



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

# Public School Funding: Part 2

Amanda Fratrick and Megan McNailen  
February 26, 2025

1

## Outline

### Part I:

Basic Features of NC Public Schools

Funding Structure

### Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



**FISCAL RESEARCH DIVISION**  
A Non-Partisan Staff Agency of the North Carolina General Assembly

2

February 26, 2025

2

# Outline

## Part I:

Basic Features of NC Public Schools

Funding Structure

## Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



3

# Generating the State Budget

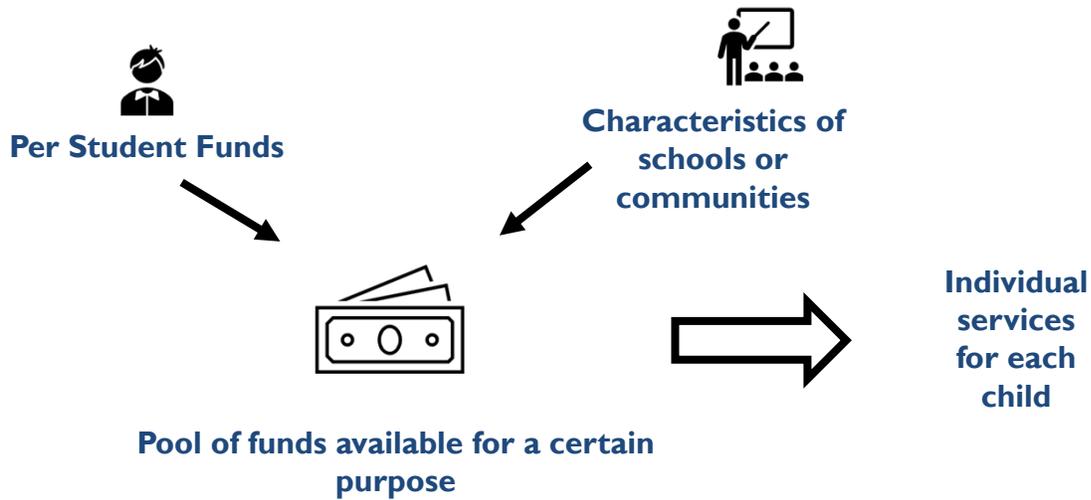
Largely three types of formulas

- **Base allotments:** go to all LEAs, predominantly based on ADM (~80% of all funding)
  - Ex., Classroom teachers, teacher assistants, career and technical education, transportation, etc.
- **Allotments addressing student characteristics:** funding based on relative populations (~16% of all funding)
  - Ex., children with disabilities, at-risk, limited English proficient, etc.
- **Allotments addressing LEA characteristics:** funding based on LEA size or wealth (~3% of all funding)
  - Ex., low wealth, small county, etc.



4

# Another Way to Think of Allotments



5

## Outline

### Part I:

Basic Features of NC Public Schools

Funding Structure

### Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters

6

## Average Daily Membership

- Most allotments are provided to LEAs based on allotted Average Daily Membership (ADM)
- Membership = being on the current roll at a school (“expected to be there”)
  - Not the same as attendance
- ADM = 
$$\frac{\text{daily sum of all students in membership for a month}}{\text{total days in month}}$$



7

## Determining Allotted ADM

For each LEA, DPI compares actual ADM in months 1 and 2 for the *prior* school year

September 2024:  
21,239

vs.

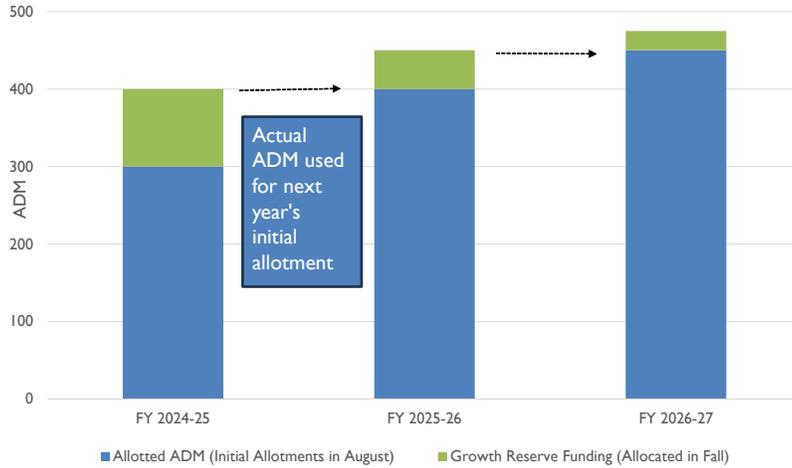
October 2024:  
21,401

- The higher of the two figures becomes that LEA’s *allotted ADM* for the following year.
- The sum of the LEAs’ allotted ADM forms the Statewide allotted ADM.
- This method of funding in arrears became law in 2023 Appropriations Act, first effective for the 2024-25 school year. Previously, projections were incorporated into allotted ADM.
  - Growing school districts can receive funds for additional students from the ADM Contingency Reserve.
  - Declining school districts no longer have their budgets reduced mid-year.



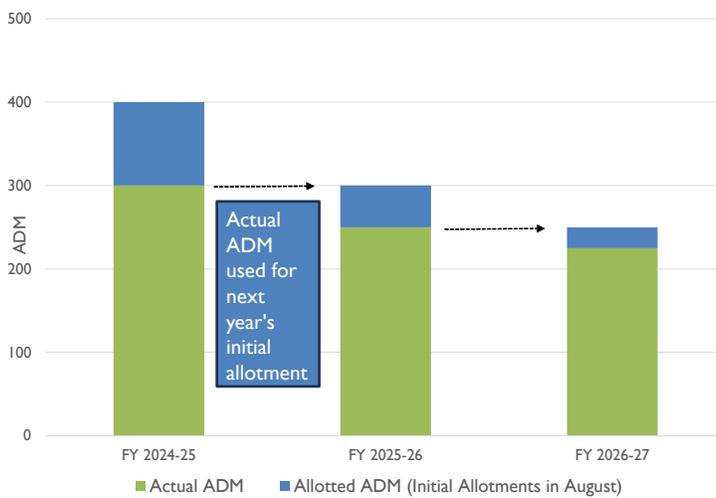
8

## Funding in Arrears – Growing PSU Example



9

## Funding in Arrears – Declining PSU Example



10

# Outline

## Part I:

Basic Features of NC Public Schools

Funding Structure

## Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



11

# Intro to Guaranteed Positions

- Unique to North Carolina
- Legislature
  - Determines the formulas for the number of certified positions in various categories
  - Determines the base pay for each position through salary schedules
- LEAs
  - Hire the most qualified individual for each position
- DPI
  - Covers the cost of each position and manages the budget statewide



12

# Guaranteed Positions

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

# Using Guaranteed Positions – Example 1

The Sample School District is allotted a guaranteed teaching position from the State.

They hire First-year Fred, a new graduate with a license in high school mathematics.

The State pays:

Base Salary	\$41,000
Benefits	<u>\$21,088</u>
<b>Total</b>	<b>\$62,088</b>

Years of Exp	Bachelor's Teacher		Bachelor's w/ NBPTS Certification	
	Monthly Salary	Annual Salary (10 months)	Monthly Salary	Annual Salary (10 months)
0	\$4,100	\$41,000	N/A	N/A
1	\$4,175	\$41,750	N/A	N/A
2	\$4,250	\$42,500	N/A	N/A
3	\$4,325	\$43,250	\$4,844	\$48,440
4	\$4,400	\$44,000	\$4,928	\$49,280
5	\$4,475	\$44,750	\$5,012	\$50,120
6	\$4,572	\$45,720	\$5,121	\$51,210
7	\$4,663	\$46,630	\$5,223	\$52,230

## Using Guaranteed Positions – Example 2

Another School District is allotted a guaranteed teaching position from the State.

They hire Veteran Violet, a teacher with 23 years experience and National Board of Professional Teaching Standards Certification to teach 3<sup>rd</sup> grade.

The State pays:

Base Salary	\$60,350
Benefits	\$27,220
Total	\$87,570

Years of Exp	Bachelor's Teacher		Bachelor's w/ NBPTS Certification	
	Monthly Salary	Annual Salary (10 months)	Monthly Salary	Annual Salary (10 months)
19	\$5,388	\$53,880	\$6,035	\$60,350
20	\$5,388	\$53,880	\$6,035	\$60,350
21	\$5,388	\$53,880	\$6,035	\$60,350
22	\$5,388	\$53,880	\$6,035	\$60,350
23	\$5,388	\$53,880	\$6,035	\$60,350
24	\$5,388	\$53,880	\$6,035	\$60,350
25+	\$5,595	\$55,950	\$6,266	\$62,660



15

## Classroom Teacher Allotment

Grade Span	Ratio	ADM	Positions*
K	1:18	110,356	6,131.0
1	1:16	114,245	7,228.5
2 - 3	1:17	230,016	13,530.5
4 - 6	1:24	345,765	14,407.0
7 - 8	1:23	235,027	10,218.5
9	1:26.5	137,384	5,184.5
10 - 12	1:29	349,529	12,052.5
Other Teachers			298.9
Total		1,552,322	68,963.4

Each LEA is rounded to the nearest half position, except:

Per SL 1993-769, DPI must round to the next whole number of positions for city LEAs with fewer than 3,000 students.

16

## Geographically Isolated Schools

- If a public school either serves grades K-12 or has fewer than 110 students in ADM and is located:
  - In an LEA with an ADM of less than 1.5 students per square mile, OR
  - The county in which the LEA is located contains more than 150,000 acres of forest owned by the federal government and managed by the US Forest Service,
- Then the school will receive one classroom teacher per grade level.
- The rest of the LEA will receive guaranteed positions based on the general allotment ratios.

17

## Classroom Teacher Allotment—Calculation

2024-25 Classroom Teaching Positions Required: <b>68,963.4</b>	<b>X</b>	2023-24 6 <sup>th</sup> PP Avg. Salary (& Leg Inc.): <b>\$53,282</b>
<b>=</b>	2024-25 Salaries: <b>\$3,674,554,131</b>	
<b>+</b>	Social Security: <b>\$273,022,079</b>	
<b>+</b>	TSERS: <b>\$897,150,947</b>	
<b>+</b>	SHP: <b>\$568,242,846</b>	
<b>=</b>	2024-25 Budget: <b>\$5,412,970,003</b>	

18

## Guaranteed Position Allotments

Allotment	Number of Positions	2024-25 Budget	Percent of State Public School Fund
Classroom Teachers	68,945	\$5.4 B	45%
School Building Administration	3,978*	\$487.3 M	4.1%
Career and Technical Education	7,286	\$339.3 M	2.8%
School Health Personnel	3,628	\$339.2 M	2.8%
Instructional Support	3,686	\$316.0 M	2.6%
Program Enhancement Teachers	3,584	\$279.5 M	2.3%

\*Assumes all Assistant Principals are on a 12-month contract and Career and Technical Education positions are on a 10-month contract

19

## Other Base Allotments Generated from ADM

Allotment	2024-25 Budget	Percent of State Public School Fund
Teacher Assistants	\$869.1 M	7.3%
Transportation	\$639.0 M	5.3%
Non-Instructional Support Personnel	\$508.1 M	4.2%
Central Office Administration	\$110.5 M	0.9%
Textbooks	\$50.8 M	0.4%
Instructional Supplies, Equipment, and Materials	\$47.8 M	0.4%
CTE Program and Testing Funds	\$42.5 M	0.4%
School Technology Fund	\$18 M	0.2%

20

# Outline

## Part I:

Basic Features of NC Public Schools

Funding Structure

## Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



21

# Categorical Allotments

- **Based on student characteristics**
  - Intended to enhance services for specific populations of students in addition to general education funds
  - About 17% of state allocations
- **Based on LEA characteristics**
  - Intended to address economic and geographic differences between school districts
  - About 3% of State allocations



22

## Categorical Allotments – Student Characteristics

Allotment	2024-25 Budget	Percent of State Public School Fund
Children with Disabilities	\$1.2 B	10.0%
At-Risk Student Services	\$370.2 M	3.1%
Limited English Proficiency	\$145.1 M	1.2%
Disadvantaged Student Supplemental Funding	\$110.2 M	0.9%
Academically or Intellectually Gifted	\$90.9 M	0.8%
Excellent Public Schools Act	\$90.3 M	0.8%

## Career and College Promise (2023-24 enrollment)

Cooperative Innovative High School	CTE Pathway	College Transfer
Separate High School that allows students to earn both a high school diploma and an associate's degree	Allows students to begin certification or a diploma in a technical field	Dual enrollment in community college or university classes
28,942 students	13,643 students	49,703 students

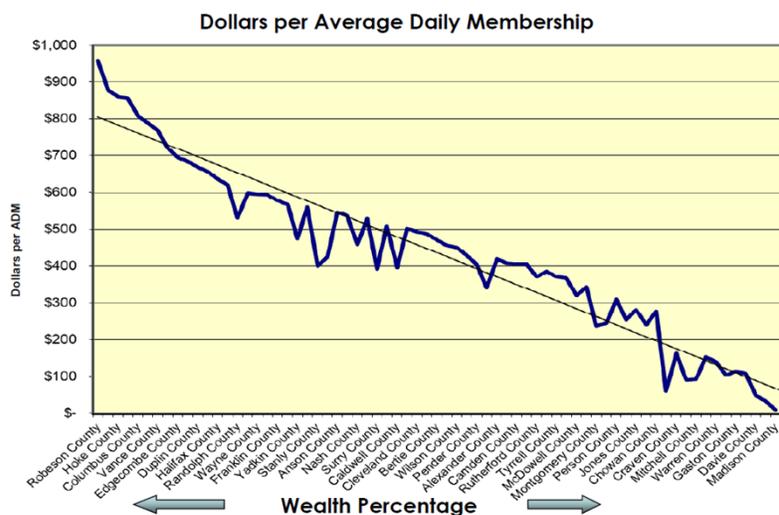
**In FY 2023-24, 36% of all public school graduates enrolled in at least one dual enrollment course.**

# Categorical Allotments – District Characteristics

Allotment	2024-25 Budget	Percent of State Public School Fund
Low Wealth Supplemental Funding	\$329.5 M	2.7%
Teacher Supplement Assistance Allotment	\$200 M	1.7%
Small County Supplemental Funding	\$59.4 M	0.5%

25

# Low Wealth 2024-25



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

26

## 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

	FY 2024-25 Budget
Noninstructional Support Personnel	\$385,914,455
Prekindergarten Program	\$78,252,110
Public School Building Capital Fund	\$100,000,000
Needs-Based Public School Capital Fund	\$258,252,612*
Public School Repair & Renovation	\$50,000,000
Scholarships for Public Colleges and Universities	\$41,194,733
LEA Transportation	\$21,386,090
<b>Total Appropriation</b>	<b>\$935,000,000</b>

27

## 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 (\$258M plus \$158 M in FY 2024-25)
  - Application-based process
  - Restructured in 2021 budget, including decreasing local match
- **Public School Building R&R Fund**
  - \$50M in FY 2024-25
  - Distributed equally to all 100 counties (\$50,000 per year)

28

## Other Major State Funding Sources

- **Fines and Forfeitures**
  - Constitutional requirement for Revenue, Transportation, and other penalties to be used to support Public Schools.
  - In FY 2024-25, \$216M for the State Public School Fund
- **Department of Revenue Transfer**
  - FY 2024-25, \$104M
  - Implemented in FY 2006-07 to offset elimination of LEAs' refund eligibility for the State portion of Sales and Use Tax.
- **Indian Gaming Education Revenue Fund**
  - FY 2024-25, \$10M for the Textbooks Allotment and \$1M for Classroom Materials



29

## Outline

### Part I:

Basic Features of NC Public Schools

Funding Structure

### Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



30

## Allotments versus Grants

	Allotments	Grants
Application	None	Generally competitive application to the Department of Public Instruction
Recipients	Any PSU that is eligible	Winning grant applicants
Amount	Based on formula set out in law or in State Board of Education rules	Determined based on application criteria and grant guidelines
Timing	Initial/base allotments generally 10 days after the budget is passed	Depends on grant timeline and application review timeline

31

## Selected Grant Programs

Program	2024-25 Budget	Percent of State Public School Fund
School Safety and School Resource Officer Grants*	\$68 M	0.6%
Advanced Teaching Roles	\$16.4 M	0.1%
Digital Literacy Grants	\$5.7 M	<0.1%
Transportation for Homeless/Foster Children	\$3.0 M	<0.1%
Charter School Transportation Grants	\$2.5 M	<0.1%
TAs to Teachers Tuition Reimbursement Grant	\$876 k	<0.1%

\*S.L. 2024-57 moved these funds to the State Bureau of Investigation.

32

# Outline

## Part I:

Basic Features of NC Public Schools

Funding Structure

## Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters



33

# Flexibility

- S.L. 1995-716 stated, “[c]onsistent with improving student performance, a local board shall provide maximum flexibility to schools in the use of funds to enable the schools to accomplish their goals”
- G.S. 115C-105.25 outlines how districts can transfer funds into or out of various allotments



34

# Transfers

Allotment	Transfers Allowed		Notes
	In	Out	
Classroom Teachers	No	Yes	May be converted at average for Visiting International Faculty.
Central Office Administration	No	Yes	
Noninstructional Support Personnel	Yes	Yes	
Driver Training	No	No	
Career and Technical Education	Yes	Yes	Transfers out limited to compliance with federal requirements.
Small County Supplemental Funding	Yes	Yes	Generally, transfer is not required since funding can be used for nearly everything.
Excellent Public Schools Act	Yes	No	

35

# Outline

## Part I:

Basic Features of NC Public Schools

Funding Structure

## Part II:

Allotments

ADM

Guaranteed Positions

Categorical Allotments

Grants

Flexibility

Charters

36

## Charter School Funding

- Charter Schools are entitled to both State and local K-12 funding per G.S. 115C-218.105
- State funding
  - Charter schools receive same per-pupil share of State operational funding as its co-located LEA
  - Most funding is allocated as a block grant with near-total flexibility
- 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”



37

## Charter School Funding

### State Charter School Funding: 2018-2024

Fiscal Year	Funded ADM	State Funding	\$/ADM	# Schools
2017-18	101,689	\$580,772,383	\$5,711	173
2018-19	111,605	\$675,314,240	\$6,051	184
2019-20	117,264	\$734,721,661	\$6,266	196
2020-21	127,496	\$817,976,766	\$6,416	200
2021-22	136,163	\$909,998,508	\$6,683	204
2022-23	138,352	\$985,919,148	\$7,126	206
2023-24	156,149	\$1,071,911,255	\$6,865	210

Source: Department of Public Instruction (Highlights), April 2024



38

## State Public School Funding Takeaways

- System was designed in recognition of the State's role as the primary support for public schools
- Allocation model creates weighted pool of resources from which public schools serve all students
- State allocations primarily support personnel
- The generation, distribution, and utilization of State funds are linked but can be modified separately or collectively



39

## Questions?

Amanda Fratrik (Public Schools) – [amanda.fratrik@ncleg.gov](mailto:amanda.fratrik@ncleg.gov)

Megan McNailen (Public Schools) – [megan.mcnailen@ncleg.gov](mailto:megan.mcnailen@ncleg.gov)

Stephen Bailey (UNC) – [stephen.bailey@ncleg.gov](mailto:stephen.bailey@ncleg.gov)

Mya Lowry (NCCCS) – [mya.lowry@ncleg.gov](mailto:mya.lowry@ncleg.gov)

Room 619 LOB

(919) 733-4910



40