

## Funding Flexibility Issues

Concern	Description	NCGA Action Needed?	Statute	Possible Approach	
Should LEAs be granted flexibility to transfer funds between funding allotments?	<p>Current law place certain restrictions on transfers of funds between funding allotment categories, including restrictions on transfers from allotments for CTE, students with disabilities (SWD), academically and intellectually gifted students (AIG), limited English proficiency students (LEP), teaching assistants, Read to Achieve (RtA), drivers education, and textbooks and digital resources.</p> <p>The Governor has exercised emergency powers to create a flexible funding allotment using other funding, including unused 18-19 carryforward funds and Read to Achieve summer reading camp funds, for LEAs to use to address unanticipated needs resulting from COVID-19.</p> <p>The Governor has also exercised emergency powers to grant flexibility to LEAs for the Transportation, At-Risk Student Services, Disadvantaged Student Supplemental Funding, and Low-Wealth Supplemental Funding allotments to permit expenditures associated with school nutrition, school and community-based child care, cleaning and sanitizing schools and buses, protective equipment, and remote learning from those funds.</p>	Policy call – statutory exception is needed for funding flexibility to occur beyond the period of the declared state of emergency.	<p>G.S. 115C-105.25(b)</p> <p>G.S. 166A-19.40</p>	For the remainder of the 2019-2020 and the 2020-2021 school year, allow LEAs funding flexibility similar to what was permitted in 2013 by prohibiting transfers only from the CTE, SWD, and RtA allotments, and allowing flexibility to transfer from all other allotments (subject to limitations on salary conversion for teacher allotments).	

Should LEAs be granted flexibility to use textbook and digital learning funds for devices?	<p>Current law requires that the textbooks and digital resources allotment (textbooks) may only be used for the purchase of textbooks and digital resources and cannot be used to purchase devices or for other purposes.</p> <p>The Governor has exercised emergency powers to grant flexibility to LEAs to use the textbooks allotment for devices, online subscriptions and training for instructional personnel for digital and remote learning.</p>	Policy call – statutory exception is needed for funding flexibility to occur beyond the period of the declared state of emergency.	<p>G.S. 115C-105.25(b) (12)</p> <p>G.S. 166A-19.40</p>	For the 2020-2021 school year, allow LEAs flexibility to use textbooks allotment to purchase digital learning devices.	
How should principal salaries be calculated with no growth data for 19-20?	The 2019-20 salary scale for principals includes a higher rate of pay for principals whose schools in 2 of the last 3 years have met or exceeded growth.	Principal salary scale is set annually – NCGA will have to make determinations on how salary should be addressed for 20-21.	SL 2019-247 (19-20 salary schedule)	If the 20-21 salary scale includes a higher rate of pay based on growth, use growth data up to the 2018-2019 school year to control principal salaries through the end of the 2020-2021 fiscal year, and do not use any data from 2019-20.	

### K-3 Class Size Issues

Concern	Description	NCGA Action Needed?	Statute	Possible Approach	
Should K-3 class size reduction be temporarily halted for the 20-21 school year?	<p>Class size reduction requirements for grades K-3 are currently being phased in.</p> <p>In 2019-20, the average class size for K-3 was 19, and the individual class size was no more than 22.</p> <p>For 2020-21, the average class size for K-3 must be 18, and the individual class size can be no more than 21.</p> <p>For 2021-22, LEAs must meet the requirements of GS 115C-301, which require average class sizes ranging from 16 for 1st grade, 17 for 2nd and 3rd grade, and 18 for kindergarten, and individual class sizes of no more than 3 higher than the required average for that grade level.</p> <p>K-3 class size limitations do not apply to program enhancement classes. There is a special allotment for K-5 program enhancement teachers that is set to increase annually through 2021-22, when the K-3 class size requirements are fully phased in. Beginning with the 2021-22 school year, there are additional limitations on transfers of positions from the K-5 program enhancement teacher allotment.</p>	Policy call. Without legislative action, the continued phase-in of class size reduction and increase in program enhancement teachers allotment will continue.	SL 2018-2, GS 115C-301	Delay the current phase for K-3 class size reductions and program enhancement teacher funding for LEAs by one year.	