years by direct NCGA action

Noninstructional Support Personnel

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 424M | 431M | 4.3% |

- **Purpose:** Supports clerical, custodians, substitute teachers, and other personnel or purposes
- **Formula:** \$274.80 per ADM; \$6K per Textbook Commission member for Clerical Assistants
- **NOTE:** Almost entirely supported by Lottery (FY 2019-20: \$386 million)

Instructional Supplies/Classroom Materials

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 48M | 48M | 0.5% |

- **Purpose:** Provides funds for classroom supplies and materials
- **Formula:** \$30.12 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT testing

7

Career and Technical Education: Program Support

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 22M | 22M | 0.2% |

- **Purpose:** Provides funding to assist LEAs in expanding, improving, modernizing, and developing quality CTE programs
- **Formula:** Base of \$10,000 per LEA with remaining funds distributed based on grade 8-12 ADM (\$34.07 per ADM)

8

Textbooks

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 62M | 62M | 0.63% |

- **Purpose:** Provides funds for textbooks and instructional content in paper and digital form
- **Formula:** \$32.26 per ADM in grades K-12
- Supported by \$10M in Indian Gaming

Transportation

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 497M | 512M | 5.2% |

- **Purpose:** Provides funds for transportation to and from school: personnel, fuel, maintenance
- **Formula:** Based on pupils transported and “budget rating”
- **NOTE:** Partially supported by Lottery (\$21.4 million) in FY 2020-21

School Bus Replacement

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 70M | 70M | 0.7% |

- **Purpose:** Supports yellow school bus replacement for the existing bus fleet (not for growth)
- **Formula:** Subject to availability of funds, policy is to replace all yellow buses exceeding 20 years or 250,000 miles of service, with certain exceptions:
 - May not replace buses with less than 150,000 miles
 - Only replace less than 15 years old if over 300,000 miles

Allotments Addressing Student Characteristics

Allotments Addressing Student Characteristics

- These allotments represent 16% of State allocations
- They are intended to enhance service delivery to specific populations of students in addition to general education funds
- Resources are provided solely through dollar allotments

13

Children with Disabilities— School-aged

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 822M | 839M | 8.5% |

- **Purpose:** Provide a program of support to benefit students with identified disabilities in public schools from ages 5-21
- **Formula:** \$4,550 per identified student up to a 12.75% maximum identified student cap

14

Children with Disabilities— Other Programs

| Allotment | 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|-----------------------------|----------------|----------------|-----------------------|
| Preschool Children | 68M | 73M | 0.7% |
| Developmental Day Center | 21M | 21M | 0.2% |
| Behavioral Support | 13M | 14M | 0.1% |
| Group Homes | 5M | 5M | 0.1% |
| Community Residency Centers | 5M | 5M | 0.1% |

Preschool Children

- **Purpose:** Support local programs which address unique needs of this population
- **Formula:** Dollar amount of average salary of a classroom teacher plus benefits; remaining funds distributed based on headcount of children ages 3, 4, and pre-K5

Other Programs (available by LEA application)

Academically or Intellectually Gifted

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 84M | 85M | 0.9% |

- **Purpose:** Supports differentiated services to students with outstanding capability
- **Formula:** \$1,365 per child identified up to a maximum of 4% of ADM per LEA

At-Risk Student Services

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 307M | 307M | 3.1% |

- **Purpose:** Provide services/positions such as:
 - alternative instruction
 - dropout prevention
 - school resource officers (SROs)
 - summer school instruction
 - remediation
 - alcohol/drug prevention

At-Risk Student Services Formula

Formula: Every LEA receives the following:

1. Funding equivalent to a School Resource Officer salary (\$37,838) per high school, and
2. Remaining funds allocated based 50% on Federal Title I headcount (\$432.39/student) and 50% on allotted ADM (\$94.50/student)

NOTE: Each LEA must receive a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$294,476).

Disadvantaged Student Supplemental Funding

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 96M | 101M | 1.0% |

- **Purpose:** Provides supplemental funding to LEAs to enhance capacity to address the needs of disadvantaged students
- **Formula:** Distributed to all LEAs to provide the dollar equivalent of additional teaching positions based on relative wealth of the county

Limited English Proficiency

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 91M | 101M | 1.0% |

- **Purpose:** Provides funding to PSUs which serve at least 20 students (or 2.5% ADM) not proficient in English
- **Formula:** Funding provided for up to 10.6% of an PSU's ADM. Each PSU 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.

Excellent Public Schools Act

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 65M | 65M | 0.7% |

- **Purpose:** Funds support multiple activities authorized by S.L. 2012-142 (2012 Approps Act)
- Major Activities Include:
 - Reading Camps for students not demonstrating proficiency
 - Formative Diagnostic Assessment for all K-3 students
 - Literacy Materials and Professional Development for K-3 teachers, including device refreshment

Allotments Addressing District Characteristics

Allotments Addressing District Characteristics

- These allotments represent 3% of State allocations
- They are intended to address economic and geographic conditions of school districts
- Resources are provided solely through dollar allotments

23

Low Wealth Supplemental Funding

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 240M | 245M | 2.5% |

- **Purpose:** Provides funding for counties that have below State-average ability to generate local revenue to support public schools
- **Formula:** Only LEAs with wealth of less than the State average qualify. Qualifying LEAs can receive up to the amount required to bring that LEA up to the Statewide average local revenue per student; dependent on LEA funding effort.

24

Small County Supplemental Funding

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 49M | 49M | 0.5% |

- **Purpose:** Provides additional support for small LEAs to compensate for diseconomies of scale
- **Formula:** Funds are provided to County LEAs based on ADM, if less than 3,300
 - If an LEA becomes ineligible due to increased ADM, the funding is phased out over 5 years

Small County Supplemental Funding

Small County Funding Parameters

| ADM Range | Funding | ADM Range | Funding |
|---------------|-------------|-------------|-------------|
| Less than 600 | \$1,710,000 | 2,001-2,300 | \$1,560,000 |
| 601-1,300 | \$1,820,000 | 2,301-2,600 | \$1,470,000 |
| 1,301-1,700 | \$1,548,700 | 2,601-2,800 | \$1,498,000 |
| 1,701-2,000 | \$1,600,000 | 2,801-3,300 | \$1,548,000 |

Child and Family Support Teams

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 12M | 13M | 0.1% |

- **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 (joint DPI/DHHS initiative)
- **Formula:** Positions and dollars distributed among LEAs participating in the CFST Initiative

27

Miscellaneous Programs

28

Cooperative and Innovative Programs

| 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|----------------|----------------|-----------------------|
| 30M | 30M | 0.3% |

- Program provides high school students the opportunity to earn college credit while in high school
 - There are 133 CIHSs; not all receive supplemental funding
 - CIHSs receive funding based on the development tier of the county in which they operate
- S.L. 2020-64 included a moratorium on new CIHSs for the 2021-22 school year

Technology Programs

| Allotment | 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|------------------------|----------------|----------------|-----------------------|
| School Technology Fund | 18M | 0 | 0% |
| Connectivity | 31M | 31M | 0.3% |

- School Technology Fund
 - Allocated on \$/ADM Basis
 - Supported by Civil Fines & Forfeitures
 - In FY 2020-21, funds transferred to school business modernization
- Connectivity
 - Funds support the enhancement of school technology infrastructure and internet service costs, including wi-fi

Miscellaneous Programs

| Allotment | 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|---|----------------|----------------|-----------------------|
| Driver Education | 28M | 27M | 0.3% |
| EVAAS | 4M | 4M | <0.1% |
| Liability Insurance | 3M | 3M | <0.1% |
| ADM Contingency Reserve | 3M | 3M | <0.1% |
| School Breakfast | 2M | 2M | <0.1% |
| School Lunch | 0 | 4M | <0.1% |
| Testing | 20M | 20M | 0.2% |
| Tort Claims | 7M | 7M | 0.1% |
| Uniform Education Reporting System (UERS) | 10M | 10M | 0.1% |

*Drivers Education funded by Civil Fines and Forfeitures

Miscellaneous Programs

| Allotment | 2019-20 Budget | 2020-21 Budget | % of 20-21 Allotments |
|--------------------------------|----------------|----------------|-----------------------|
| School Resource Officer Grants | 30M | 18M | 0.2% |
| Advanced Teaching Roles | 1.5M | 1.5M | <0.1% |
| Computer Science Initiative | 173K | 200K | <0.1% |
| TAs to Teachers | 1M | 1M | <0.1% |
| AP & IB Test Fees | 11M | 11M | 0.1% |
| CTE Test Fees | 1M | 1M | <0.1% |
| Teacher Performance Bonuses | 40M | 0M* | 0.4% |

*In FY 2020-21, performance bonus funds were reallocated to provide a bonus for all teachers

Recurring Directed Appropriations

| Allotment | 2019-20 Budget | 2020-21 Budget |
|------------------------|----------------|----------------|
| DPI | 52M | 54M |
| Residential Schools | 25M | 25M |
| NCCAT | 4M | 4M |
| Teach for America | 6M | 6M |
| Communities in Schools | 2M | 2M |
| Beginnings for Parents | 1M | 1M |
| Schools That Lead | 350K | 350K |

Charter School Funding

- Charter Schools are entitled to both State and local K-12 funding per G.S. 115C-218.105
- State funding
 - Charter school receives same per-pupil share of State operational funding as its co-located LEA
- Local funding
 - LEA must provide to the charter, on behalf of each charter school student from the LEA, “an amount equal to the LEA’s per pupil local current expense appropriation”

Charter School Funding

State Charter School Funding: 2014-2020

| Fiscal Year | Funded ADM | State Funding | \$/ADM | # Schools |
|-------------|------------|---------------|---------|-----------|
| 2013-14 | 53,655 | \$304,459,644 | \$5,674 | 127 |
| 2014-15 | 64,186 | \$366,455,982 | \$5,709 | 148 |
| 2015-16 | 81,943 | \$444,131,335 | \$5,420 | 159 |
| 2016-17 | 92,112 | \$513,450,126 | \$5,574 | 167 |
| 2017-18 | 101,689 | \$580,772,383 | \$5,711 | 173 |
| 2018-19 | 111,605 | \$675,314,240 | \$6,051 | 184 |
| 2019-20 | 117,264 | \$734,721,661 | \$6,266 | 196 |

Source: Department of Public Instruction (Highlights), 2012-2020

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35

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35

Other State Fund Sources

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36

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36

NC Lottery Proceeds for Education

- G.S. 18C-164(a) mandates that net revenues of the NC State Lottery Fund shall be transferred at least 4 times per year to the Education Lottery Fund

| | FY 2019-20 | FY 2020-21 |
|--|--------------------|----------------------|
| Noninstructional Support Personnel | \$385,914,455 | \$385,914,455 |
| Prekindergarten Program | \$78,252,110 | \$78,252,110 |
| Public School Building Capital Fund | \$100,000,000 | \$100,000,000 |
| Needs-Based Public School Capital Fund | \$75,000,000 | \$75,000,000 |
| Education Lottery Scholarship | \$30,450,000 | \$30,450,000 |
| UNC Need-Based Financial Aid | \$10,744,733 | \$10,744,733 |
| LEA Transportation | \$21,386,090 | \$21,386,090 |
| Total Appropriation | 701,747,388 | \$724,399,707 |

37

School Capital

- **Public School Building Capital Fund**
 - Includes annual Lottery (\$100M)
 - While funds are held at county level, proceeds may not support charter school real property acquisition
 - Distributed based on ADM
- **Needs-Based Public School Capital Fund**
 - Funded via the Education Lottery Fund
 - \$75M in FY 2019-20 and FY 2020-21
 - Application-based process

38

Other Major State Funding Sources

- **Fines and Forfeitures**
 - Constitutional requirement for Revenue, Transportation, and other penalties to be used to support Public Schools.
 - In FY 2020-21, \$269M for the State Public School Fund
- **Department of Revenue Transfer**
 - FY 2020-21, \$53M
 - Implemented in FY 2006-07 to offset elimination of LEAs' refund eligibility for the State portion of Sales and Use Tax.
- **Indian Gaming Education Revenue Fund**
 - FY 2020-21, \$10M for the Textbooks Allotment

Federal Fund Sources

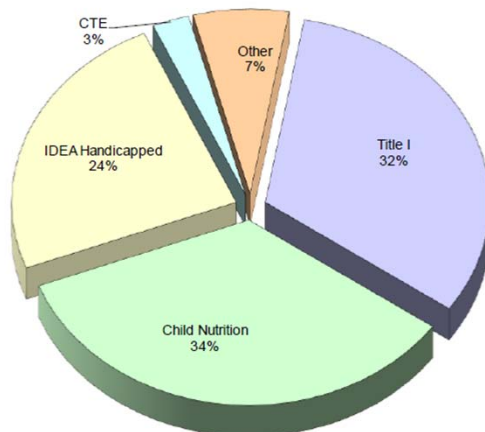
Federal K-12 Fund Sources

- Most programs are included in the State budget, but General Assembly lacks authority to modify program requirements
- Federal grants can have budget and performance periods from 12-60 months
- Federal funds are typically 10% of a LEA's current expense budget

41

Federal K-12 Fund Sources

2019-20 State Federal Funding Received



Most federal funds are targeted towards a specific population such as Low Income or children with special needs

These funds must be used for the purposes allotted and cannot be transferred.

Source: Department of Public Instruction (Highlights), May 2020

42

| FY 2019-20 Federal K-12 Fund Sources | |
|--|-----------------------------|
| <u>Every Student Succeeds Act</u> | |
| | <u>State Aid</u> |
| College- and Career-Ready Students | \$429,655,342 |
| College- and Career-Ready Students -- School Improvement | \$31,002,302 |
| ESEA Title I -- Migrant | \$4,291,683 |
| ESEA Title I -- Neglected and Delinquent | \$682,027 |
| Supporting Effective Instruction | \$50,458,568 |
| English Language Acquisition | \$13,715,278 |
| Student Support and Academic Enrichment | \$31,045,817 |
| 21st Century Community Learning Centers | \$31,554,741 |
| Rural and Low-Income Schools Program | \$3,913,926 |
| Education for Homeless Children and Youth | \$2,725,446 |
| NC Advancing Charter Collaboration and Excellence for Students (NC Access) | \$4,675,255 |
| | <u>\$603,720,385</u> |
| <u>Individuals with Disabilities Education Act</u> | |
| Special Education - Grants to States | \$328,320,840 |
| Special Education - Deaf/Blind | \$282,700 |
| Special Educaion - State Program Improvement Grant | \$1,486,541 |
| Special Education - Preschool | \$9,558,398 |
| | <u>\$339,648,479</u> |

43

| FY 2019-20 Federal K-12 Fund Sources | |
|--|-----------------------------|
| <u>Perkins IV</u> | |
| Career and Technical Education Basic | <u>\$25,192,142</u> |
| <u>Miscellaneous</u> | |
| Substance Abuse and Mental Health Services (SAMHS) | \$1,408,057 |
| Sexual Risk Avoidance Education | \$1,261,500 |
| Child Nutrition - Fresh Fruits and Vegetables | \$4,336,456 |
| Child Nutrition | \$525,000,000 Est. |
| Hurricane Relief -- Hurricane Dorian | \$3,395,009 |
| | <u>\$535,401,022</u> |

44

COVID-19/Other Recent Developments

45

From the Prior Biennium

- School Business Systems Modernization (ERP for Public Schools)
 - S.L. 2017-57 directed DPI to implement modernization and provided \$29M over that biennium
 - Will allow statewide reporting
- School Bus Replacement fund used to fund \$18M in other costs in FY 2020-21, including ADM adjustments, NC Promise (UNC program), and Lunch Copays
 - Current balance is \$32M

46

COVID-19 CRF Funds

- \$358M of Coronavirus Relief Fund (CRF) money

| Item | Appropriated | Item | Appropriated |
|----------------------|--------------|---------------------|--------------|
| School Nutrition | \$75M | Direct Grants | \$2.6M |
| Summer Learning | \$70M | Staff Devices | \$5M |
| EC Grants | \$37M | Student Support | \$5M |
| Student Devices | \$30M | Cybersecurity | \$4.5M |
| PPE | \$27M | LMS | \$1.488M |
| Low Wealth | \$22M | Bus Connectivity | \$1M |
| Connectivity | \$21M | Digital Safety | \$1M |
| Health Personnel | \$10M | Residential Schools | \$660K |
| Nondigital resources | \$3M | Mt. Airy School Bus | \$115K |

47

COVID-19 Other Federal Funds

- **Elementary and Secondary School Emergency Relief Fund (ESSER)**
 - ESSER I: \$396.3 total for NC; \$357M for PSUs
 - ESSER II: \$1.6B total for NC; \$1.4B for PSUs
- **Governors' Emergency Education Relief Fund (GEER)**
 - GEER I: \$95.6M total, \$60M for public schools
 - \$40M for health support services for students
 - \$20M for instructional support for at-risk students
 - GEER II: \$127.7M total
 - \$84.4M for nonpublic schools

48

COVID-19 Policy Changes

- ADM hold harmless
 - If a PSU's ADM decreased from what was allotted this year, no change was made to their funding
- Transportation allotment flexibility
 - S.L. 2020-97 gave LEAs the flexibility to use transportation allotment funds for school nutrition, child care, sanitizing schools and buses, PPE, or remote instruction
- Virtual charters
 - Student enrollment cap increased by 3,800 students, from 5,537 students to 9,337 students

Questions?

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