

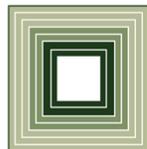
Funding of North Carolina's Public Schools



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FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

Key Takeaways

- State Public Schools funding is distributed to Local Education Agencies (LEAs) through allotments
- Allotments are distributed based on funding formulas that typically utilize student headcount and other targeted factors
- Most State support is directed at all types of districts and students, but certain allotments address disparate student and district characteristics

Average Daily Membership

Average Daily Membership

- Most allotments are provided to LEAs on the basis of allotted Average Daily Membership (ADM)
- Membership = being on the current roll at a school (“expected to be there”)
 - Not the same as attendance
- ADM =
daily sum of all students in membership for a month
total days in month

Determining Allotted ADM

- Each fall, DPI follows these 5 steps for determining total allotted ADM for the next year:
 - 1) For each LEA, compare **current year actual** ADM in month 1 and month 2 of school year (example: for FY 2012-13 budget, look at FY 2011-12 ADM)
 - 2) Identify the **higher** figure (“**Best 1 of 2**”)

September 30, 2012:
20,417

Vs.

October 31, 2012:
20,520

Determining Allotted ADM-Part 2

- 3) Compare the figure from step 2 to a statistical projection of ADM for the coming year

October 31, 2012:
20,520

Vs.

Projected 2012-13:
20,249

- 4) The higher number is the **allotted ADM** for that LEA (note: an LEA's ADM can be no lower than the prior-year actual, even if decline is projected)

Determining Allotted ADM-Part 3

- 5) Summing the allotted ADM figures for all of the LEAs produces:

Statewide Total Allotted ADM

**2012-13 Allotted ADM:
1,492,793**

Allotments

Basis for Public Schools Funding

Allotments

- **Allotments** – The way the money goes out the door to the LEAs
- Each allotment is driven by a formula
- There are approximately 22 State allotments
- Instead of funding specific programs, creates pool of funds from which the LEA can deliver a range of services

State Funding Allotments

- Largely three types of allotments
 - **Base allotments:** go to all LEAs, predominantly on the basis of ADM
 - **Allotments addressing student characteristics:** funding based on relative populations of certain student characteristics
 - **Allotments addressing LEA characteristics:** funding based on LEA size or wealth

Base Allotments

State Funding—Base Allotments

- Base allotments represent 81% of State allocations
- All of these allotments are intended to provide a foundation of public school operational support
 - Funds flow to all 115 LEAs
 - ADM, at the county and grade level, is the primary determinant of fund allocation
- Most Base allotment funding supports positions
 - Instead of dollar allocations, LEAs receive months of employment or 10- and 12-month positions
 - State pays the salary and benefits of employee regardless of person's placement on salary schedule

Base Allotments Guaranteed Positions

Classroom Teachers

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
2,994,779,435	2,986,497,197	35.0%

- **Purpose:** Provides LEAs guaranteed funding (salaries & benefits) to cover 10-month positions for classroom teachers
- **Formula:** LEAs provided positions based on the allotted ADM in certain grade spans
- **Note:** Other allotments also support teachers. Partially supported by Lottery funds (2012: \$220M)

Classroom Teachers

Class-size Ratios

2012-13 Grade Spans	Teacher Allotment Ratio	Class-Size Average Ratio for the LEA	Individual Class-Size Maximum	Positions Allotted in 2012-13
K	1:18	1:21	1:24	6,841.0
1-3	1:17	1:21	1:24	20,326.5
4-6	1:22	1:26	1:29	16,087.0
7-8	1:21	1:26	1:29	11,091.0
9	1:24.5	1:26	1:29	5,185.0
10-12	1:26.64	1:29	1:32	11,671.0

- Average class-size and individual class-size limits in grades 4-12 are suspended through the end of FY 2012-13

Source: Department of Public Instruction (Highlights), Feb. 2013

Classroom Teachers

Statewide Salary Schedule

Years of Exp	Bachelor's Teacher			Bachelor's w/ NBPTS Certification		
	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)
0-2	\$3,080	\$2,566.67	\$30,800	N/A	N/A	N/A
3-4	\$3,080	\$2,566.67	\$30,800	\$3,450	\$2,875.00	\$34,500
5	\$3,122	\$2,601.67	\$31,220	\$3,497	\$2,914.17	\$34,970
6	\$3,167	\$2,639.17	\$31,670	\$3,547	\$2,955.83	\$35,470
7	\$3,303	\$2,752.50	\$33,030	\$3,699	\$3,082.50	\$36,990
8	\$3,445	\$2,870.83	\$34,450	\$3,858	\$3,215.00	\$38,580
9	\$3,580	\$2,983.33	\$35,800	\$4,010	\$3,341.67	\$40,100
10	\$3,711	\$3,092.50	\$37,110	\$4,156	\$3,463.33	\$41,560

- Teacher must be paid at least the amount called for by her/his placement on Statewide schedule
- LEAs may supplement pay from local funds

Classroom Teachers

Statewide Salary Schedule

Years of Exp	Master's Teacher			Master's w/NBPTS Certification		
	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)
0-2	\$3,388	\$2,823.33	\$33,880	N/A	N/A	N/A
3-4	\$3,388	\$2,823.33	\$33,880	\$3,795	\$3,162.50	\$37,950
5	\$3,434	\$2,861.67	\$34,340	\$3,846	\$3,205.00	\$38,460
6	\$3,484	\$2,903.33	\$34,840	\$3,902	\$3,251.67	\$39,020
7	\$3,633	\$3,027.50	\$36,330	\$4,069	\$3,390.83	\$40,690
8	\$3,790	\$3,158.33	\$37,900	\$4,245	\$3,537.50	\$42,450
9	\$3,938	\$3,281.67	\$39,380	\$4,411	\$3,675.83	\$44,110
10	\$4,082	\$3,401.67	\$40,820	\$4,572	\$3,810.00	\$45,720

- Teachers receive differential pay for Master's degrees and National Board Certification

Classroom Teachers

Statewide Salary Schedule

Years of Exp	ADVANCED (SIXTH YEAR)				DOCTORATE			
	Adv. Teacher		Adv. w/ NBPTS Cert.		PhD Teacher		PhD w/ NBPTS Cert.	
	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments
0-2	\$3,514	\$2,928.33	N/A	N/A	\$3,641	\$3,034.17	N/A	N/A
3-4	\$3,514	\$2,928.33	\$3,921	\$3,267.50	\$3,641	\$3,034.17	\$4,048	\$3,373.33
5	\$3,560	\$2,966.67	\$3,972	\$3,310.00	\$3,687	\$3,072.50	\$4,099	\$3,415.83
6	\$3,610	\$3,008.33	\$4,028	\$3,356.67	\$3,737	\$3,114.17	\$4,155	\$3,462.50
7	\$3,759	\$3,132.50	\$4,195	\$3,495.83	\$3,886	\$3,238.33	\$4,322	\$3,601.67
8	\$3,916	\$3,263.33	\$4,371	\$3,642.50	\$4,043	\$3,369.17	\$4,498	\$3,748.33
9	\$4,064	\$3,386.67	\$4,537	\$3,780.83	\$4,191	\$3,492.50	\$4,664	\$3,886.67
10	\$4,208	\$3,506.67	\$4,698	\$3,915.00	\$4,335	\$3,612.50	\$4,825	\$4,020.83

- Also get supplement for advanced degrees and PhDs
- Salary Schedules used for instructional support, principals, psychologists

Classroom Teachers

How Does NC Budget Guaranteed Positions?

- Guaranteed positions don't have known fixed cost
- Use 6th pay period actual for estimating next fiscal year's projected costs

**2012-13 Classroom
Teaching Positions
Required: 71,400.5**

X

**2011-12 6th PP
Average Salary:
\$41,827**

=

2012-13 Budget: \$2,986,497,197

Classroom Teachers

What is the Rationale for Guaranteed Positions?

- LEAs can hire best candidate regardless of salary
- Eliminates possible incentives to:
 - Discourage teachers from securing advanced degrees or certification
 - Replace effective, experienced teachers with unproven, initially licensed teachers

Career and Technical Education

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
292,259,768	295,380,943	3.5%

- **Purpose:** Provides guaranteed months of employment to fund CTE teacher salaries and benefits
- **Formula:** 50 months of employment per LEA with remaining funds distributed based on grade 8-12 ADM

Instructional Support

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
339,418,232	343,132,091	4.0%

- **Purpose:** Supports 10-month positions for counselors, social workers and other instructional support personnel
- **Formula:** 1 position per every 210.53 in ADM

School Building Administration

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
234,898,074	238,804,328	2.8%

- **Purpose:** Provides 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
 - Assistant Principals: 1 month of employment per every 98.53 in ADM

Personnel Benefits

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
SOCIAL SECURITY	302,438,077	302,641,497	3.5%
STATE RETIREMENT	517,807,304	559,451,487	6.6%
MEDICAL INSURANCE	436,230,065	463,477,795	5.4%
SHORT TERM DISABILITY	5,437,304	5,437,304	0.1%
LONGEVITY	66,948,296	66,948,296	0.8%
ANNUAL LEAVE	28,315,257	28,315,257	0.3%
WORKERS COMP	33,759,906	33,759,906	0.4%
UNEMPLOYMENT	2,348,928	2,348,928	0.0%

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

Base Dollar Allotments

Teacher Assistants

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
537,555,389	554,090,958	6.5%

- **Purpose:** Provides funding for teacher assistants' salaries and benefits
- **Formula:** \$1,183 per K-3 ADM
- **NOTE:** FY 2011-13 Budget provision limits transfer of TA funding only to classroom teachers and vice versa. It would not be in force in FY 2013-14 without legislative action.

Central Office Administration

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
92,194,258	94,626,908	1.1%

- **Purpose:** Provides funding for central office personnel salaries and benefits
- **Formula:** Base formula has changed so many times over last 20 years that this position allotment now functions as a dollar allotment

Noninstructional Support Personnel

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
340,571,273	349,305,764	4.1%

- **Purpose:** Supports clerical, custodians, substitute teachers, and other personnel or purposes
- **Formula:** \$233.74 per ADM
- **NOTE:** Partially supported by Civil Fines and Forfeitures (FY 2012-13: \$120 million)

Supplies/Materials/Equipment

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
49,256,432	50,152,585	0.6%

- **Purpose:** Provides funds for classroom supplies and materials
- **Formula:** \$33.16 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing

Career and Technical Education

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
19,606,164	19,921,183	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

Textbooks

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
23,431,227	22,816,039	0.3%

- **Purpose:** Provides funds for textbooks and instructional content in paper and digital form
- **Formula:** \$14.26 per ADM in grades K-12

Transportation

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
409,260,271	423,502,255	5.0%

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

School Buses

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
56,851,619	36,851,619	0.4%

- **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 200,000 miles of service

Allotments Addressing Student Characteristics

Allotments Addressing Student Characteristics

- These allotments represent 14% of State allocations
- They are intended to enhance service delivery to specific populations of students
- Resources are provided solely through dollar allotments

Children with Disabilities—School-aged

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
617,118,447	641,888,810	7.5%

- **Purpose:** Provide a program of support to benefit students with identified disabilities in public schools from ages 5-21
- **Formula:** \$3,743 per identified student up to a 12.5% maximum identified LEA student cap

Children with Disabilities—Other Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
PRESCHOOL CHILDREN	51,234,945	52,986,669	0.6%
BEHAVIORIAL SUPPORT	11,108,547	11,335,088	0.1%
GROUP HOMES	4,210,460	4,442,061	0.1%
DEVELOPMENTAL DAY CARE	19,017,654	19,449,096	0.2%
COMMUNITY RESIDENCY CENTERS	3,921,105	4,572,909	0.1%

Preschool Children

- **Purpose:** Support local programs which address unique needs of this population
- **Formula:** Dollar equivalent of classroom teacher plus \$2,979 per 3, 4 and pre-K5 year-old identified student

Other Programs (available by application)

Academically or Intellectually Gifted

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
71,767,223	73,625,278	0.9%

- **Purpose:** Supports differentiated services to students with outstanding capability
- **Formula:** Total LEA Funding = 4% of LEA's ADM x Per-Pupil Funding Factor (FY 2012-13: \$1,233)

At-Risk Student Services

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
254,192,424	275,992,693	3.2%

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

At-Risk Student Services Formula

- **Formula:** Every LEA receives the following:
 1. Funding equivalent to an School Safety Officer salary (\$37,838) per high school
 2. Remaining funds allocated based 50% on Federal Title I headcount (\$342.50/pupil) and 50% on allotted ADM (\$86.33/pupil)

NOTE: Each LEA must receive at least the equivalent of two teachers and two instructional support personnel (\$239,704).

Disadvantaged Student Supplemental Funding

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
79,669,361	80,808,768	0.9%

- **Purpose:** Provides 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

Limited English Proficiency

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
76,498,398	84,463,502	1.0%

- **Purpose:** Provides 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.

Allotments Addressing District Characteristics

Allotments Addressing Student 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

Low Wealth Supplemental Funding

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
226,892,540	227,417,694	2.7%

- **Purpose:** Provides 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

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
44,750,575	45,574,879	0.5%

- **Purpose:** Provides additional support for small county LEAs to compensate for diseconomies of scale
- **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.

Child and Family Support Teams

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
9,371,252	9,579,281	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.
- **Formula:** Positions and dollars distributed between the 79 designated schools

Miscellaneous Programs

Cooperative and Innovative Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
LEARN AND EARN	22,858,203	23,066,520	0.3%
L&E VIRTUAL HS	1,000,000	1,000,000	0.0%

- This program provides high school students the opportunity to earn college credit while in high school
- There are 73 Early Colleges in North Carolina that have received direct supplemental appropriations from the NCGA

Other Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
LIABILITY INSURANCE	3,700,000	3,145,000	0.0%
RESERVE ADM CONTINGENCY	2,618,500	2,618,500	0.0%
SCHOOL BREAKFAST	2,017,761	2,017,761	0.0%
EVAAS	1,845,000	1,845,000	0.0%
EXCELLENT PUBLIC SCHOOLS ACT	-	25,641,319	0.3%
CONNECTIVITY	19,001,948	19,001,948	0.2%
SMALL SPECIALTY HIGH SCHOOLS	4,017,304	4,017,304	0.0%
SCHOOL TECHNOLOGY FUND	18,000,000	18,000,000	0.2%
DRIVERS EDUCATION	26,867,517	26,877,414	0.3%
TEACHING FELLOWS	13,615,953	10,140,953	0.1%

Passthroughs

Allotment	2011-12 Budget	2012-13 Budget
TEACH FOR AMERICA	900,000	900,000
COMMUNITIES IN SCHOOLS	1,446,750	1,446,750
BEGINNINGS FOR PARENTS	919,730	919,730
TARHEEL CHALLENGE	1,017,719	767,719

LEA Adjustment

2009-10 Budget	2010-11 Budget	2011-12 Budget	2012-13 Budget
(225,000,000)	(304,774,366)	(428,991,908)	(359,738,508)

- Legislative requirement for LEAs to return a percentage of allotment funding to the State
- In lieu of State-level cuts, LEAs must make targeted reductions to State funding streams
- Due to the Adjustment, LEAs have marginally less funding available than the prior slides may suggest

Charter School Funding

- Charter Schools are entitled to both State and local K-12 funding per G.S. 115C-238.29
- State funding
 - Charter school receives same per-pupil share of State operational funding as its co-located LEA
 - **EXCEPTION:** Year 1 of operations, allotments are reduced from student prior home LEA to fund charter
- 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: 2008-2012

Fiscal Year	Funded ADM	State Funding	\$/ADM
2007-08	32,266	\$169,192,779	\$5,244
2008-09	35,870	\$190,593,495	\$5,484
2009-10	41,716	\$201,748,380	\$5,050
2010-11	45,094	\$228,291,552	\$5,063
2011-12	49,245	\$256,417,175	\$5,178

Source: Department of Public Instruction (Highlights), 2008-2012

Other State Fund Sources

NC Lottery Proceeds for Education

- Lottery Act distributes lottery proceeds as follows:
 - 50% to Pre-K/Classroom Teachers
 - 40% to School Capital
 - 10% to Scholarships for Needy Students
- NCGA has modified distributions in the last 5 budgets

2011-13 NC Education Lottery Appropriations

	<u>2011-12 Enacted Budget</u>		<u>2011-12 Revised Budget</u>		<u>2012-13 Enacted Budget</u>	
	\$	% Total	\$	% Total	\$	% Total
Classroom Teachers	220,643,188	52%	220,643,188	48%	220,643,188	50%
LEA Flex Cut Reduction	N/A		-	0%	16,385,771	4%
Pre-K	63,135,709	15%	63,135,709	14%	63,135,709	14%
School Capital	100,000,000	24%	100,000,000	22%	100,000,000	23%
Scholarships for Needy Students	30,450,000	7%	30,450,000	7%	30,450,000	7%
UNC Need-Based Aid	10,744,733	3%	42,878,295	9%	10,744,733	2%
Total, Lottery	424,973,630	100%	457,107,192	100%	441,359,401	100%

Other Major State Funding Sources

- Fines and Forfeitures
 - Constitutional requirement for Revenue, Transportation and other penalties to be used to support Public Schools
 - Proceeds (12-13 Budget: \$138.4m) directed to School Technology Fund and Noninstructional Personnel Support
- Department of Revenue Transfer
 - 12-13 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
- Highway Fund Transfer
 - 12-13 Budget: \$27 million
 - Only State source of Driver Training funding

State Public School Capital Fund Sources

- Pub. Sch. Building Capital Fund
 - Includes Lottery (\$100M) and Corporate Income Tax support for school capital
 - Corporate Income Tax (ADM Fund) set-aside (7.25% of tax) suspended over last four budgets
 - While funds are held at county level, proceeds may not support charter school real property acquisition

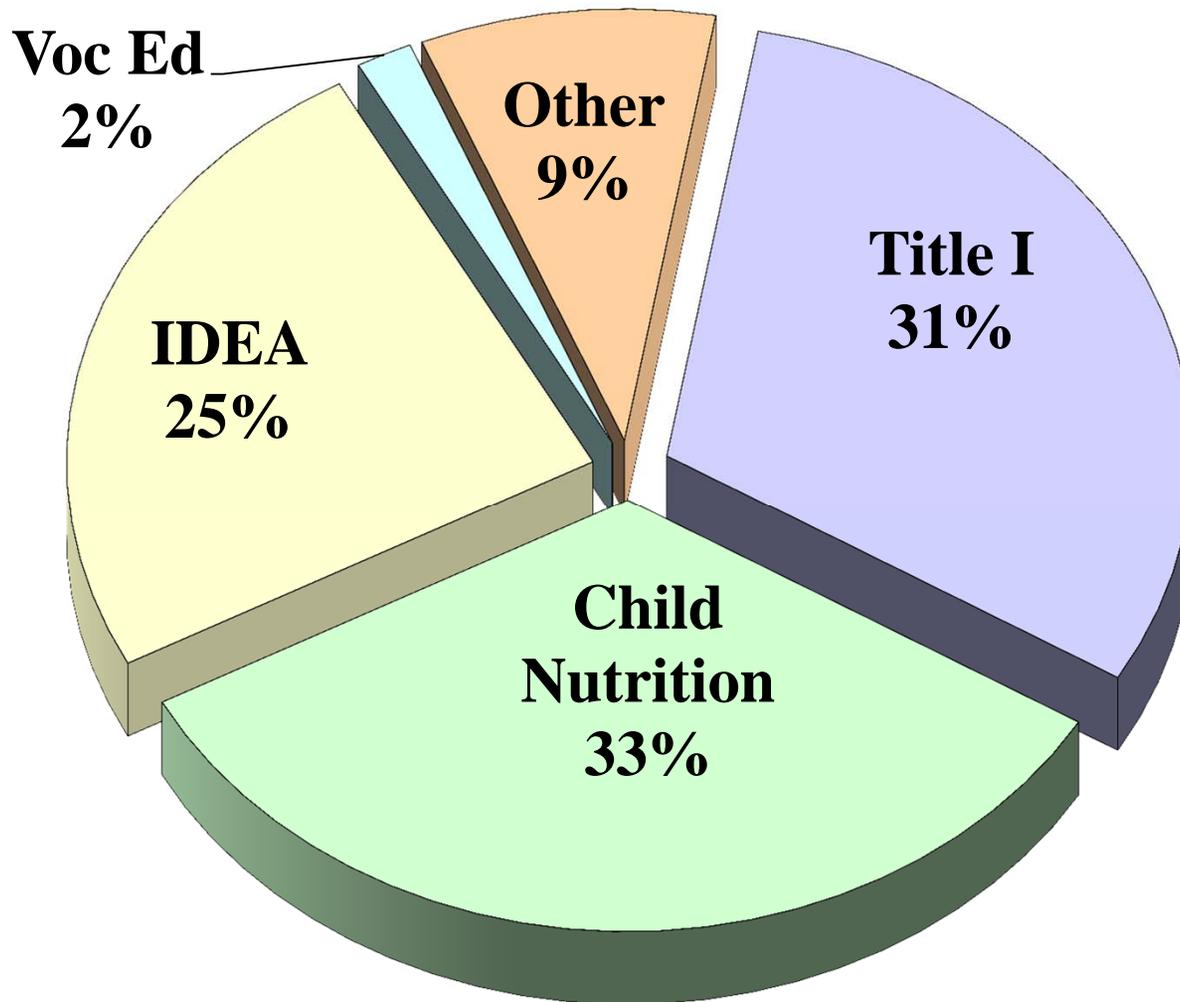
Federal Fund Sources

Federal K-12 Fund Sources

- Most programs are included in State budget, but General Assembly lacks authority to modify program requirements
- Federal grants may be spent over a 27-month period, so expenditures best measure of impact
- Federal funds were significantly through recent Stimulus programs but still comprised only 16% of total NC K-12 expenditures at their relative height in FY 2010-11

Federal K-12 Fund Sources

2012-13 State Federal Funding Received

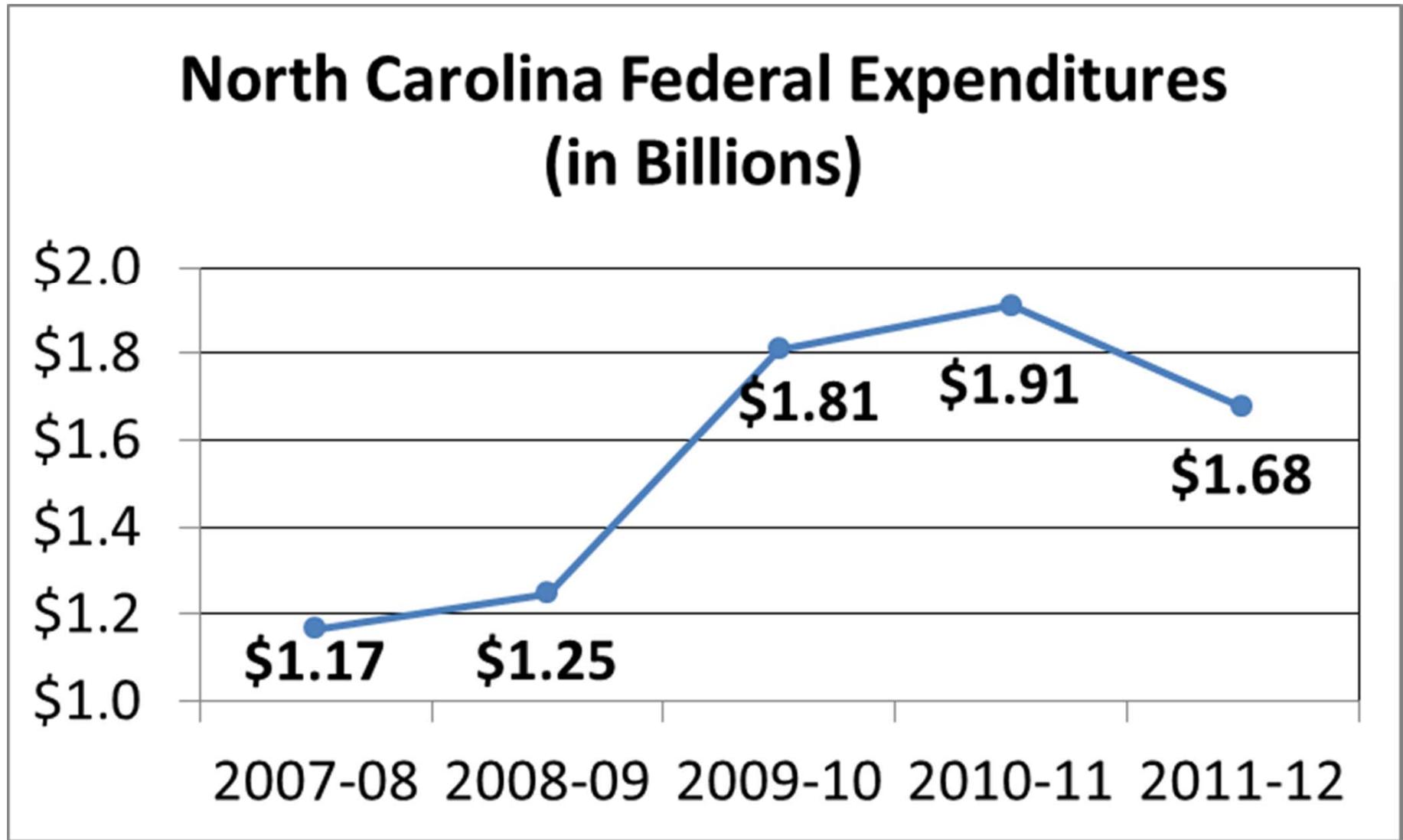


Most federal funds are targeted towards a specific population such as Low Income Children or Children with Special Needs.

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

Source: Department of Public Instruction (Highlights), Feb. 2013

Federal K-12 Fund Sources



Race to the Top

- North Carolina successfully competed for this \$400 million federal grant in 2010
- Funds available for 4 years and allocated to:
 - State-level programs (\$200 million)
 - Local programs (\$166 million)
 - Cloud computing initiative (\$34 million)
- Activities supported include district transformation, teacher and principal recruitment and development, professional development and an online Instructional Improvement System

Questions?