



PUBLIC SCHOOLS OF NORTH CAROLINA

State Board of Education | Department of Public Instruction

Charter School State Funding

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Overview

I. Funding Amounts

II. Budgeted and Funded Average Daily Membership

Charter Schools at a Glance

2017-18

Number of Schools	173
Number of Students	100,632
% of Allotted ADM	6.5%
Number of Teachers	6,358
Total State Funding	\$581 million





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I. Funding Amounts

All Funding Sources

State	Base allocations and restricted state funds
Federal	Grants
Local	County appropriations
Other	Donations, grants
Enterprise	NSLP, before/after school program
Capital	Financing

State Revenue Streams

Public Education is supported by four large revenue streams:

- General Fund appropriations
- Fines and Forfeitures
- Sales Tax Refunds
- Lottery Receipts

Charter schools are beneficiaries of all these funding sources, as the funds support the allotments provided to all public schools.

State Funds

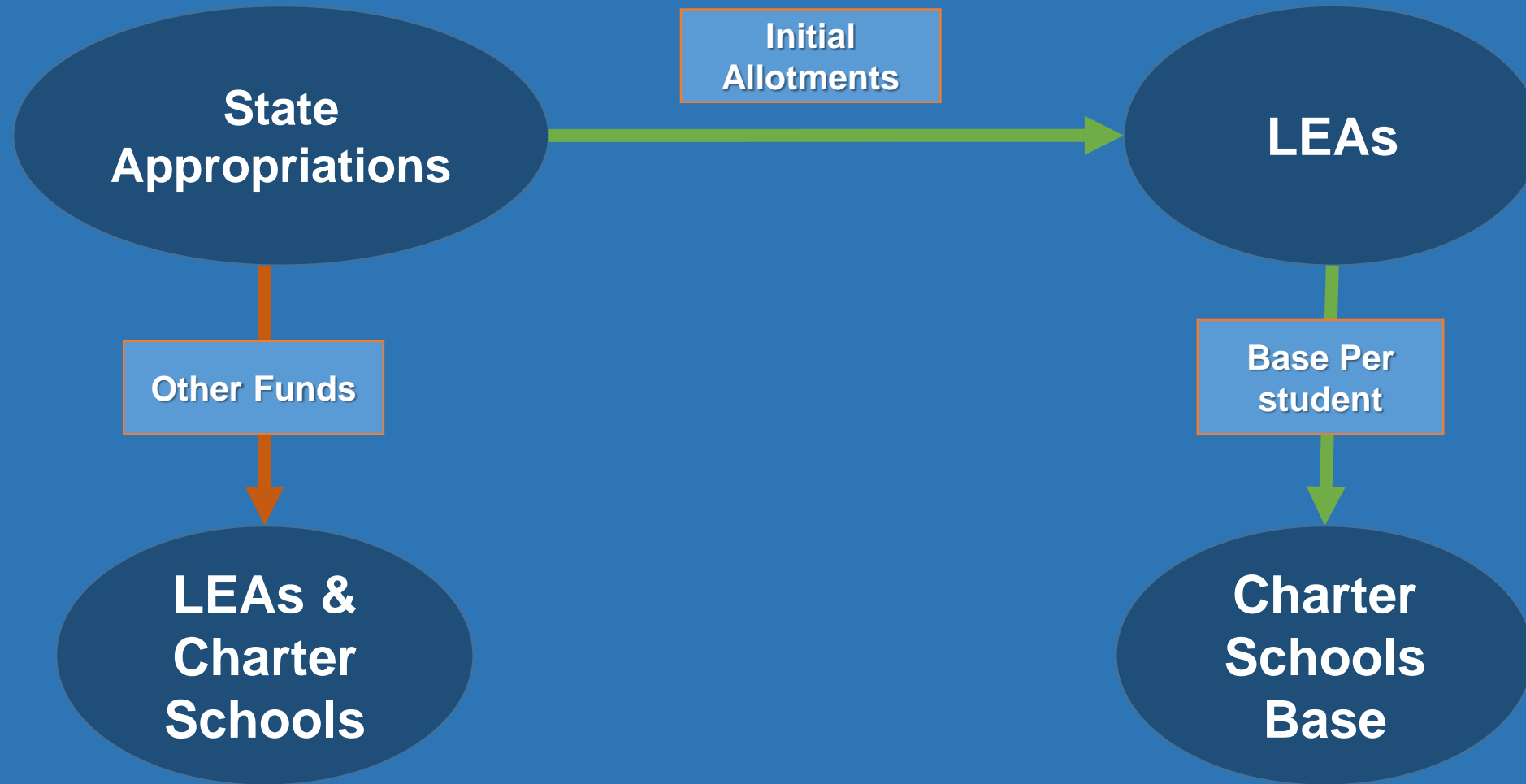
General Statute

115C-218.105

Allocate to each charter school an amount equal to the average per pupil allocation for average daily membership from the local school administrative unit in which the charter school is located

An additional amount for children with disabilities and for children with limited English proficiency

I. The Process of State Allocations





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II. Budgeted and Funded Average Daily Membership

State Budgeted Allotted ADM

LEAs

Higher of:

(i) projected ADM and

(ii) prior year Best 1 of 2

Adjusted based on actual month 1/2

Charter schools

**Projected ADM provided by the charter
up to 20% growth budgeted**

>20% and new charters included in LEA ADM

Adjusted based on actual month 1 ADM

Budgeting Charter Schools ADM

1. Calculate the maximum ADM by charter
2. Request the projection from the charter school
3. Build into the budget a maximum of 20% growth for each charter
4. Material growth and new charter schools are included in the LEA allotted ADM.
5. Reductions to LEAs are made based on a actual month 1 ADM.

Material Growth Request to Increase Maximum

October/November

Charter schools may request a material revision to their charter from SBE.

If eligible by law and approved by the SBE, the funded ADM reflects the new maximum.



Not material growth- Maximum Funded ADM 115C-218.8

No SBE approval required

1st year charter planned growth in authorized charter

2nd year and beyond - Higher of:

- planned growth in the authorized charter, if active.
- 20% increase, if low performing school
- 25% increase, if not low performing (30% starting 2019-20)

Preliminary Projection

January

All charters provide a preliminary projection of their student enrollment for the following year.

To avoid over budgeting the total State ADM, a maximum of 20% growth for each charter is included in the allotted ADM.

Realized growth above 20% is funded by moving the budgeted funds from the LEA to the charter school.

Final Projection- Initial ADM

June

All charters provide a final maximum number of students that the school will enroll in the following year.

Charters, which project to grow above 20%, provide a breakdown of the where the students were previously enrolled.

Continuing charter ADM

Charters with less than 20% growth are funded from the budgeted ADM at the base allocation per ADM of the LEA in which the LEA is located.

Establishing the budget for new and growing charters

- Budgeted ADM is in the LEA
- The budget for the new charter is established in the first year by reducing the LEA allotments for the students who were projected to be in the LEA, but are in membership in the new charter.
- Homeschool & private school students in a new charter are funded from the ADM reserve.
- Same process for material growth

Funding - 1st installment July

- Final projection from the charter school is the initial ADM used for the 1st funding installment.
- Charters are funded 34% of the annual Base allotment in July.
- No reductions are made to the LEAs at this point, even for growth above 20%.

November – Month 1 ADM

Annual allotment for charter schools is recalculated to reflect actual Month 1 ADM.

- Charters with a history of good financial management receive access to 100% of the annual allotment
- Charters in their first 3 years or have financial concerns receive 68% of their allotment. Final 32% installment in February.
- Charters on Financial Non Compliance Disciplinary status receive their allotment in monthly installments.

LEA adjustments - Month 1 & 2 Nov/Dec

LEA reduction for charter schools

- LEAs are reduced for the ADM for new charter schools and charters with growth above 20%.

LEA adjustment to actual

- LEA funds are adjusted for the difference between their initial allotted ADM less charter reduction, and the actual higher of months 1 and 2.

Adjustments after Month 1

The Total Base allocation does not change for LEAs (M1&2) or Charters (M1).

Exceptions:

SBE policy allows request for material growth in months 2-4

Past examples:

- a neighboring charter school closed mid year
- a charter did not have an expansion facility open in month 1

Additional funds is subject to availability

Adjustments after Month 1

Exception:

Exceptional Children

If in the 1st 60 days, a child with disabilities moves from a LEA to a charter school or, vice versa, the funds for children with disabilities may be transferred with the student.



Increased Complexity in Budgeting and Funding

- Increase in the number of charters
- Increase in the size of the individual charter schools
- Change in the legislation on charter material growth
- Variations— regular charters, virtual charters, at risk charters
- Lab Schools
- Regional Schools

