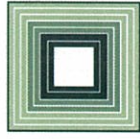


# **Joint Legislative Study Committee on Public School Funding Formulas**

**Fiscal Research Division – Education Team**

**December 13, 2007**



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

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# School Finance in North Carolina

## Key Takeaways

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- 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
- They also provide different kinds of support to LEAs, both in direct funding and instructional and administrative positions

# Basis for Public Schools Funding

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- Public school funding is distributed to LEAs through “allotments”

Allotment = Allocation

= Amount Budgeted

= Amount made available for use by an LEA

= “way money goes out the door”

# Average Daily Membership

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- Most allotments are provided to LEAs on the basis of 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

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- Each fall, 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 FY 2007-08 budget, look at FY 2006-07 ADM)

- 2) Identify the **higher** figure (“Best 1 of 2”)

September 30, 2006:  
20,417

Vs.

October 31, 2006:  
20,520

# Determining Allotted ADM-Part 2

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Steps, continued:

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

October 31, 2006:  
20,520

Vs.

Projected 2007-08:  
20,249

- 4) The higher number is the **allotted ADM** for that LEA (note: LEA can do no worse than prior-year actual, even if decline is projected)

# Determining Allotted ADM-Part 3

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

## Statewide Total Allotted ADM

2007-08 Allotted ADM:  
1,463,836



# Allotment Types

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- Basic Allotments
  - Dollar
  - Position
- Supplemental Allotments

## Basic Allotments

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- Provide the foundational needs for the public education system
- Most significant examples are:
  - Classroom Teachers
  - Principals and Assistant Principals
  - Teacher Assistants
  - Instructional Support
  - Classroom Materials/Textbooks

# Basic Allotments Types-Dollar Allotments

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- LEAs are provided a specific dollar amount to use to purchase materials or hire certain personnel
  
- Examples
  - Teacher Assistants
    - DPI provides \$1,031.34 per K-3 ADM
    - LEA can hire any candidate with available funds and compensate them according to State pay scale or, “live within the dollars.”
  
  - Textbooks
    - \$67.00 per ADM

# Basic Allotments Types-Position Allotments

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- Allocated to LEAs based on ratio of positions to allotted ADM
- LEA hires any applicant it chooses, and State pays the salary and benefits for that position, as determined by the State salary schedule
- Teacher and Instructional Support Positions
  - Teachers allotted to LEA based on ADM in particular grades (class size targets)
  - Instructional support allotted based on LEA total ADM
  - Compensated according to uniform State teacher salary scale

# Supplemental Allotments

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- Programs intended to address specific student populations or instructional challenges not fully met by basic allotments
- Allotted to LEAs based on various criteria (headcount, LEA wealth, student performance)

Example: State allots \$3,348.47 per funded headcount of school-aged students with identified special learning needs (Children with Disabilities allotment)

- LEA may use funds to purchase any services it deems necessary to address program purpose

# Interaction of Various Allotments

## Students in Grade 4 through 8

| Funding for Different Students             | State      | Student Example 1 | Student Example 2 | Student Example 3 | Student Example 4 |
|--|------------|-------------------|-------------------|-------------------|-------------------|
| Every Student (note)                       | \$4,118.46 | X                 | X                 | X                 | X                 |
| Student from a Low Income Family           | \$361.42   | X                 | X                 | X                 | X                 |
| Special Learning Issues (IEP's)            | \$3,157.55 |                   | X                 | X                 |                   |
| Small County                               | \$597.62   | X                 | X                 | X                 | X                 |
| Disadvantaged Student Supplemental Funding | \$155.29   | X                 | X                 | X                 | X                 |
| Not performing at grade level              | \$218.85   |                   | X                 | X                 |                   |
| Low Wealth County                          | \$246.09   | X                 | X                 | X                 | X                 |
| Limited English Proficiency                | \$683.80   |                   | X                 | X                 |                   |
| Intellectually and Academically Gifted     | \$368.21   |                   |                   |                   | X                 |
| Career & Technical Ed (Voc Ed)             | \$0.00     |                   |                   |                   |                   |
|  |            | \$5,498.88        | \$9,559.08        | \$8,715.37        | \$4,483.67        |

Every Student includes: Teachers (total divided by ADM; not by grade span allotment), instructional support, some at-risk (ADM portion), textbooks, classroom materials/supplies, school technology, transportation, and administrative & support categories (\$1002.84) which includes central office administration, school building administration, incentive awards, noninstructional support personnel, driver education, assistance teams, staff development, school safety officer, annual leave, longevity, mentor pay, and school bus purchases.

## Key Takeaways

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