

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

Public School Funding: Part I

Amanda Fratrick and Megan McNailen
February 25, 2025

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Outline

Part I:

Basic Features of NC Public Schools

Funding Structure

Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



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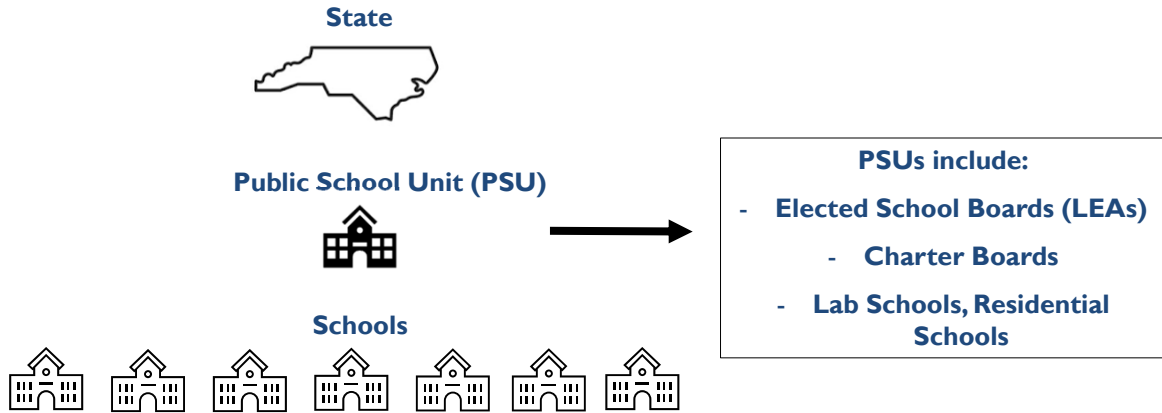
NC Constitution (Art. IX, Sec. 2)

- *The General Assembly shall provide by taxation and otherwise for a general and uniform system of **free public schools**...*
- *The General Assembly **may assign to units of local government such responsibility for the financial support of the free public schools** as it may deem appropriate. The governing boards of units of local government...may use local revenues to add to or supplement any public school or post-secondary school program.*



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NC Public Schools—Governance Structure



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NC Public Schools—LEAs

NC public schools divided into 115 local education agencies (LEAs)

- 89 counties where county/LEA boundaries the same
- 11 counties with multiple “county” and “city” LEAs



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LEAs Vary Greatly in Their Characteristics

Size

- 50% of students are in the 12 largest LEAs
- Median LEA size = ~5,500
- 42 LEAs (more than 1 in 3) with fewer than 4,000 students

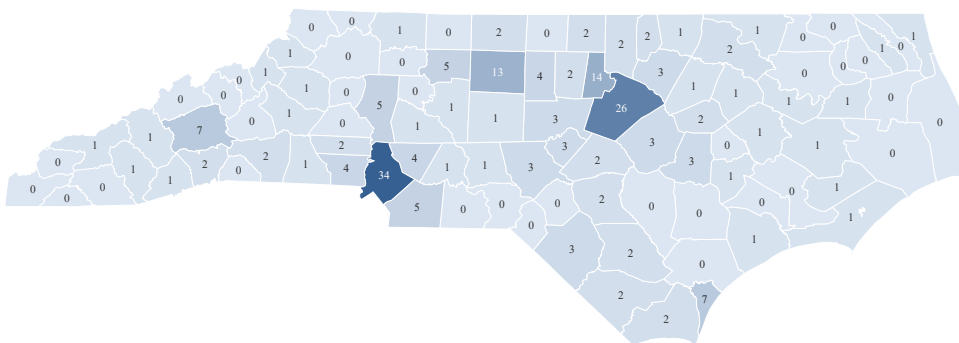
Wealth – Ability to generate local funding for schools

- 77 LEAs receive low wealth funding because they their ability to generate local revenue per student is below the State average
- Student needs
 - Limited English Proficiency
 - Children with Disabilities
 - Poverty



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NC Public Schools—Charter Schools FY 2024-25



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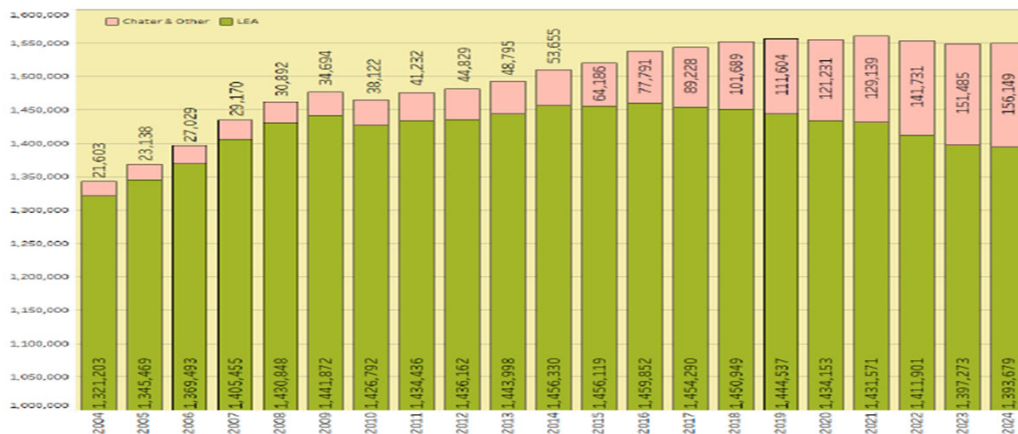
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NC Public Schools by PSU Type

Number of Schools

	FY 2010-11	FY 2023-24
Traditional	2,425	2,494
Charter	99	211
Regional	-	1
Laboratory	-	8
Residential	3	3
Total Schools	2,527	2,717

Public School Enrollment - Average Daily Membership (ADM)



Source: Department of Public Instruction, Highlights of the North Carolina Public School Budget, April 2024

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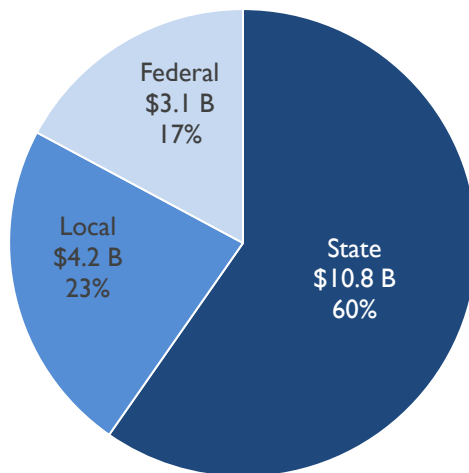
Flexibility

Charters



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FY 2023-24 Expenditures by Source



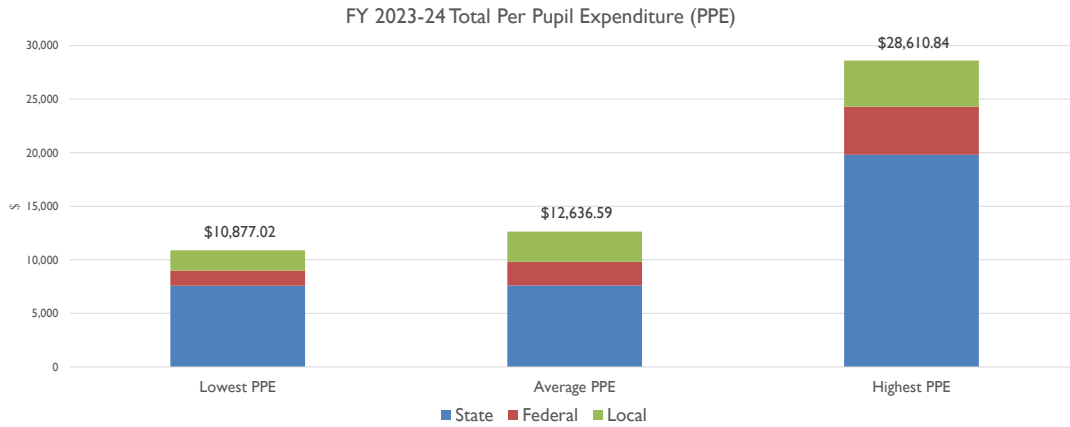
Total = \$18B

Source: Department of Public Instruction Statistical Profile



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2023-24 Per Pupil Expenditure Ranges



Source: Department of Public Instruction Statistical Profile, child nutrition included

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2023-24 Per Pupil Expenditures

	State	Federal	Local
Highest*	\$20,476	\$6,562	\$8,822
Average	\$7,895	\$2,269	\$3,058
Lowest*	\$6,977	\$530	\$1,137

Source: Department of Public Instruction Statistical Profile, child nutrition included

*Note: Multiple LEAs represented across these categories

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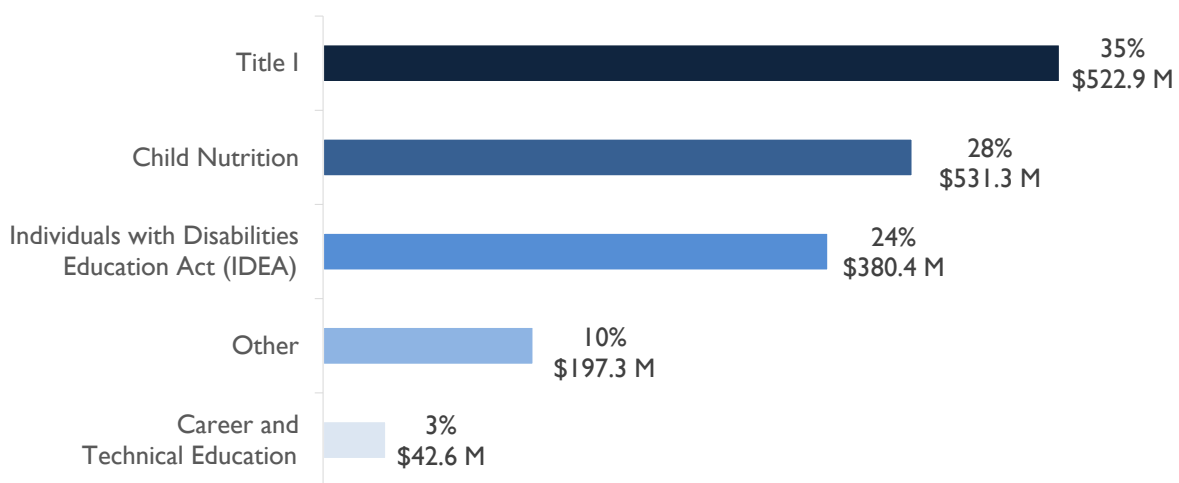
Federal K-12 Funds

- Most depend on characteristics of certain students (students living in poverty, students with disabilities, etc.)
- Most programs are included in the State budget, but the 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 an LEA's current expense budget, but have been higher recently because of COVID funds



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2023-24 Federal Funding Received (not including COVID funds)



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2023-24 Federal Funding

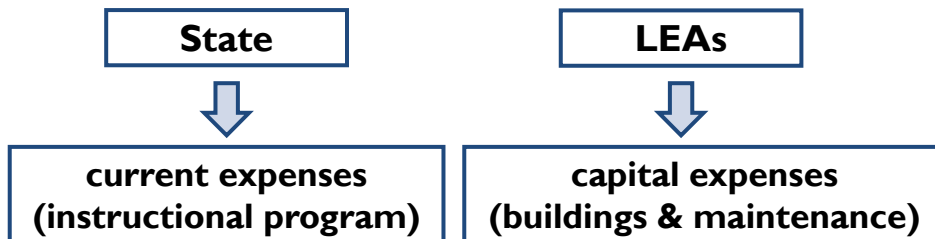
Funding Category	Amount	Description
Title I	\$522.9M	Provides supplemental funds to districts for children from low-income families, including migrant students and those considered at-risk due to neglect or delinquency
Child Nutrition	\$531.3M	Supports Child Nutrition programs, including the National School Lunch and Breakfast programs and initiatives for fresh fruits and vegetables
IDEA State Aid	\$380.4M	Provides supplemental funding for Special Education programs
Every Student Succeeds Act (ESSA) – Instructional & Enrichment Supports	\$164.5M	Provides funding for English Language Acquisition, Community Learning Centers, Rural & Low-Income Schools, and Homeless Children and Youth programs
Perkins State Aid	\$42.6M	Supports Career and Technical Education programs
Other	\$32.8M	Covers others programs and competitive grants for which North Carolina has been selected, such as School-Based Mental Health Services and Stronger Connections grants

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State and Local Responsibility

Delineation of Funding Responsibilities

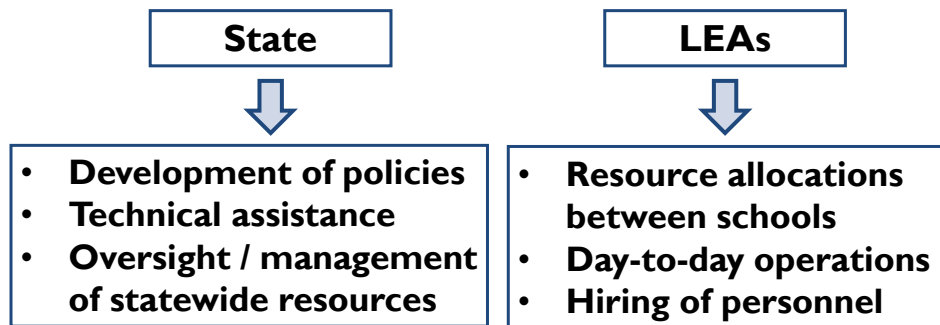
1933 School Machinery Act



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State and Local Responsibility

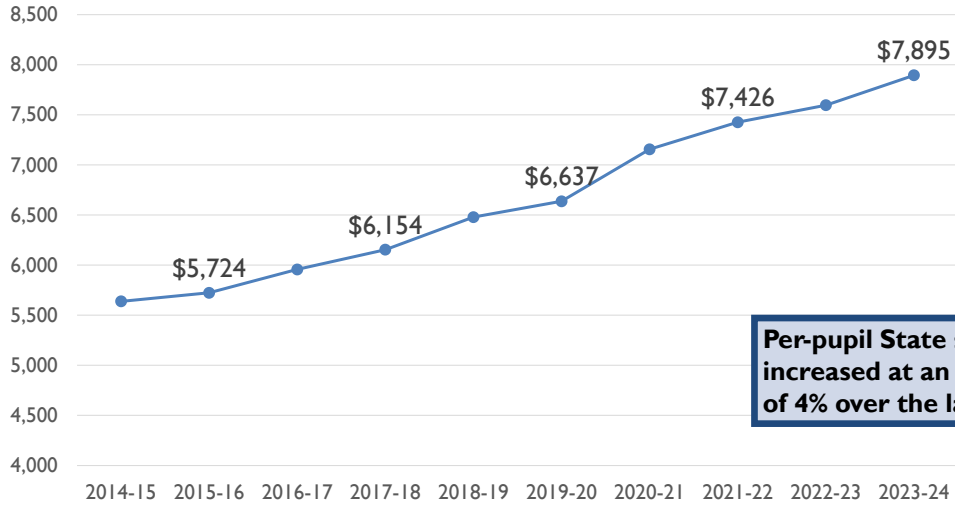
Delineation of Operational Responsibilities



Local Funds

- Set by county commissioners in each county, in conversation with the local board of education
- Very flexible
 - No requirements about how much each district has to spend or caps on how much they can spend
 - Very few prohibitions on the purposes for which local money can be spent
- Generally unspent funds carry forward to the next year

State Expenditures Per Pupil



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State Funds

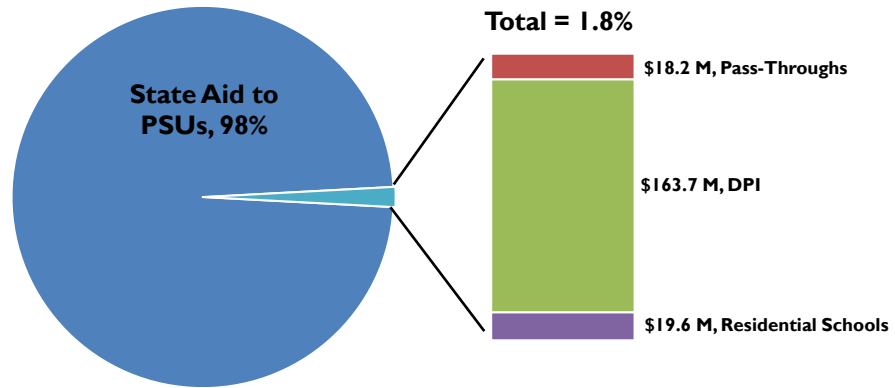
For FY 2024-25, State General Fund requirements equal **\$14.96 billion**, with receipts of **\$3.0 billion** and a net appropriation of **\$11.95 billion**.

	FY 2023-24 Year-End Authorized	FY 2024-25 January Authorized
Requirements	\$15,561,987,659	\$14,955,644,624
Receipts	\$3,985,467,121	\$3,003,380,843
Net Appropriation	\$11,576,520,538	\$11,952,263,781

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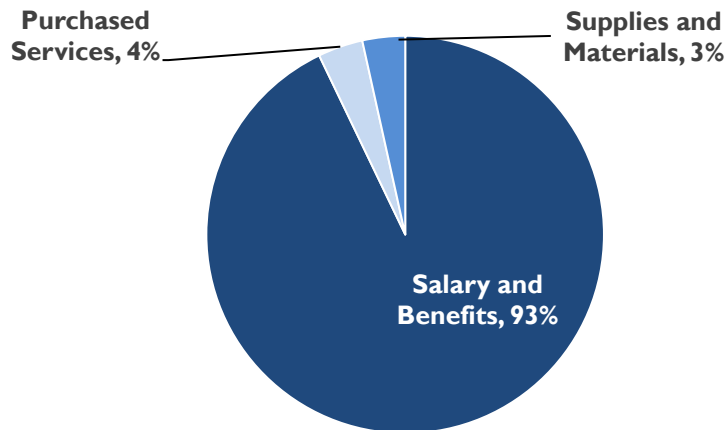
Majority of State Funding Supports PSUs

2024-25 General Fund Budget (\$11.95 billion)



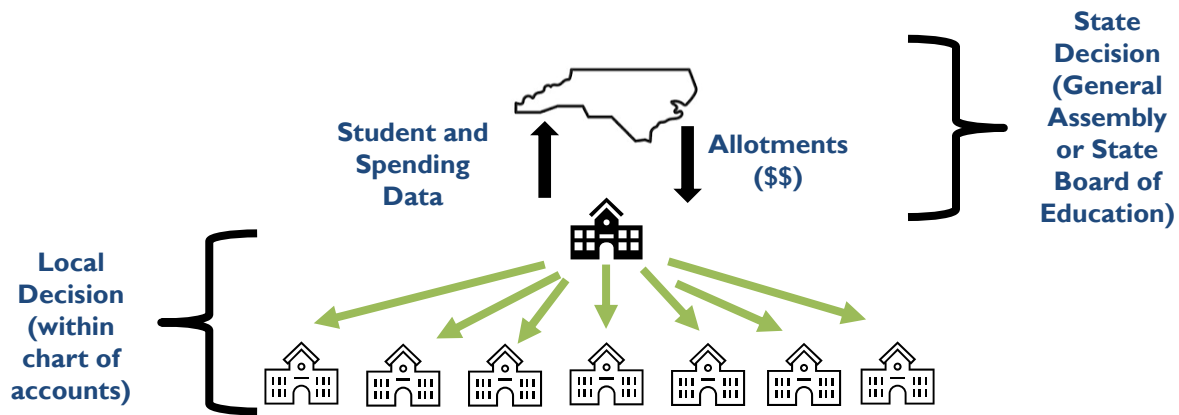
Majority of LEA Spending is on Personnel

2023-24 State Expenditures (\$10.8 billion)



LEAs only, does not include charter school expenditures.

Funding Structure



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State Funding Process

- Funding for public school units is *generated* through a series of **funding formulas** that typically utilize student headcount and other targeted factors
- Funds are *distributed* throughout **allotments**, designated funding categories.
- Schools *utilize* the funding by **transferring** it between allotments and spending within an approved **chart of accounts**.

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Questions?

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