



PUBLIC SCHOOLS OF NORTH CAROLINA

State Board of Education | Department of Public Instruction

Budget and Other Items

Alexis Schauss, Chief Financial Officer

Jennifer Bennett, Senior Director School Business Services

Department of Public Instruction

July 20, 2023

Nothing in this presentation is Law and may, or may not, become reality. What actually becomes law may be as written in this presentation wholly, partially or not at all. DPI and agents of DPI do not take any responsibility for actions taken based on the information in this presentation.



Topics

- 2024 Budget
- Salary Supplement Non Supplant (PRC071)
- Funding in Arrears
- S670 Weighted Student Funding
- Non certified & certified salary development
- EC funding formula

Budget

Impact of Late Budget

- Continuation Budget
- Salary schedule – retroactive pay
- Allotments – initial, revisions, federal



Budget – Salary

All Personnel Classifications

- House + 4.25%
- Senate +2.5%

Teachers and Instructional Support –

- step increase in addition to increase in salary scale

Principals

- Growth based on best of 2 years

Benefits

	House	Senate
Retirement Rate	23.94%	24.12%
Health Benefit	\$7,654	\$7,557

Retirement rates appear to be holding relatively flat. The Health benefit continues to rise. House budget has \$8,493 in 2024.

Health Professional Allotment

- Expands the use of the PRC006 School Psychologist to include nurses, counselors and social workers
- Transfers funding from PRC007 into PRC006 Plus adds \$10m

New funding ratio:

PRC007 1 position per 428.41 ADM

PRC006 1 position per 419.65 ADM

(2022-23 ratio 1 position per 222.36 ADM)

Shall receive a minimum allotment sufficient for at least one school psychologist

7.27 Health Professionals

Include school psychologists, school counselors, school nurses and school social workers.

LEAs are encouraged to employ full-time permanent employees, but may convert to provide contracted service for the equivalent hours the full-time position would provide.

7.27 Nurse Qualifications

Prohibits a requirement to have a 4 year degree for a school nurse as a condition of employment.



7.27 Duties of a School Counselor

Adds language to state that counselors shall not spend their work time coordinating standardized testing.

Removes “shall spend 80% of their time providing direct services to students”

Replaces with “shall implement a comprehensive schools counseling program in their schools, providing direct service to students

7.27 Duties of a Career Development Coordinator

New section of General Statute (G.S.115C-316.1A)

- shall spend 80% of their time providing direct services to students
- may spend their work time assisting other staff with the coordination of standardized testing.

Small County Allotment

Small County

\$20m House
\$4.7m Senate

In 2014 legislation changed the formula from being indexed to positions to being a flat amount. The allotment has not be increased since that time and the purchasing power has declined significantly. LEAs can not sustain the personnel paid from the allotment.

Lesson on what happens when an appropriation is not indexed to anything.

School Safety

Currently funded with non recurring funds

7.36 Safety Grants

House	\$20m (NR)
Senate	\$35m (NR)

7.34 Classroom Safety and Cyberbullying House only \$10m (NR)

\$5m for PSUs on the basis of ADM to contract with a 3rd party

\$2.5m for Gaggle.Net.inc

\$2.5m for Liminex d/b/a GoGuardian

Teacher Supplement Funds (PRC071)

- State Board of Education report
- Several LEAs unknowingly supplanted using PRC031 Low Wealth
- Potential legislative language to assist

Funding Proposals



Funding in Arrears

In both House and Senate Budgets



Current Law

Funded Average Daily Membership

Initial funding based on:

Higher of the Projection or the prior year B1 of 2

Adjust for

New and growing charter schools budget transfers (Oct/Nov)

Reduce based on current year B1 of 2 if more than 2% or 100 ADM and did not meet the projection (Nov/Dec)

Increases based on current year B1 of 2 if more than 2% or 100 ADM

Adjustments are made to base allotments. No adjustments for categorical allotments



Funding in Arrears

Funded Average Daily Membership

Initial funding based on:

Prior year month 2

Increases above prior year month 2

- No reductions for charter schools.
- Increases based on current year month 2.
- Adjustment made at the average per pupil amount from a contingency fund.
- Additional funds placed in a new PRC with limited restrictions (e.g. similar chart to PRC031 Low Wealth)
- Following year – the funded ADM will be the month 2 ADM – Funding calculated in the different allotment categories.

Decreases below prior year month 2

- No reductions for charter schools
- No reductions to initial allotments
- Reset to actual month 2 for the year following (in effect a one year grace period for reductions)

Funding in Arrears

Benefits

- LEAs will know the initial ADM in November for the next fiscal year and can hire with confidence of no reductions
- LEAs will have a year to adjust to declining ADM and/or new and high growth charter schools
- More equitable
- Reduces administration
- Greatly simplifies budgeting

Caution

- Relies on sufficient funding for growth

Alternative Funding Models

How to prepare should the state method of allocating funding alter or be revised in the coming years.

S670 was example of legislation to set the “stage” to allow for alternative funding methods to be developed.

:

Abolishes all funding formulas

Replaces existing legislated formulas with a per student amount that gets weighted for various factors.

- **SB 670 specified these factors as: a base (all students), EC, LEP, AIG, Economically Disadvantaged, and Small county**
- **Other states use factors that are similar but may include or exclude depending on those state’s needs and funding availability.**

S670 also gave us a view on what other parameters could accompany a change in the funding model such as:

- **No restrictions on use = creates an open chart of accounts**
- **Kept K-3 class size requirements**

A new funding model could contain several hidden benefits such as:

- **Full budget flexibility, but need to be aware of any federal requirements e.g. MOE**
- **LEAs with low amounts of local funds will especially benefit.**
- **Full flexibility with personnel funding and salaries without the concern of the funding source**
- **Simplifies the budgeting and administration**
- **LEAs can utilize their funds as best meets their students, without the restrictions of the allotments and budget transfers.**

How do we prepare for a potential change to our funding model(s)?



STEP 1 – Develop Your Staffing Formulas

- ***Imagine No State staffing formulas***
- How many of you are using the state allocation formulas as the basis of your STAFFING allocations?
- State Allotment formulas are the legislated or budgeted basis for the FAIR DISTRIBUTION of the state/federal budget.
- Although the State formulas have some basis in staffing and some targeted staffing ratios they are not meant to provide the formula or rules for how a PSU should staff their schools/districts.
- Why?:
 - The funding is not 100% of the funds used/needed to support schools
 - Local Boards have autonomy in deciding what they need for their districts

Step 2 - Position Control

- Position Control key (esp. for new ERP Systems)
- Clean formulas help with position control
- Ensures staffing systems both HR and Payroll stay in synch
- Will simplify reporting
- Provides fair basis of communications with principals, parents, and others
- Positions make up the bulk of your budget

Projections for Students

- Do you have your own projections for Students?
- Do your planning budgets accurately account for those student projections?
- Are your staffing formula's grounded in a student basis.
- Funding in Arrears would allow some stability to react to major changes in student numbers but does your budget process help ensure appropriate corrections would take place?

FINAL THOUGHT

COVID Funds – ESSER II ends Sept 30, 2023

PRCs 171 thru 180

Please spend your funding – there is no extension

Questions for Us?