

FundEd: North Carolina Report

A Detailed Look at North Carolina's Funding Policies



North Carolina



Funding Basics

Formula Type

North Carolina has a hybrid funding formula incorporating both resource-based calculations and extensive program-based allocations. It determines the cost of delivering education in a district based on the cost of the resources, such as staff salaries and course materials, required to do so. It also allocates funding for a large number of programs and services for particular categories of students.

North Carolina considers specific grade levels, English-language learners (ELLs), and students enrolled in career and technical education programs in the allocation of funding for staff costs. Some additional funding for ELLs and services for students with disabilities and students identified as gifted are provided through program-specific allocations distributed on a per-pupil basis. Additional funding for low-wealth districts and districts serving a high concentration of low-income students are also provided through program-specific allocations.

Base Amount

The state of North Carolina uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.

Local Revenue

Expected Local Share

North Carolina does not expect districts to contribute revenue to their public schools' instructional and operational expenses. However, all facilities expenses are the responsibility of county governments.

In calculating the amount of funding necessary to educate students within a district, the state considers only instructional and operational expenses. The state provides this entire amount in state education aid. Separate from this calculation, county governments are expected to raise all revenue necessary for their school districts' school facilities, including long-term capital investments and day-to-day maintenance costs. The amount counties must contribute is dependent only on local expenses, and not on any measure of the local ability to pay.

Property Tax Floors and Ceilings

North Carolina does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts do require voter approval to trigger the imposition of a particular type of supplemental property tax.

School districts in North Carolina do not directly impose taxes, with a few exceptions. Rather, school districts are funded through county appropriations and counties may impose property taxes for school purposes without any restrictions.

However, with voter approval, school districts may also direct counties to impose an additional such property tax beyond what the county has imposed under its own authority. School districts may petition the county to hold a voter referendum on imposing a supplemental property tax dedicated to schools, of up to \$5.00 for every \$1,000 of assessed local property wealth.

Other Local Taxes for Education

School districts in North Carolina may receive local revenue from property taxes, sales and use taxes, and utility taxes.

School districts in North Carolina do not directly impose taxes, with a few exceptions. School districts typically draw their local funding from county appropriations, which may be raised through county property, sales, and utility taxes. A portion of county sales and use taxes may be designated for public school capital projects.

Though school districts in North Carolina do not typically directly impose taxes, they have the authority to impose a supplemental property tax with voter approval. Two school districts also impose property taxes under legislation specific to those districts. Districts that impose property taxes are eligible to receive a share of revenue from sales taxes imposed by the county.

District Characteristics

Grade Level

North Carolina provides different levels of funding for students in different grade levels. It does so through the resource-based aspect of its formula by specifying different student-to-teacher ratios for seven different grade spans and providing funding for teacher positions accordingly.

The state assigns a student-to-teacher ratio of 18 to 1 for kindergarten; 16 to 1 for grade 1; 17 to 1 for grades 2-3; 24 to 1 for grades 4-6; 23 to 1 for grades 7-8; 26.5 to 1 for grade 9; and 29 to 1 for grades 10-12. These ratios determine the number of teaching units to which a district is entitled. The state provides funding for these teachers in accordance with the state salary schedule.

The state also provides certain program-based allocations only for students in certain grade levels. For example, North Carolina provides funding for Summer Reading Camps for students in grades 1-3 of up to \$825 per student deemed not-proficient.

English-Language Learner

North Carolina provides increased funding for English-language learners (ELLs). It does so through the resource-based aspect of its formula by providing funding for ELL staff positions and through the program-based aspect of its formula through an allocation based on the number and concentration of ELLs in the district.

The state automatically provides each school district with the dollar-value equivalent of one ELL teacher assistant position. Other distributions are based on the three-year weighted average count of ELLs in the district, in which the data from the most recent available year are weighted at 50% and the data from the prior two years are each weighted at 25%. Half of the funds appropriated for this purpose are distributed based on this count, while half are distributed based on the concentration of ELL students in the district.

In order to be eligible for the student-based distribution, school districts must have at least twenty ELLs, or ELLs must make up at least 2.5% of the district's enrollment. No more than 10.6% of enrollment may be included in the ELL count for funding purposes. This funding may be spent on the staff salaries, classroom materials and equipment, and staff professional development needed to serve ELLs.

Poverty

North Carolina provides increased funding for districts based on the concentrations of low-income students they serve. It does so in the form of two allocations: one that is intended to improve districts' capacity to serve low-income students, and one intended to support districts with lower-than-average ability to raise local revenues for education.

For both allocations, the state uses a measure of wealth based on the district's anticipated property tax revenue, its tax base per square mile, and its average per capita income. The first allocation is designed to allow school districts to reduce class size in low-wealth districts. The second provides revenue to supplement districts' local receipts with the amount required to bring that district up to the statewide average level of local revenue per student.

Both of these allocations must supplement, rather than supplant, local funds and are limited to particular uses.

Special Education

North Carolina funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so in the form of a flat allocation in the amount of \$4,125.57 in FY2018 for each student with disabilities.

The remainder of state special education funding is distributed through specific program-based allocations, including funding for group homes and other out-of-district placements, developmental day centers, community residential centers, behavioral support grants, and support for districts serving children with extraordinary needs who transfer into those districts after other funds have been allocated. There is a separate Disabilities Grant Program, created by the state but not administered by the Department of Education, that provides scholarships of up to \$3,000 for disabled students who attend private schools.

Gifted

North Carolina provides increased funding to schools for gifted and talented students. It does so through a flat per-student allocation that is provided for a set proportion of students assumed to be gifted and talented.

North Carolina assumes that gifted students make up 4% of the overall population in schools. The state provides a flat per-student allocation, which equaled \$1,314.56 in FY2018, for that proportion of students in order to provide for gifted and talented education.

Career and Technical Education

North Carolina provides increased funding for career and technical education (CTE) programs. It does so through the resource-based aspect of its formula, by allocating funding for the salaries of CTE teachers, and through a program-based allocation.

The state guarantees each school district funding for five full-time-equivalent CTE teachers; the state covers the full salary of the teachers hired in accordance with the state salary schedule. Any remaining funding in the state appropriation for these salaries is distributed to districts in proportion to their enrollment in grades 8-12. The state also provides CTE Program Support Funding, which is intended to help districts develop, expand, or improve CTE programs. In 2017, the state legislature made available competitive grants up to \$700,000 for FY2018 for districts to expand access to CTE programs to students in grades 6-7.

CTE Program Support Funding is distributed first at a flat rate of \$10,000 per district, with any remaining funding in the state appropriation distributed to districts in proportion to their enrollment in grades 8-12.

Sparsity and/or Small Size

North Carolina provides increased funding for small school districts. It does so through a formula that provides additional funding for teacher salaries.

Small school districts receive a supplement equivalent to the average teacher salary for additional regular teachers; the number of teacher positions funded depends on the number of students per square mile and the total enrollment in the school district. Small school districts also receive a flat allocation of funding for classroom materials and instructional supplies.

Only school districts with fewer than 3,200 students are eligible to receive additional funding.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

