GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H

HOUSE BILL DRH40241-MTa-90

Short Title:  Small County School System Supplemental Funds.  (Public)
Sponsors:  Representative Hanig.
Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE SUPPLEMENTAL FUNDING FOR SMALL COUNTY SCHOOL
SYSTEMS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except
as otherwise provided in subsection (d) of this section, each eligible county school administrative
unit shall receive a dollar allotment according to the following schedule:

<table>
<thead>
<tr>
<th>Allotted ADM</th>
<th>Small County Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1,300</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>1,301-1,700</td>
<td>$1,548,700</td>
</tr>
<tr>
<td>1,701-2,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2,001-2,300</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>2,301-2,600</td>
<td>$1,470,000</td>
</tr>
<tr>
<td>2,601-2,800</td>
<td>$1,498,000</td>
</tr>
<tr>
<td>2,801-3,300</td>
<td>$1,548,000</td>
</tr>
</tbody>
</table>

SECTION 1.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local
school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year
period. Funding for such local school administrative units shall be reduced in equal increments
in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall
not be reduced by more than twenty percent (20%) of the amount received in fiscal year
2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for
funding if either the highest of the first two months' total projected average daily membership for
the current year or the higher of the first two months' total prior year average daily membership
would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
section.

SECTION 1.(c) Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local
school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year
period. Funding for such local school administrative units shall be reduced in equal increments
in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall
not be reduced by more than twenty percent (20%) of the amount received in fiscal year
2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 1. (d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per-student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

1. The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriation per student for the three prior fiscal years.
2. The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 1. (e) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

SECTION 1. (f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 2. There is appropriated from the General Fund to the Department of Public Instruction the sum of one million nine hundred thousand dollars ($1,900,000) in recurring funds to provide additional supplemental funding for small county school systems pursuant to this act.

SECTION 3. This act becomes effective July 1, 2021.