

2009-10 ALLOTMENT POLICY MANUAL



**PUBLIC SCHOOLS OF NORTH CAROLINA
STATE BOARD OF EDUCATION
DEPARTMENT OF PUBLIC INSTRUCTION
FINANCIAL AND BUSINESS SERVICES
DIVISION OF SCHOOL BUSINESS**



www.ncpublicschools.org/fbs/allotments/

LOW WEALTH COUNTIES SUPPLEMENTAL FUNDING

PROGRAM REPORT CODE: 031
 UNIFORM CHART OF ACCOUNTS CODE: XXX0-031-XXX
 STATUTORY REFERENCE: SB202, Section 7.3

TYPE: Dollars

TERM: July 1 - June 30

PURPOSE: To provide supplemental funds in counties that do not have the ability to generate revenue to support public schools (per a legislated formula) at the state average level. The funding is to allow those counties to enhance the instructional program and student achievement.

ELIGIBILITY: Eligible LEAs are those located in counties in which the calculated county wealth (per the legislated formula) is less than 100% of the state average wealth.

FORMULA:

All data used for this formula will be the most recent data as of May 15, of the preceding fiscal year of the allotment.

1. Compare a county's ability to generate revenue (using three criteria) with the average ability to generate revenue of the other 99 counties in the state.

Purpose:

The overall wealth of a county is considered critical in determining if a county can generate the necessary revenue to support the LEA(s) located within the county. The formula attempts to project the county's ability to generate revenue as compared to other counties in North Carolina.

Criteria:

- a. Anticipated Total County Revenue - This anticipated revenue is generated from the property value in the county plus the revenue a county actually receives from sources such as sales taxes and fines and forfeitures. The property value has been adjusted by a formula to take into consideration the year the property was last valued.
This calculation is projected to be almost 95% of all the revenue available to a county for current expense.
- b. Tax Base per Square Mile (Density) - This part of the formula compares the value of a county's property per square mile with the state average property value per square mile. This calculation attempts to recognize the "swamp land" (low to no value property) across the state and to compare the quantity of this property with all other counties.
- c. Per Capita Income - A three-year average of a county's per capita income is compared to the same average for the total state. The per capita income is a basic indicator of a county's residents' ability to pay taxes.

2. Determine if a county is eligible to receive funding.

Purpose:

The factors outlined in Step 1 are weighted to determine how a county compares to all other counties in the state.

Criteria:

40% Anticipated Total County Revenue as a percentage of the State Average Anticipated State Revenue (see Step 1 (a)).

10% Tax Base per Square Mile as a percentage of the State Average Tax Base per Square Mile (see Step 1 (b)).

Combine the formula weights revenue/property as 50% of the calculation.

50% A county's Average per Capita Income as a percentage of the State Average per Capita Income (see Step 1 (c)).

When the three percentages are totaled, the sum indicates the county's wealth as a percentage of the state's average wealth. If the total is less than 100%, a county is eligible to receive funding.

3. Determine if a county is meeting a minimum effort to generate revenue or fund public schools as compared to a state average effort.

Purpose:

Minimum effort is established to determine if a county is committing a comparable effort compared to other counties within the State. To receive total funding, a county must either tax their local property at the State average or contribute more local dollars to public schools than the State average local contribution.

Criteria:

A county is fundable at 100% of the calculated funding if at least one of the following conditions is met:

- a. The county's actual tax rate is adjusted by a formula to take into consideration the year the property was last valued. The revised tax rate is classified as the Effective Tax Rate. If the county's Effective Tax Rate is higher than the state Average Effective Tax Rate, the county is fundable at 100% of the funding as calculated in the formula.

Counties that had effective tax rates in the prior fiscal year allotment that were above the State average effective tax rate but that had effective rates below the State average in the current fiscal year allotment shall receive reduced funding. This reduction shall be determined by subtracting the amount that the county would have received from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent. This method of calculating reduced funding shall apply one time only. This method shall not apply in cases in which the effective tax rate fell below the statewide average tax rate as a result of a reduction in the actual property tax rate. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort.

- b. If the county's appropriation per student is higher than what the county could provide given the county's ability to generate wealth and an average effort to fund public schools, then a county is eligible for 100% funding. To determine what a county could provide, the State average contribution is multiplied by the county's wealth percentage (total percentage in Step 2 above).
A county will be funded at a percentage of the calculated funding in the formula if the county is eligible for funding and does not meet the two criteria outlined above. A county's funding will be based on the percentage a county is contributing to public schools as compared to what the county could contribute based on the county's wealth and an average state effort.

4. Calculation of what a County (LEA) will be funded.

Purpose:

Once a county is determined to be Low Wealth, the next step is to calculate the amount of supplemental funds the county will receive.

Criteria:

The difference between the county's Appropriation per student and State Average Local Appropriation (including supplemental taxes) per student is multiplied by the county's ADM for a total allotment per formula.

If the county does not meet the minimum effort as described in Step 3, their allotment is prorated based on the effort they are maintaining.

The total for all counties is prorated to the appropriated funds.

SPECIAL PROVISIONS:

1. Funds allotted for a Low Wealth Supplement must be expended only for:

- Instructional positions
- Substitutes
- Instructional support positions
- Teacher assistant positions
- Clerical positions
- Overtime pay
- Instructional equipment
- Instructional supplies and materials
- Staff development
- Fringe benefits
- Textbooks
- Supplements for instructional personnel and instructional support personnel

as defined in the UNIFORM CHART OF ACCOUNTS.

2. These funds are to supplement, not supplant, local funds. Funds will not be allocated to any LEA found to have used these funds to supplant local per student current expense funds. A county is considered to have used these funds to supplant if the current expense appropriation per student of the county for the current year is less than 95% of the average of the local current expense appropriations per student for the three prior fiscal years.
3. The State Board of Education will consider requests from LEAs to waive the non-supplant requirement as outlined in the legislated low wealth and small county supplemental funding formula only under the following conditions:

The county can show:

- that it has remedied the deficiency in funding, or that extraordinary circumstances caused the county to supplant local expense funds with funds allocated under this section.

Examples include:

- Closing/merging schools within an LEA.
 - Loss of federal Impact Aid funds.
 - Significant change in the demand for county resources due to state/federal unfunded mandates, natural disaster, or other emergency.
4. **For FY 2008-09 only, funding was maintained at the FY 07-08 Levels plus Legislative salary increase and the restoration of 40% of the loss for LEAs losing funding from 06-07 to 07-08. (HB 2436, Section 7.10(a))**
 5. Funds may be transferred with no restrictions for FY 2009-2010 and FY 2010-2011 only by submitting ABC Transfer Form