

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

Public School Allotments

Eric Moore and Erin Biggers

February 26, 2019

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**
- Charter schools and other public school units receive funds as block grants based on a **per pupil allocation**



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 winter, 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 building FY 2018-19 budget, look first at FY 2017-18 ADM)
- 2) Identify the **higher** figure (“**Best 1 of 2**”)

September 2017:
22,698

Vs.

October 2017:
22,757



Determining Allotted ADM-Part 2

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



- 4) The higher number is the **allotted ADM** for that LEA in the coming year. (note: an LEA's budgeted ADM can be no lower than the prior-year actual)



Determining Allotted ADM-Part 3

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

Statewide Total Allotted ADM

**2018-19 Allotted ADM:
1,556,141**



Allotments



Basis for Public Schools Funding

Allotments

- The way the money goes out the door to the LEAs
- Each allotment is driven by a formula
- There are 20+ State allotments
- Instead of funding specific programs, most allotments create a 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 about 80% of State allocations
- Base allotments provide a foundation of public school operational support
 - Funds flow to all 115 LEAs
 - ADM is the primary determinant of fund allocation
- Most Base allotments support 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

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
3.277B	3.429B	35.8%

- **Purpose:** Provides LEAs guaranteed funding (salaries & benefits) to cover 10-month positions for classroom teachers
- **Formula:** LEAs provided positions based on the allotted ADM by grade spans



Classroom Teachers

Class-size Ratios for FY 2018-19

2017-18 Grade Spans	Teacher Allotment Ratio	Max Class-Size Average Ratio for the LEA	Individual Class-Size Maximum
K	1:18	1:20	1:23
1	1:16	1:20	1:23
2-3	1:17	1:20	1:23
4-6	1:24	--	--
7-8	1:23	--	--
9	1:26.5	--	--
10-12	1:29	--	--

S.L. 2018-2 mandates that by FY 2020-21, the average class size for K-3 shall not exceed 1:18 & the max class size shall not exceed 1:21.



Classroom Teachers

Statewide Salary Schedule

Years of Experience	FY 2018-19 Base "A" Schedule	Master's Supplement (10%)	NBPTS Supplement (12%)	Advanced Degree (\$126/month)	Doctoral Degree (\$253/month)	Performance Bonuses	Local Supplements
0	35,000	(+3500)	N/A	(+1260)	(+2530)	Varies	Varies
1	36,000	(+3600)	N/A	(+1260)	(+2530)		
2	37,000	(+3700)	N/A	(+1260)	(+2530)		
3	38,000	(+3800)	(+4560)	(+1260)	(+2530)		
4	39,000	(+3900)	(+4680)	(+1260)	(+2530)		
5	40,000	(+4000)	(+4800)	(+1260)	(+2530)		
6	41,000	(+4100)	(+4920)	(+1260)	(+2530)		
7	42,000	(+4200)	(+5040)	(+1260)	(+2530)		
8	43,000	(+4300)	(+5160)	(+1260)	(+2530)		
9	44,000	(+4400)	(+5280)	(+1260)	(+2530)		
10	45,000	(+4500)	(+5400)	(+1260)	(+2530)		
11	46,000	(+4600)	(+5520)	(+1260)	(+2530)		
12	47,000	(+4700)	(+5640)	(+1260)	(+2530)		
13	48,000	(+4800)	(+5760)	(+1260)	(+2530)		
14	49,000	(+4900)	(+5880)	(+1260)	(+2530)		
15-24	50,000	(+5000)	(+6000)	(+1260)	(+2530)		
25+	52,000	(+5200)	(+6240)	(+1260)	(+2530)		



Classroom Teachers

How Does NC Budget Guaranteed Positions?

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

2018-19 Classroom
Teaching Positions
Required: **70,716**

X

2017-18 6th PP Avg.
Salary (& Leg Inc.):
\$48,492

=

2018-19 Budget: **\$3,429,170,766**



Classroom Teachers

What is the Rationale for Guaranteed Positions?

- LEAs can hire best candidate regardless of salary
- Reduces possible incentives to:
 - Move to a “wealthier” district for higher pay
 - Replace effective, experienced teachers with unproven, initially licensed teachers



Classroom Teachers

Major Changes in Prior Biennium

H.B. 90 (S.L. 2018-2)

- Phases in K-3 average and maximum class sizes over 4 years.
- Incrementally funds Program Enhancement Teachers (PETs) over 4 years to reach 1:191 ratio.
 - Initial appropriation of \$61.4 million in FY 2018-19 as 25% of cost of fully funding PET.
 - PET allotment fully funded in FY 2021-22.



Classroom Teachers

Major Changes in Prior Biennium

2017 Appropriations Act established or amended bonuses for:

- Veteran Teachers (25+ years)
- AP/IB and Cambridge AICE Teachers
- CTE Teachers in courses leading to credentials
- 3rd-5th Grade Reading Teachers
- 4th-8th Grade Math Teachers



Instructional Support

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
373M	395M	4.1%

- **Purpose:** Supports 10-month positions for counselors, social workers and other instructional support personnel
- **Formula:** 1 position per every 218.55 in ADM



Career and Technical Education

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
488M	494M	5.2%

- **Purpose:** Provides guaranteed months of employment (MOEs) to fund CTE teacher salaries, benefits, and program support
- **Formula:** 50 months of employment with remaining funds distributed based on grade 8-12 ADM



School Building Administration

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
266M	283M	3.0%

- **Purpose:** Provides guaranteed funding to support 12-month positions for principals, and MOEs for assistant principals
- **Formula:**
 - Principals: 1 position for each school where ADM \geq 100 or 7+ state-paid teachers/inst. support (until 2011)
 - Assistant Principals: 1 MOE per every 98.53 in ADM



Personnel Benefits

Allotment	2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
Social Security	300M	319M	3.3%
State Retirement	678M	796M	8.3%
Medical Insurance	484M	506M	5.3%
Short-term Disability	6M	6M	0.1%
Longevity	27M	27M	0.3%
Annual Leave	47M	47M	0.5%
Workers Comp	54M	54M	0.6%
Unemployment	19M	19M	0.2%

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



Base Dollar Allotments



Teacher Assistants

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
401M	412M	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



Central Office Administration

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
91M	90M	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

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
401M	419M	4.4%

- **Purpose:** Supports clerical, custodians, substitute teachers, and other personnel or purposes
- **Formula:** \$268.86 per ADM; \$6K per Textbook Commission member for Clerical Assistants.
- **NOTE:** Almost entirely supported by Lottery (FY 2018-19: \$386 million)



Instructional Supplies/Classroom Materials

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
47M	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.



Career and Technical Education: Pgm. Supp.

2017-18 Budget	2018-19 Budget	% of 18-19 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 (\$34.10 per ADM).



Textbooks

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
74M	74M	0.8%

- **Purpose:** Provides funds for textbooks and instructional content in paper and digital form.
- **Formula:** \$46.30 per ADM in grades K-12
- **Legislative Actions 2018:**
 - Funds can no longer be transferred out of the Textbook Allotment.
 - Supported by \$19M (\$4M R, \$15M NR) in Indian Gaming.



Transportation

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
476M	491M	5.3%

- **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) and Civil Fines and Forfeitures (\$15 million adjustment) in FY 2018-19.



School Buses

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
60M	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 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



Children with Disabilities— School-aged

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
767M	813M	8.5%

- **Purpose:** Provide a program of support to benefit students with identified disabilities in public schools from ages 5-21.
- **Formula:** \$4,442 per identified student up to a 12.75% maximum identified LEA student cap



Children with Disabilities— Other Programs

Allotment	2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
Preschool Children	63M	68M	0.7%
Behavioral Support	13M	13M	0.1%
Group Homes	5M	5M	0.1%
Developmental Day Care	21M	21M	0.2%
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

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
83M	83M	0.9%

- **Purpose:** Supports differentiated services to students with outstanding capability.
- **Formula:** \$1,340.97 per child identified up to a maximum of 4% of ADM per LEA.



At-Risk Student Services

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
297M	308M	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 (\$358.14/student) and 50% on allotted ADM (\$89.10/student)

NOTE: Each LEA must receive a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$272,812).



At-Risk Student Services

Major Changes in Prior Biennium

- **Extended Learning and Integrated Student Supports (ELISS) Competitive Grants**
 - NCGA appropriated \$6 million from the At-Risk Allotment in 2017 to award grants of up to \$500K over 2 years (3:1 state-local match)
 - Grants for nonprofits working in collaboration with LEAs to support:
 - Students not performing at grade level
 - Students at risk of dropping out
 - Students demonstrating anti-social behaviors



Disadvantaged Student Supplemental Funding

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
92M	95M	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

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
81M	85M	0.9%

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



Excellent Public Schools Act

2017-18 Budget	2018-19 Budget	% of 18-19 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



Low Wealth Supplemental Funding

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
227M	238M	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.



Small County Supplemental Funding

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
47M	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
Less than 600	\$1,710,000
601-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000

ADM Range	Funding
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000

Formula Revision: 2018 Appropriations Act increased the upper limit from 3,200 to 3,300 ADM.



Child and Family Support Teams

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
11M	12M	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.



Miscellaneous Programs



Cooperative and Innovative Programs

2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
30M	30M	0.3%

- Program provides high school students the opportunity to earn college credit while in high school.
 - There are 133 CIHSs (5 new in FY 2018-2019); not all receive supplemental funding.
- **Formula Revision:** 2017 Appropriations Act stratified supplemental funding based on economic tier.



Technology Programs

Allotment	2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
School Technology Fund	18M	45M	0.5%
Connectivity	31M	31M	0.3%

- **School Technology Fund**
 - Allocated on \$/ADM Basis
 - Supported by Civil Fines & Forfeitures (\$44.8M in FY 2018-19 is excess receipts from the previous biennium).
 - Used for hardware & software but not personnel
- **Connectivity**
 - Funds support the enhancement of school technology infrastructure and internet service costs, including wifi



FY 2018-19 New & Extended Activities

Allotment	2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
School Resource Officer Grants	7M	12M	0.1%
Other Safety Grants	0	18M	0.2%
Anonymous Tip Line	0	5M	0.1%
Advanced Teaching Roles	1M	2M	0.0%
Computer Science Initiative	0	1M	0.0%
CTE Expansion	4.2M	1.4M	0.0%
TAs to Teachers	1M	1M	0.0%



Miscellaneous Programs

Allotment	2017-18 Budget	2018-19 Budget	% of 18-19 Allotments
Driver Education	27M	27M	0.3%
EVAAS	4M	4M	0.0%
Liability Insurance	3M	3M	0.0%
ADM Contingency Reserve	9M	3M	0.1%
School Breakfast	2M	2M	0.0%
Testing	19M	20M	0.1%
Tort Claims	7M	7M	0.1%
Uniform Education Reporting System (UERS)	10M	10M	0.1%

*Drivers Education funded by Civil Fines and Forfeitures.



Recurring Directed Appropriations

Allotment	2017-18 Budget	2018-19 Budget
DPI	67M	60M
Residential Schools	23M	22M
NCCAT	4M	4M
Teach for America	6M	6M
Communities in Schools	1M	2M
Beginnings for Parents	1M	1M
Governor's School	1M	1M



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: 1st yr. of operations, allotments are reduced from student's prior 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: 2012-2018

Fiscal Year	Funded ADM	State Funding	\$/ADM	# Schools
2011-12	44,829	\$228,291,552	\$5,092	100
2012-13	48,795	\$255,396,318	\$5,234	107
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

Source: Department of Public Instruction (Highlights), 2012-2018



Other State Fund Sources



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.

NEEDS-BASED SCHOOL CAPITAL AND LOTTERY CHANGES

SECTION 5.3.(a) Section 5.3 of S.L. 2017-57, as amended by Section 1.1(a) of S.L. 2017-187 and Section 1.1 of S.L. 2017-212, reads as rewritten:

"SECTION 5.3.(a) The appropriations made from the Education Lottery Fund for the 2017-2019 fiscal biennium are as follows:

	FY 2017-2018	FY 2018-2019
Noninstructional Support Personnel	\$383,888,897	\$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	30,000,000	75,000,000 <u>117,320,354</u>
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
LEA Transportation	43,277,192	1,386,090 <u>21,386,090</u>
TOTAL APPROPRIATION	\$676,612,932	\$681,747,388 <u>\$744,067,742</u>



Other Major State Funding Sources

- **Fines and Forfeitures**
 - Constitutional requirement for Revenue, Transportation and other penalties to be used to support Public Schools.
 - Proceeds (2018-19 Budget: \$221m) directed to: School Technology Fund, Drivers Education, State Public School Fund, and Transportation Adjustment.
- **Department of Revenue Transfer**
 - 2018-19 Budget: \$69 million
 - Implemented in FY 06-07 to offset elimination of LEAs' refund eligibility for the State portion of Sales and Use Tax.
- **Indian Gaming Education Revenue Fund**
 - 2018-19 Budget: \$19m for the Textbooks Allotment (\$4m recurring, \$15m nonrecurring).



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
 - \$30m in FY 2017-18 and \$117m in FY 2018-19
 - Application-based process



Federal Fund Sources



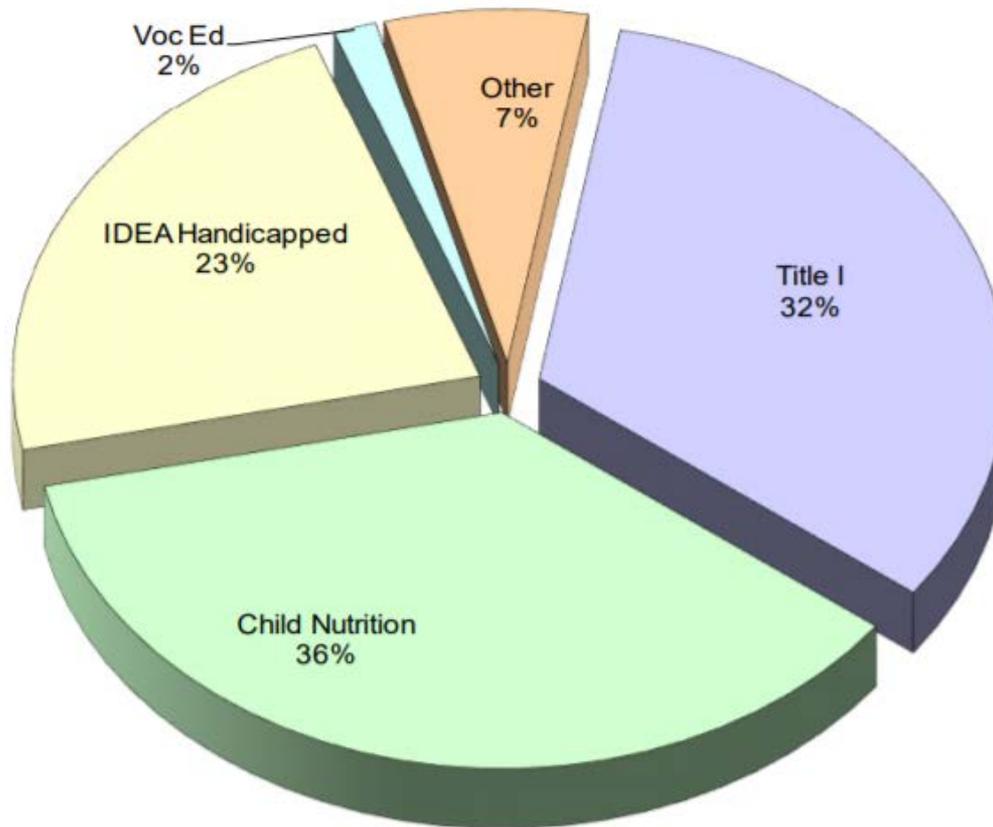
Federal K-12 Fund Sources

- Most programs are included in State budget, but General Assembly lacks authority to modify program requirements.
- Federal grants can have budget and performance periods from 12-60 months.
- Federal funds are typically 10% of a LEA's current expense budget (11% in FY 2017-18).



Federal K-12 Fund Sources

2017-18 State Federal Funding Received



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

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

Source: Department of Public Instruction (Highlights), Feb. 2018



FY 2017-18 Federal K-12 Fund Sources

	<u>State Aid</u>
<u>Every Student Succeeds Act</u>	
College- and Career- Ready Students	\$ 413,422,395
College- and Career- Ready Students -- School Improvement	29,842,192
ESEA Title I -- Migrant	4,274,753
Student Support and Academic Enrichment	10,722,916
ESEA Title I -- Neglected and Delinquent	727,318
State Grants for Improving Teacher Quality	43,408,929
21st Century Community Learning Centers	30,888,207
Rural and Low-Income Schools Program	3,928,266
English Learner Education	13,934,323
Education for Homeless Children and Youth	1,662,763
	<u>\$ 552,812,062</u>

<u>Individuals With Disabilities Education Act</u>	
Special Education - Grants to States	308,997,023
Special Education -- State Program Improvement Grant	1,294,000
Special Education - Preschool Grants	9,180,299
	<u>\$ 319,471,322</u>



FY 2017-18 Federal K-12 Fund Sources

Perkins IV

Career and Technical Education Basic	20,911,860
Total Perkins	\$ 20,911,860

Miscellaneous

Abstinence Education	1,815,000
Child Nutrition - Fresh Fruits and Vegetables	3,669,248
Child Nutrition	515,000,000
Total Miscellaneous	\$ 520,484,248



Questions?

Lisa Fox (NCCCS) - lisa.fox@ncleg.net

Chris Hearley (UNC) - chris.hearley@ncleg.net

Eric Moore (Public Schools) - eric.moore@ncleg.net

Erin Biggers (Public Schools) - erin.biggers@ncleg.net

Room 619 LOB

(919) 733-4910

