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## **Public Education**

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*Governor's Recommended Adjustments to Base Budget*

**Public Education (13510)**

**Recommended General Fund Budget and Positions**

	<u>2013-14</u>	<u>2014-15</u>
<b>Base Budget</b>		
Requirements	\$11,229,622,656	\$11,356,331,834
Receipts	<u>\$3,244,697,899</u>	<u>\$3,245,234,004</u>
Appropriation	\$7,984,924,757	\$8,111,097,830
<b>Adjustments</b>		
Requirements	(\$28,660,068)	\$31,703,146
Receipts	<u>\$56,495,763</u>	<u>\$23,026,823</u>
Appropriation	(\$85,155,831)	\$8,676,323
<b>Total</b>		
Requirements	\$11,200,962,588	\$11,388,034,980
Receipts	<u>\$3,301,193,662</u>	<u>\$3,268,260,827</u>
Recommended Appropriation	<u>\$7,899,768,926</u>	<u>\$8,119,774,153</u>
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<b>Positions</b>		
Base Budget Positions	1,339.190	1,339.190
Continuation	-	-
Reductions	(46.250)	(46.250)
Expansion	<u>3.000</u>	<u>3.000</u>
Recommended Positions	<u>1,295.940</u>	<u>1,295.940</u>

## Appropriation Items -- Recommended Adjustments

### Continuation

2013-14

2014-15

#### State Public School Fund

##### 1. Update Average Daily Membership (ADM) Adjustment for Enrollment Growth

This item revises the initial ADM adjustment in the 2013-15 base budget. It supports a net increase of 6,642 ADM in 2013-14 and 6,636 ADM in 2014-15. This appropriation ensures adequate funding for instructional positions and instructional supplies that are allocated to the LEAs based on increasing student enrollment or average daily membership (ADM). There are 921 additional teacher positions for 2013-14 and 1,813 for 2014-15. ADM is 1,509,985 for 2013-14 and projected ADM for 2014-15 is 1,526,591. Receipts from the Highway Fund for Driver Education are reduced due to a decrease in 9th grade ADM by 3,088 in 2013-14 and by 3,145 in 2015-15.

<b>Requirements</b>	<b>\$10,616,485</b>	<b>\$11,215,966</b>
<b>Receipts</b>	<b>(\$625,322)</b>	<b>(\$595,583)</b>
<b>Appropriation</b>	<b>\$11,241,807</b>	<b>\$11,811,549</b>

##### 2. Update Average Salary Adjustment

This adjustment revises average annual salaries in the 2013-15 base budget, using actual 2012-13 sixth pay period as the revised projection base. It updates the average salary adjustment that was based on available initial projections from the 3rd pay period. This adjustment is made annually after reviewing budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than budgeted salaries, and savings can be realized without reducing teacher salaries.

<b>Appropriation</b>	<b>(\$11,873,083)</b>	<b>(\$11,980,756)</b>
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##### 3. Consolidate All Funding Sources Supporting the Tarheel Challenge Academy

The North Carolina Tarheel Challenge program is part of the National Guard Youth Challenge Program and receives federal funds from this entity. The appropriation that provides the required matching funds was transferred to DPI as a pass-through per Session Law 2009-451. National Guard federal funds are designated receipts to the Department of Public Safety where the program is implemented. Moving the required state match back to the Department of Public Safety will consolidate all funding sources in the agency in which the program resides.

<b>Appropriation</b>	<b>(\$767,719)</b>	<b>(\$767,719)</b>
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##### 4. Textbooks

A nonrecurring reduction was enacted by the General Assembly each year of the 2011-13 biennium per Session Law 2011-145. This item partially restores the \$76.5 million nonrecurring reduction in 2013-14

and fully restores the reduction in 2014-15. The total budget for 2013-14 is \$81 million; a 155% increase, and \$91.3 million in 2014-15; a 235% increase over the 2012-13 authorized budget.

**Appropriation      \$58,250,000      \$76,500,000**

**5. Instructional Supplies and Equipment**

This item partially restores the nonrecurring reduction enacted by the General Assembly in each year of the 2011-13 biennium per Session Law 2011-145. The restoration is based upon a per ADM amount of \$40.08 in 2013-14 and \$56.99 in 2014-15. The instructional supplies and equipment allotment shall no longer include a funding formula for PSAT. The ACT assessments are being funded and used to assess college readiness. The 2013-14 budget is \$59.5 million, a 19% increase over the 2012-13 authorized budget. The 2014-15 budget is \$85 million, a 70% increase over the 2012-13 authorized budget.

**Appropriation      \$9,443,104      \$34,936,054**

**Total Recommended Continuation**

	<u>2013-14</u>	<u>2014-15</u>
<b>Recurring</b>		
Requirements	\$65,668,787	\$109,903,545
Receipts	(625,322)	(595,583)
	\$66,294,109	\$110,499,128
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-

**Reductions**

2013-14      2014-15

**State Public School Fund**

**1. Focus Teacher Assistant Funding on Grades K-1**

Focus teacher assistant funding on grades K-1 by lowering the ratio of teacher assistant to students to 1:17 in those grades. Funds remaining will be allocated on the basis of K-1 average daily membership (ADM). Local school administrative units (LEAs) continue to have flexibility to place teacher assistants across grades K-3.

**Appropriation    (\$117,123,733)    (\$117,123,733)**

**2. Align Limited English Proficiency (LEP) Funding with Actual Need**

Funds are appropriated for students for whom English is not a first language based upon an annual December headcount. Budgeted

headcount is higher than the revised December headcount for each year of the biennium. Actual 2011-12 expenditures were \$71.2 million.

<b>Appropriation</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>
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**3. Utilize One-Time Over Collected Civil Penalties**

The Civil Penalties and Forfeiture Fund was created by G.S.115C-457.1, which authorizes the Office of State Management and Budget (OSBM) to administer the fund. Proceeds collected by agencies are then transferred by OSBM to the Department of Public Instruction for the School Technology Fund and for allocation to the LEAs based on average daily membership. The General Assembly appropriated \$138.3 million in civil penalties each year of the 2011-13 biennium in Session Law 2011-145; \$18 million to the School Technology Fund and \$120.3 million to the State Public School Fund. Civil Penalty collections are overrealized for 2012-13. These one-time excess receipts are budgeted in lieu of State Public School Fund appropriations in the first year of the 2013-15 biennium.

<b>Requirements</b>	-	-
<b>Receipts - Nonrecurring</b>	<b>\$25,950,674</b>	-
<b>Appropriation - Nonrecurring</b>	<b>(\$25,950,674)</b>	-

**4. Redirect Uncommitted Balance of Small County Reserve**

The Small County Supplemental Funding allotment is designed to supplement local funds by providing additional funds to small school systems. County LEAs with ADM of less than 3,239, and those with ADM between 3,239 and 4,080 whose adjusted property tax base is below the state average, are eligible. Funds provide the dollar equivalent for a certain number of additional classroom teachers based on student population density (ADM per square mile). The budget for 2012-13 is \$45.5 million, of which \$42.7 million is allotted to 27 eligible LEAs and \$1.3 million is reserved for charter schools residing in those LEAs. An uncommitted balance of \$1.55 million remains in the reserve.

<b>Appropriation</b>	<b>(\$1,555,885)</b>	<b>(\$1,555,885)</b>
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**5. Direct Overrealized Sales Tax Receipts to the State Public School Fund**

Sales taxes are directed to the State Public School Fund based on the prior year's collection adjusted by the percentage change in the overall collection of the prior year. These funds are allocated from the Department of Revenue to the Department of Public Instruction on a quarterly basis. Budgeted receipts of \$46.3 million shall be increased based upon the most recent revenue estimates.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$5,025,426</b>	<b>\$6,553,965</b>
<b>Appropriation</b>	<b>(\$5,025,426)</b>	<b>(\$6,553,965)</b>

**Department of Public Instruction /Other Entities**

**1. North Carolina Center for the Advancement of Teaching (NCCAT)**

The General Assembly reduced the appropriation to NCCAT by \$3 million or approximately 50% in 2011-12 per Session Law 2011-145. This change removes the remaining appropriation. There are 46.25 FTE; 38.25 of which are filled. One million dollars to provide severance costs and annual leave payouts remains available in 2013-14 for this program.

<b>Appropriation</b>	<b>(\$2,219,222)</b>	<b>(\$3,219,222)</b>
<b>Positions</b>	<b>(46.250)</b>	<b>(46.250)</b>

**2. Continue the General Assembly's Phase Out of Teaching Fellows Scholarships**

The General Assembly phased out this scholarship program in Session Law 2011-145, supporting one final freshman class in the 2011-12 school year. Members of the last entering class will be college juniors in the 2013-14 school year, allowing for 1/3 of the scholarship funds to be eliminated on a recurring basis in 2013-14 and 2/3 in 2014-15.

<b>Appropriation</b>	<b>(\$3,095,000)</b>	<b>(\$6,190,000)</b>
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**3. Align Teaching Fellows Fund Balance to Meet Need**

In 2012-13 the Teaching Fellows fund balance was reduced by \$3.3 million on a nonrecurring basis. This item reduces the estimated remaining available fund balance.

<b>Appropriation - Nonrecurring</b>	<b>(\$1,300,000)</b>
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**Total Recommended Reductions**

	<u>2013-14</u>	<u>2014-15</u>
<b>Recurring</b>		
Requirements	(\$126,993,840)	(\$131,088,840)
Receipts	5,034,426	6,553,965
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Appropriation	(\$132,019,266)	(\$137,642,805)
Positions	(46.250)	(46.250)
<b>Nonrecurring</b>		
Requirements	(\$1,300,000)	-
Receipts	25,950,674	-
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Appropriation	(\$27,250,674)	-
Positions	-	-

**Expansion**

<u>2013-14</u>	<u>2014-15</u>
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**State Public School Fund**

**1. Excellent Public Schools Act (EPSA)**

The General Assembly designated \$27 million recurring appropriation

in Session Law 2012-142 for the Excellent Public Schools Act. Some components of the Act are not required to be implemented until 2014-15. Based on the requirements of the Act and current implementation data, additional appropriation is needed in the second year of the biennium. Two EPSA components to be implemented in 2014-15 that are not fully supported by the current appropriation are Summer Reading Camps and Reading Plan for Parents. Summer Reading Camps are to be administered by all LEAs for students not demonstrating reading proficiency on the 3rd grade reading End of Grade (EOG) test. The EPSA also requires that a reading plan be provided to parents of retained 3rd graders.

**Appropriation** **\$28,000,000**

**2. American College Testing (ACT) Assessments**

The ACT is considered an accurate gauge of school achievement and career and college readiness. The ACT battery assesses public/charter school students and includes EXPLORE (required for all 8th graders), PLAN (required for all 10th graders), ACT (required for all 11th graders), and WorkKeys (required for all grade 12 students enrolled as Career and Technical Education concentrators). In Session Law 2011-145 the General Assembly amended G.S. 115C-174.20 and G.S. 115C-174.25, directing the State Board of Education, within available funds, to require the administration of diagnostic tests in the 8th and 10th grades that align to the ACT and WorkKeys tests. The results of the ACT assessments provide information that can guide the use of individualized student instructional strategies in English, Writing, Math and Science, and career readiness dimensions. Results can be used to identify students in need of assistance and to guide instruction to ensure adequate preparation for college and careers. Full implementation of this initiative will lead to a decreased need for remedial courses in higher education.

**Appropriation** **\$7,500,000** **\$7,500,000**

**3. Enhance Digital Learning Opportunities for Students**

Lottery receipts are directed to support the purchase of reading tablets for students. These funds will be placed in a reserve and awarded through a competitive process for school classroom use. Funds shall be used to support 3rd grade reading achievement or other targeted high priority instructional needs as documented through the application process. The North Carolina Education Lottery Commission projects that lottery revenues will be overrealized in 2012-13, providing an additional \$9 million for Education programs. In addition, \$17 million is estimated to be available on a recurring basis.

<b>Requirements</b>	<b>\$17,068,441</b>	<b>\$17,068,441</b>
<b>Requirements - Nonrecurring</b>	<b>\$9,076,544</b>	
<b>Receipts</b>	<b>\$17,068,441</b>	<b>\$17,068,441</b>
<b>Receipts - Nonrecurring</b>	<b>\$9,076,544</b>	

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**Appropriation** **-** **-**

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**Department of Public Instruction**

**1. Support Additional Charter School Staff to Allow for Appropriate Oversight**

Additional charter school consultants are needed to conduct the business of reviewing the increased volume of charter school applications since the cap on the number of charter schools was lifted in Session Law 2011-164, repealing G.S. 115C-238.29D(b). The national average for consultants to charter schools is 1:9. Funds include salaries, travel, technology needs and \$30,000 for expenses related to the Charter School Advisory Council.

	<b>Appropriation</b>	<b>\$320,000</b>	<b>\$320,000</b>
	<b>Positions</b>	<b>3.000</b>	<b>3.000</b>
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<b>Total Recommended Expansion</b>		<u>2013-14</u>	<u>2014-15</u>
<b>Recurring</b>			
Requirements		\$24,888,441	\$52,888,441
Receipts		17,068,441	17,068,441
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Appropriation		\$7,820,000	\$35,820,000
Positions		3.000	3.000
<b>Nonrecurring</b>			
Requirements		\$9,076,544	-
Receipts		9,076,544	-
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Appropriation		-	-
Positions		-	-



**Total Recommended Adjustments for  
 Public Education (13510)  
 2013-15**

	<u>2013-14</u>	<u>2014-15</u>
<b>Recurring</b>		
Requirements	(\$36,436,612)	\$31,703,146
Receipts	21,468,545	23,026,823
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Appropriation	(\$57,905,157)	\$8,676,323
Positions	(43.250)	(43.250)
<b>Nonrecurring</b>		
Requirements	\$7,776,544	-
Receipts	35,027,218	-
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Appropriation	(\$27,250,674)	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>(\$85,155,831)</b>	<b>\$8,676,323</b>
<b>Total Position Adjustments</b>	<b>(43.250)</b>	<b>(43.250)</b>