

**Allotment-Specific and System-Level Issues
Adversely Affect North Carolina's Distribution of
K-12 Resources**

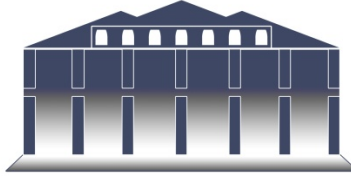


**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2016-11

November 14, 2016

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John W. Turcotte
Director

November 14, 2016

Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Representative Craig Horn, Co-Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Co-Chairs:

The Joint Legislative Program Evaluation Oversight Committee's 2015–17 Work Plan directed the Program Evaluation Division to examine the funding formulas the General Assembly, State Board of Education, and Department of Public Instruction (DPI) use for allocating resources to Local Education Agencies (LEAs) and charter schools for the operation of K-12 public schools

I am pleased to report that the Department of Public Instruction cooperated with us fully and was at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Turcotte".

John W. Turcotte
Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

November 2016

Report No. 2016-11

Allotment-Specific and System-Level Issues Adversely Affect North Carolina's Distribution of K-12 Resources

Summary

As directed by the Joint Legislative Program Evaluation Oversight Committee, this report examines the State's system for allotting resources to Local Education Agencies (LEAs) and charter schools for the operation of K-12 public schools.

The State currently uses a resource allocation model as the basis for its allotment system. Each of 37 different state allotments reflects a component of the education delivery model. For example, there are separate allotments for classroom teachers, textbooks, administration, and transportation. In Fiscal Year 2014–15 the Department of Public Instruction (DPI) distributed \$8.4 billion in state funds to LEAs and charter schools through the allotment system.

This report contains 12 findings that are grouped into 2 sections:

Section I: Allotment-specific issues. This section identifies the following issues:

- The structure of the Classroom Teacher allotment results in a distribution of resources across LEAs that favors wealthy counties.
- The allotment for children with disabilities fails to observe student population differences and contains policies—intended to limit overidentification—that direct disproportionately fewer resources to LEAs with more students to serve.
- The allotment for students with limited English proficiency lacks rationale and fails to observe economies of scale, resulting in illogical and uneven funding.
- Small county funding is duplicated and unsubstantiated.
- Low wealth funding is overly complex and could be improved to more precisely reflect a county's ability to generate local revenue.
- Hold-harmless policies result in a maldistribution of resources for disadvantaged students.

Section II: System-level issues. This section identifies issues related to the allotment system as a whole. North Carolina's allotment system is overly complex and has limited transparency. These issues are exacerbated by a patchwork of laws and documented policies and procedures that seek to explain the system. Funding charter schools currently relies on translating LEA allotments to a per-pupil approach that is challenged by the inapplicability of some district allotments to charter schools and the way ADM is calculated for charter schools. Other models for distributing resources offer alternatives that merit consideration.

Based on these findings, the General Assembly should either:

- 1) overhaul the system for how resources are distributed by using a weighted student funding model, or
- 2) reform the current allotment system by addressing individual allotment deficiencies and providing direction to improve transparency and accountability.

Purpose and Scope

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to examine the funding formulas the General Assembly, State Board of Education, and Department of Public Instruction (DPI) use for allocating resources to Local Education Agencies (LEAs) and charter schools for the operation of K-12 public schools.¹ This project also examines the feasibility of implementing student-based budgeting for K-12 public schools in North Carolina.

Whereas the evaluation examined all sources of funding, this report focuses on the structure of the allotment system used to distribute state resources. Specifically, the Program Evaluation Division examined the components used to allocate state funds—including formulaic factors, policies, procedures, and processes—to determine whether changes in the allotment system or the structure of specific allotments would improve how state resources are distributed to K-12 public schools and charter schools, which for the remainder of the report will be collectively referred to as the “K-12 public school system” unless components are individually referenced. This report does not attempt to address adequacy of funding but rather the distribution of appropriated funds.

Three research questions guided this examination:

1. How are funds allocated to the K-12 public school system?
2. Are the current formulas for distributing funds to the K-12 public school system efficient and effective?
3. Do other methods or systems exist for allocating funds for public education?

The Program Evaluation Division collected and analyzed data from several sources, including

- interviews and queries with DPI business office staff and select program directors;
- interviews with state and national K-12 education finance subject matter experts;
- state and federal allotment data;
- student membership data;
- chart of accounts and expenditures data;
- interviews with 13 LEA and charter school administrators, the State Board of Education, and the Office of State Budget and Management;
- a survey of all LEAs and charter schools;
- a review of allotment policies, procedures, and guidance documents;
- literature reviews of education finance policy; and
- a review of other state models.

¹ This project does not include resources allocated for capital purposes.

Background

The responsibility for providing a system of free public education is shared between the State Board of Education, the Department of Public Instruction (DPI), and Local Education Agencies (LEAs). The State Constitution establishes the requirement to provide a free public education.² North Carolina law specifies a free sound and basic education be provided to all children of the state, and to every person of the state less than 21 years old who has not completed a standard high school course of study.³ In 1997, the North Carolina Supreme Court defined a sound and basic education as one that ensures each student the opportunity to obtain the following:

- ability to read, write, and speak the English language and fundamental knowledge of mathematics and physical sciences;
- fundamental knowledge of geography, history and basic economic and political systems to enable the student to make informed decisions with regard to issues that affect the student and his or her community, state, and nation;
- academic and vocational skills to successfully engage in post-secondary education and training; and
- academic and vocational skills to compete with others in further formal education or gainful employment in a contemporary society.

Within this shared responsibility, the State Board of Education establishes policy, provides administrative oversight, and develops the strategic priorities of North Carolina's public school system. DPI implements state policy, oversees LEA operations, and monitors achievement of strategic priorities.⁴ LEAs have primary responsibility for the day-to-day operation of their respective districts and for carrying out operations with the use of state, federal, and local resources. Each LEA is a subdivision of the public school system and is governed by a local board of education. Each LEA has a superintendent who serves as executive officer.⁵

There are 115 LEAs—each of North Carolina's 100 counties has an LEA and there are 15 city LEAs. LEAs operate and maintain 2,434 schools. In addition, the State has authorized 148 charter schools and one regional school.⁶ In Fiscal Year 2014–15, the public education system in North Carolina served 1.5 million students.

² Article IX of the Constitution of North Carolina.

³ N.C. Gen. Stat. § 115C-1.

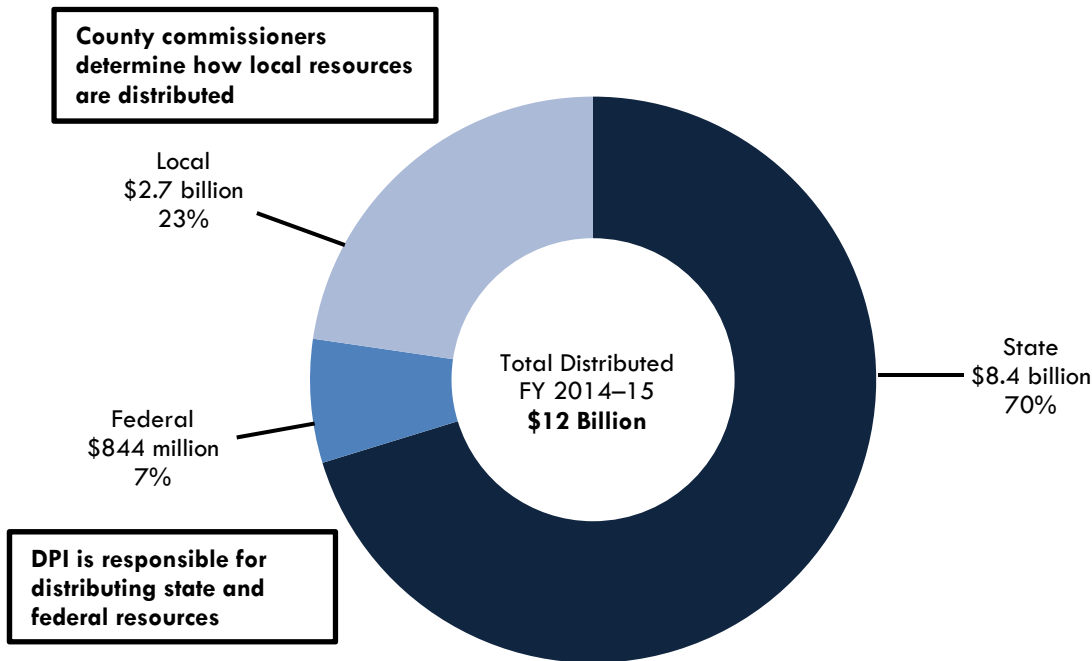
⁴ N.C. Gen. Stat. §115C-21.

⁵ As specified in N.C. Gen. Stat. § 115C-69, a school district is any convenient territorial division or subdivision of a county, created for the purpose of maintaining within its boundaries one or more public schools. It may include one or more incorporated towns or cities, or parts thereof, or one or more townships, or parts thereof, all of which territory is included in a common boundary.

⁶ Charter schools are public schools operated by a group of parents, teachers, and/or community members as a semi-autonomous school of choice within a school district operating under a "charter" with the State Board of Education. The final approval of all charters is granted by the State Board of Education. As specified in N.C. Gen. Stat. § 115C-238.29(e), a charter school that is approved by the State shall be a public school within the local school administrative unit in which it is located. Charter schools are operated by private nonprofit corporations. N.C. Sess. Law 2011-241 authorizes two or more school districts to partner in establishing a regional school "to serve enrolled students in two or more local school districts." In accordance with this law, the State Board of Education approved the establishment of Northeast Regional Early College High School of Biotechnology and Agriscience. Five school districts have partnered in the establishment and operation of this school. The five school districts are Beaufort, Martin, Pitt, Tyrell, and Washington.

In Fiscal Year 2014–15, funding for the K-12 public school system came from three sources and totaled \$12 billion dollars. Funding for the K-12 public education system comes from state, local, and federal sources. Exhibit 1 shows the distribution of this revenue across the three sources.

Exhibit 1: State Resources Accounted for 70% of Funds Distributed to LEAs and Charter Schools in FY 14–15



Note: Exhibit includes only resources distributed to the 115 LEAs and 148 charter schools. Local funding includes revenue from county appropriations, supplemental taxes, and fines and forfeitures. The exhibit does not include resources for child nutrition or other federal funds passed directly to LEAs such as impact aid.

Source: Program Evaluation Division based on data provided by the Department of Public Instruction.

As the exhibit shows, the majority (70%) of funding for public education comes from state appropriations. Local governments account for the second largest source (23%). County commissioners determine the contribution of local revenue, which predominantly comes from property taxes. Other local sources include fines and forfeitures and sales tax. Federal funds account for the smallest portion of revenue (7%). Federal funds provide revenue for administration and implementation of specific programs. The majority of federal funds are concentrated in Title I and VI programs.^{7,8}

DPI is responsible for distributing state and federal resources; county commissioners distribute local funds. The State Board of Education and DPI use allotments to distribute resources to LEAs and charter schools. An allotment is a distinct category of resources that the State Board of Education and DPI apportions to eligible LEAs and charter schools based on the parameters set forth in legislation. The allotment system is made up of

⁷ Title I funding provides financial assistance for children from low-income families to help ensure that all children meet challenging state academic standards.

⁸ Title VI provides funding through the Individuals with Disabilities Education Act (IDEA), by which federal special education funds are distributed through three state grant programs and several discretionary grant programs.

a series of policies, procedures, and formulas that determine how resources are distributed for public K-12 education.

Collectively, the State Board of Education and DPI allotted \$9.2 billion in state and federal resources to LEAs and charter schools in Fiscal Year 2014–15. The allotment system is managed by DPI in coordination with the LEAs and charter schools. Formulas that determine how state resources are distributed are established in law and state board policy. The distribution of most federal resources is determined by the federal government but carried out by DPI based on federal law and regulations. County commissioners determine how local resources for K-12 public education are allotted. Because the distribution of federal resources is determined by the federal government and local resource allocation is determined by local governments, the primary focus of this report will be on the mechanisms used to distribute state resources.

The State relies on a resource allocation model to distribute state funds for K-12 public education. A resource allocation model involves identifying the components necessary for providing public education and then providing resources for each component. Resource allocation models were developed during an era in which almost all students attended brick and mortar schools.

A resource allocation model is considered a “top-down” method for allocating resources that promotes the greatest level of state control over education policy expenditures. Proponents suggest that a resource allocation model is appealing from a budgetary perspective because it can provide predictability. In addition, these systems give policymakers a view into the components of the educational delivery model being funded.

North Carolina’s system distributes two types of resources using 37 different allotments. An allotment is defined as a specific amount of resources, determined using a formula or rules, allocated by the State to an LEA or charter school to be spent on a purpose consistent with law, policy, and the state curriculum. The allotments provide funding for components and programs that make up the basic education delivery model.

As Exhibit 2 shows, DPI distributed \$8.4 billion in state funds to LEAs and charter schools in Fiscal Year 2014–15 through the allotment system. The allotment system does not determine how much funding is needed. Rather, the allotments reflect categories of funding determined by a set of formulas and rules designed to allocate the resources that are appropriated by the General Assembly or provided by the federal government to LEAs and charter schools.

Each allotment distributes resources using a program report code (PRC). The PRC is an important feature because it signifies an account that links the allotment system to the chart of accounts that provides DPI with the framework for classifying expenditures by program. LEAs charge against PRCs when making expenditures. Each PRC has its own eligibility criteria, distribution formula, restrictions, and special provisions.

Exhibit 2: North Carolina’s Resource Allocation System Distributes Dollars and Positions Using 37 Different Allotments

State Allotments – 37 Total \$8.4 Billion Allotted in 2014–15 School Year

| Base Allotments | | Grant/Application | | Student Characteristics | | LEA Characteristics | |
|--|---|--|--|--|---|---|--|
| Used to procure the materials, staffing, contracts, and services meant to support all students and district-wide activities. | | Provide funding in various categories. Require an application and selection process. | | Provide funding to LEAs for populations of students with certain characteristics. | | Provide funding to LEAs based on district size or wealth. | |
| PRC: 001 Classroom Teachers No. LEA Received: 115 | PRC: 025 Indian Gaming Fund No. LEA Received: 32 | PRC: 029 Behavioral Support No. LEA Received: 114 | PRC: 043 Child & Family Support Teams: Social Workers No. LEA Received: 21 | PRC: 024 Disadvantaged Student Supplemental Funding No. LEA Received: 115 | PRC: 019 Small County Supplemental Funding No. LEA Received: 27 | | |
| PRC: 002 Central Administration No. LEA Received: 115 | PRC: 027 Teacher Assistants No. LEA Received: 115 | PRC: 030 Digital Learning No. LEA Received: 47 | PRC: 055 Learn and Earn No. LEA Received: 64 | PRC: 032 Children w/ Special Needs No. LEA Received: 115 | PRC: 031 Low Wealth No. LEA Received: 78 | | |
| PRC: 003 Non-instructional Support No. LEA Received: 115 | PRC: 034 Academically & Intellectually Gifted No. LEA Received: 115 | PRC: 039 School Resource Officer No. LEA Received: 52 | PRC: 066 Assistant Principal Interns: Principal Fellows No. LEA Received: 20 | PRC: 054 Limited English Proficiency No. LEA Received: 101 | | | |
| PRC: 005 School Building Administration No. LEA Received: 115 | PRC: 036 Charter Schools No. Received: 149 | PRC: 040 After School Quality Improvement Grant No. LEA Received: 15 | PRC: 067 Assistant Principal Interns: MSA Students No. LEA Received: 16 | PRC: 069 At Risk Student Services/ Alternative Schools No. LEA Received: 115 | | | |
| PRC: 007 Instructional Support No. LEA Received: 115 | PRC: 056 Transportation No. LEA Received: 115 | PRC: 041 Panic Alarms Improvement Grant No. LEA Received: 63 | PRC: 042 Child and Family Support Teams: Nurses No. LEA Received: 21 | PRC: 063 Children with Special Needs: Special Funds No. LEA Received: 87 | | | |
| PRC: 012 Driver Training No. LEA Received: 115 | PRC: 061 Classroom Materials & Instructional Supplies No. LEA Received: 115 | | | | | | |
| PRC: 013 Career & Tech Ed (Employment) No. LEA Received: 115 | PRC: 073 School Connectivity No. LEA Received: 115 | | | | | | |
| PRC: 014 Career & Tech Ed (Program Support) No. LEA Received: 115 | PRC: 085 mClass Reading 3D No. LEA Received: 78 | | | | | | |
| PRC: 015 School Technology Fund No. LEA Received: 115 | PRC: 120 LEA Financed Purchase of School Buses No. LEA Received: 94 | | | | | | |
| PRC: 016 Summer Reading Camps No. LEA Received: 115 | PRC: 130 Textbooks No. LEA Received: 115 | | | | | | |

Resource Type

Position Allotment

Dollar Allotment

Note: The exhibit includes carryover funds from Fiscal Year 2014–15 for the Indian Gaming allotment, which is why only 32 LEAs received funds through PRC 025. 2015–16 Indian Gaming funds were provided as part of the Textbook allotment. PRC 055 provides funds for the Cooperative Innovate High Schools program.

Source: Program Evaluation Division based on a review of documentation provided by DPI.

The allotment system distributes two types of resources – employee positions and dollars. Position allotments allow LEAs to employ personnel, up to a number specified by the State (based on student-to-position ratios) and to pay such personnel based on statewide salary schedules.⁹ With position allotments, the State pays the cost (state salary & benefits) for whoever fills the position. Position allotments are provided in terms of months of employment for the various position types. The five position allotments provide resources for

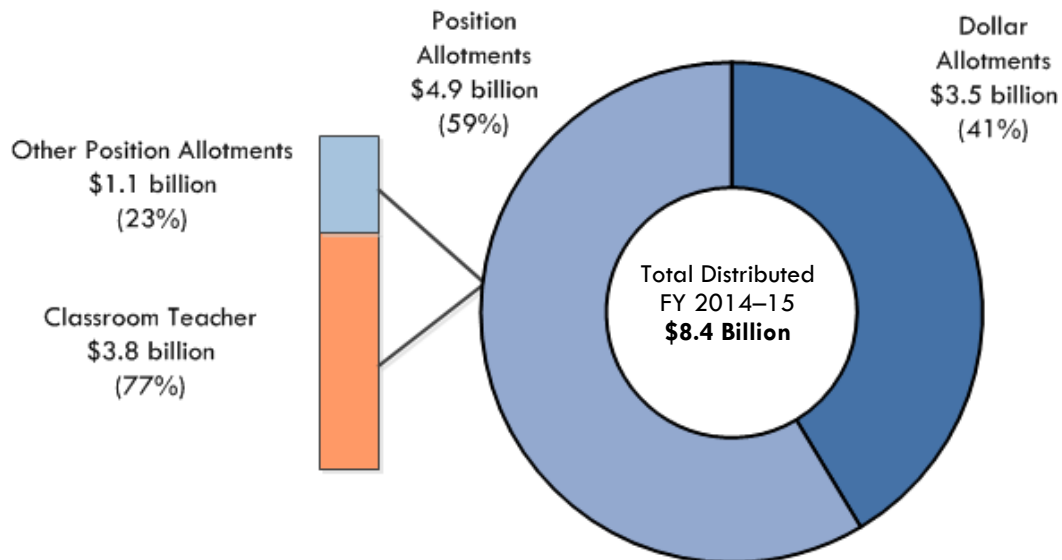
- classroom teachers;
- career and technical education instructors;
- school building administrators;
- instructional support personnel; and
- child and family support teams.

The largest single position allotment is for classroom teachers; it accounted for 45% of all state resources allotted to LEAs in Fiscal Year 2014–15.

In addition, dollar allotments are distributed to LEAs and charter schools to hire employees or purchase goods for a specific purpose. LEAs and charter schools must operate within the dollar amounts allotted. Examples of dollar allotments include resources for children with disabilities, transportation, textbooks, central office administration, and teacher assistants.

Exhibit 3 shows the distribution of position and dollar allotments made to LEAs and charter schools in Fiscal Year 2014–15. Altogether, position allotments accounted for 59% of state resources allotted, whereas dollar allotments made up the remaining 41% of resources distributed to the K-12 public school system.

Exhibit 3: Position Allotments Account for Nearly 60% of State Resources Distributed to LEAs and Charter Schools in FY 2014–15



Source: Program Evaluation Division based on data provided by DPI.

⁹ Charter schools are not eligible for any of the six position allotments but rather receive dollar-per-student equivalents of these allotments.

Another way to categorize allotments is based on how the State determines eligibility and funding. According to this method the four types of allotments are:

Base. Base allotments generally go to each LEA and are used to procure the materials, staffing, contracts, and services meant to support all students and district-wide activities. Base allotments typically fund basic education cost categories. Examples include teachers, principals, textbooks, and transportation. Base allotments made up 82% of total state allotments in Fiscal Year 2014–15. More than half of the resources distributed as base allotments are for positions allocated to LEAs through the classroom teacher allotment.

Student characteristics. Student characteristic allotments provide funds to LEAs based on individual student characteristics. Examples of allotments based on student characteristics include funding for children with disabilities, at-risk students, and disadvantaged students. Taken together, allotments based on student characteristics represented 14% of resources allotted to LEAs and charter schools in Fiscal Year 2014–15.

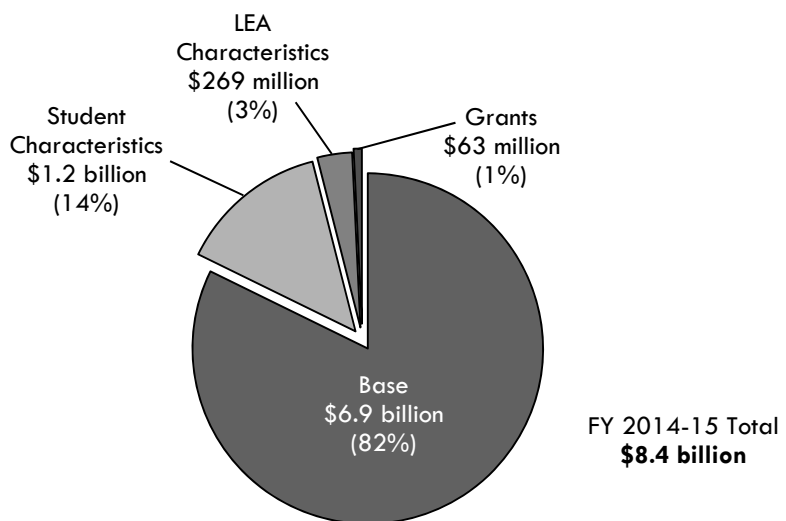
LEA characteristics. Two of the 37 state allotments are based on LEA characteristics. The Low Wealth allotment is intended to provide funds for counties that have below-state-average ability to generate local revenue to support public schools. Small County Supplemental Funding provides additional support for small county LEAs to compensate for diseconomies of scale. Resources allocated based on LEA size or wealth made up only 3% of Fiscal Year 2014–15 state allotments.

Grant. Twelve of the state allotments can be classified as grants. Some of these allotments involve competitive grant processes, whereas other grant allotments are provided on a non-competitive basis to LEAs that meet given criteria. Grant allotments represent just 1% of allotted state resources.

Exhibit 4 shows the proportion of resources distributed across the four types of allotments.

Exhibit 4

Base Allotments Account for 82% of State Resources Distributed to LEAs and Charter Schools in FY 2014–15



Source: Program Evaluation Division based on data provided by DPI.

The process for allocating resources is divided into two stages: 1) distribution of initial allotments and 2) revisions made during the year that modify the initial allotments and provide other state and federal resources. Exhibit 5 describes the allotment process. Of the 37 state allotments used to distribute state resources, 19 are distributed via initial allotments. The 19 initial allotments accounted for 92% of resources allotted to LEAs in Fiscal Year 2014–15. Initial allotments are established in legislation with further specification provided in state board policy. DPI distributes the initial allotments within 10 days of a budget act's passage into law.

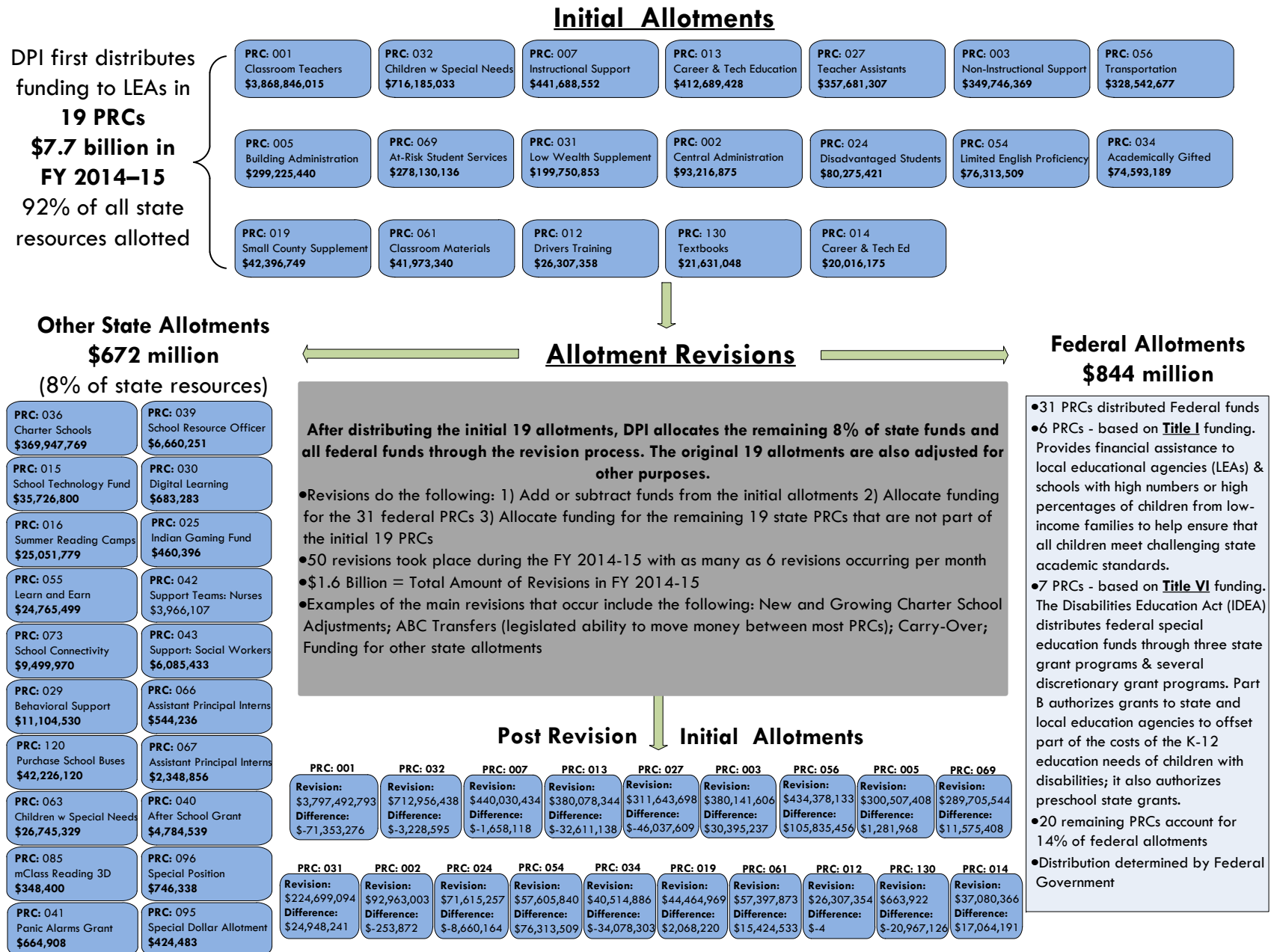
A comprehensive list and in-depth analysis of each initial allotment can be found in Appendix A of this report, where each initial allotment is represented by a standalone highlight sheet. Each sheet describes an allotment by resource type, purpose, eligibility, distribution, amount allotted to each PRC between Fiscal Year 2011–12 and 2014–15, and proportion of each initial allotment to the total amount of initial allotments made in Fiscal Year 2014–15. In addition, each highlight sheet provides a map of the state showing a geospatial comparison illustrating how resources for that initial allotment were distributed to each LEA. The reverse side of each sheet lists the amount of each initial allotment distributed per ADM or headcount for each LEA, ranked from greatest to least.

The initial allotments are the first allocations for the school year. Afterwards, in accordance with its statutory responsibilities, DPI undertakes a series of revisions. DPI makes revisions during the fiscal year for a number of purposes, including:

- adjusting initial allotments for new and growing charter schools;
- providing funding for other state and federal allotments when resources become available;
- reconciling transfer decisions made by LEAs;
- reversions;
- positions conversions; and
- distributing carry-over funds.

In Fiscal Year 2014–15, DPI made 50 different revisions, with as many as six revisions occurring in the same month. The total value of all revisions in Fiscal Year 2014–15 was \$1.6 billion.

Exhibit 5: The Allotment System Consists of the Initial Allotments—Which Account for 92% of Allotted State Funds—and a Series of Revisions to Modify the Initial Allotments and to Distribute Other State and Federal Funds

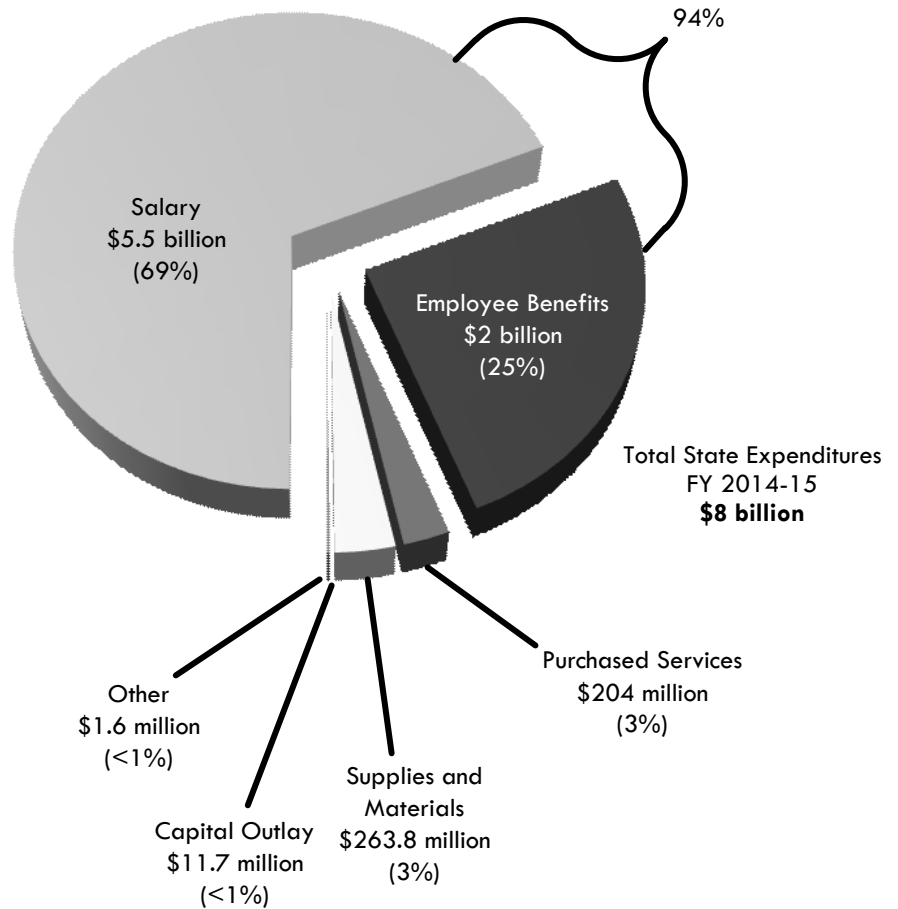


Note: PRC 055, Lean and Earn, provides funding for Cooperative Innovative High Schools.
 Source: Program Evaluation Division Based on interviews, document review, and analysis of state and federal allotments.

Although there are multiple state allotments, the overwhelming majority of actual expenditures are for salaries and benefits. Allotments are not equivalent to expenditures because allocations are not necessarily reflective of how LEAs expend funds. Although allotments are made to specific categories, resources are not necessarily spent on items related to the category for which they were allocated. Providing public education is a labor-intensive endeavor. School systems require teachers, counselors, principals, central office staff, and other employees. Examining LEA expenditures in Fiscal Year 2014–15, Exhibit 6 shows the overwhelming majority (94%) of state resources were dedicated to funding salaries and benefits.

Exhibit 6

Salaries and Benefits Accounted for 94% of LEA State Expenditures in Fiscal Year 2014–15



Source: Program Evaluation Division based on data provided by DPI.

Average Daily Membership (ADM) provides a standardized unit to compare most allotments across LEAs and charter schools. ADM is the common student accounting metric used by LEAs and charter schools. The following calculations are performed to determine ADM: first, the total number of school days within a given term that a student's name is in membership is calculated; this is the number of days in membership for that student. Average Daily Membership (ADM) for each school month is based on the sum of the number of days in membership, divided by the number of days in the school month. ADM is important because it is the basis for calculating the majority of the allotment formulas. Student accounting data is an important source of information that allows state and local

administrators and the public in general to compare levels of funding across LEAs and charter schools.

In the field of education finance, comparative analysis is generally done by examining funding or expenditures on a per-student basis.¹⁰ Students are the consumers of education and a primary driver of costs. This report examines overall funding and allotments on a per-ADM or headcount basis because it allows for comparisons across allotments or across LEAs and charter schools. The total amount allotted per student from all funding sources (state, local, and federal) varies across LEAs by nearly \$10,000, from \$16,942 to \$6,973 per student. The graph in Appendix B ranks LEA from highest to lowest funding per ADM. The exhibit also ranks each LEA's per-ADM allotment by source.

State funding for the K-12 public education system represents the largest single portion of North Carolina's General Fund budget. The allotment system is controlled by the legislative process. As a result, allotment provisions can change from year to year, as shown in Appendix A. These changes create volatility that is evident when examining fiscal year funding over time. Since Fiscal Year 2012–13, the General Assembly has frequently altered how specific allotments distribute state resources. As the allotment system undergoes revisions, it is necessary to question how well the system as a whole and its constituent parts are continuing to function.

Systematic review of the allotment system is also important because the system is responsible for distributing such a large portion of the General Fund budget. In Fiscal Year 2014–15 the General Fund budget was just shy of \$21.1 billion. In that same year the allotment system distributed \$8.4 billion. With this magnitude of funds at stake, it is necessary to ensure the system distributes resources in the most effective, accountable, and rational manner.

Previous efforts to evaluate the State's allotment system identified several issues and provided recommendations but yielded little change in how state resources are allotted for K-12 public education. In 2007, the General Assembly created the Joint Select Committee on Public School Funding Formulas and tasked it with studying components of the state allotment system. The committee hired a contractor, Augenblick, Palaich and Associates, to provide a report in September 2010 on improvements to the allotment system. The report lauded the comprehensiveness of the system, finding that, when taken together, the allotments address almost all of the cost factors associated with providing education services.

The report also highlighted approaches and factors that could be improved, making a number of recommendations, the most far-reaching being the creation of a new formula that would make adjustments based on student and LEA characteristics. Excluding a full system overhaul, the report provided several recommendations to improve individual allotments, including:

¹⁰ In instances when allotments are made for populations—children with disabilities, at risk students, disadvantaged students, etc.—it is necessary to make comparisons across the headcounts or populations served by the resources.

- modifying the Classroom Teacher allotment by allotting dollars rather than positions, making adjustments to the state salary schedule that place less emphasis on years of experience and education and more emphasis on responsibility and performance;
- combining duplicative allotments such as the allotment for at-risk students and supplemental funding for disadvantaged students;
- simplifying the Low Wealth allotment; and
- modifying the allotment for children with disabilities by establishing allotment rates based on severity of disabilities and the relative cost of each serving each group.

The report provided a number of recommendations to the issues it identified; however, the allotment system has changed little since its publication.

Because of the size and scope of this evaluation, this report contains numerous findings that have been grouped into two sections:

Section I: Allotment-specific issues. Section I includes Findings 1 through 7. This section identifies issues with individual allotments or issues that span numerous allotments. Issues range from unintended consequences of particular methods and formulaic policies and procedures to a lack of rationale for the factors used to determine how resources are distributed.

Section II: System-level issues. Section II includes Findings 8 through 12. This section identifies deficiencies with the allotment system as a whole. These deficiencies are a result of overall system complexity and lapses in the control environment. These findings also identify weaknesses with the resource allocation model and explore alternative models for distributing resources for public education.

Together these findings show the allotment system is hampered by its complexity; it consists of numerous individual allotments that are redundant, counterintuitive, and in some cases lack a clear rationale. Furthermore, allotment policies result in maldistribution of resources across LEAs and charter schools and allotment system features and controls obfuscate transparency and accountability. Other models for distributing resources that focus on the student as the unit of funding offer alternatives that merit consideration.

Findings

Section I: Allotment-specific issues

Finding 1. The structure of the Classroom Teacher allotment results in a distribution of resources across LEAs that favors wealthy counties.

The Classroom Teacher allotment is the single largest allotment the State provides to local education agencies (LEAs). In Fiscal Year 2014–15, this allotment cost the State \$3.8 billion, which represents 45% of all state-allotted funds for that year. The Classroom Teacher allotment is a position allotment, meaning LEAs do not receive dollars from the State to pay teachers, but instead receive positions against which they can charge the State. LEAs receive the state salary schedule amount plus benefits for the actual teachers they pay using the position allotment.¹¹ The State pays the cost of each teacher charged against this allotment regardless of whether they are the least expensive entry-level teacher or a teacher at the top of the state salary schedule. LEA business officers will thus try to ensure their costliest teachers are funded from this position allotment, thereby maximizing the amount of state resources they receive, as less-expensive teachers can be funded out of other allotments.

The State allots classroom teacher positions to LEAs based on student ratios set by the General Assembly, as measured by Average Daily Membership (ADM). These ratios can change from year to year; the ratios for Fiscal Year 2014–15 are shown in Exhibit 7. In total, DPI allotted 66,009 teaching positions across LEAs in Fiscal Year 2014–15.

Exhibit 7

The Number of Teaching Positions Allotted to Each LEA is Determined by a Ratio of Teachers to Students Set by the General Assembly

| Grade | Teacher to Student Ratio |
|--------------|--------------------------|
| Kindergarten | 1:18 |
| 1-3 | 1:17 |
| 4-6 | 1:24 |
| 7-8 | 1:23 |
| 9 | 1:26.5 |
| 10-12 | 1:29 |

Note: These ratios are used to allocate teaching positions and are **not** equivalent to actual average class size at LEAs or schools. In nearly all cases, average class size will be greater than these ratios due to a variety of factors such as teacher instructional planning time and LEAs hiring additional program enhancement teachers for the arts, music, health, and physical education.

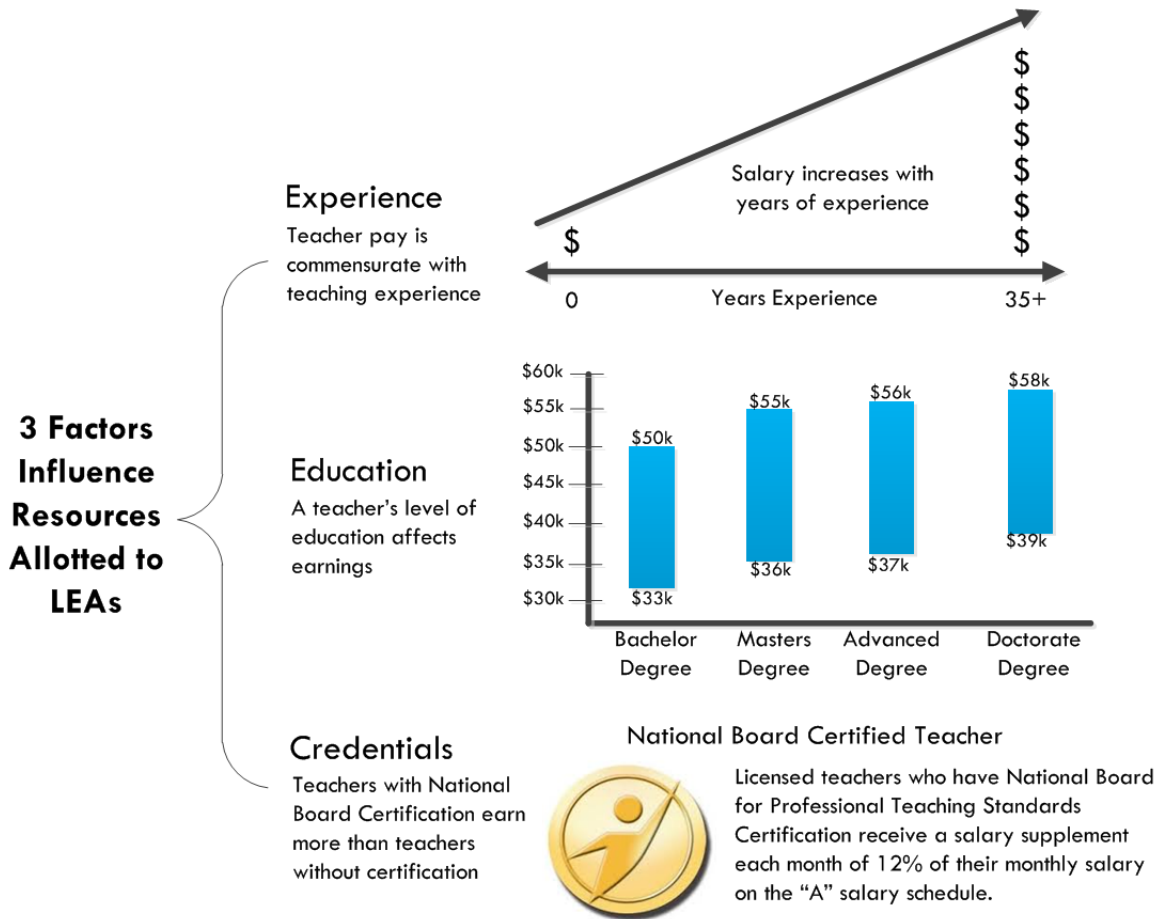
Source: Program Evaluation Division based on the Fiscal Year 2014–15 Classroom Teacher allotment policy.

The Department of Public Instruction (DPI) allots positions to LEAs equitably based on teacher-student ratios determined by the General Assembly; however, the value of allotments differs based on the teacher characteristics within a given LEA. As shown in Exhibit 8, teacher state salary is derived from the statewide teacher salary schedule, which is influenced by three factors: teacher experience, education, and certification. As a result, the value of teachers across LEAs varies. In Fiscal Year 2014–15, the calculated value of teacher positions across LEAs

¹¹ LEAs receive positions from the state as “months of employment.” Individuals funded through this position allotment must have a North Carolina educator license and spend a majority of the school day providing classroom instruction to students. They also cannot be assigned to administrative duties in the central office.

ranged from \$68,160 per teacher at one LEA to \$53,402 per teacher at another.¹² Put simply, LEAs with the most experienced, best-educated, most-credentialed teachers receive a greater share of state resources through the Classroom Teacher allotment because those teachers cost more.

Exhibit 8: State Teacher Salary is Determined by a Combination of Experience, Education, and National Board Certification



Source: Program Evaluation Division based on a review of documentation provided by DPI.

Note: Values in the exhibit reflect compensation figures from the FY 2014–15 Teacher State Salary Schedule. The salary schedule no longer differentiates salary beyond 25 years of experience.

Teachers with strong credentials are not normally distributed across the state. Teacher pay increases with experience, level of education, and attainment of National Board Certification, herein referred to as credentials. Though the Classroom Teacher allotment provides every LEA with positions that can be used to pay teachers with strong credentials according to the statewide salary schedule, those teachers with strong credentials are not evenly distributed across the state. In fact, such teachers tend to gravitate toward certain LEAs or schools within LEAs. The process wherein teachers express a preference regarding where they teach and the resulting differences in the distribution of teachers with strong credentials across schools is commonly known in academic literature as

¹² Average teacher state salary figures include benefits and only account for teachers' salaries for those teaching positions paid through this allotment.

teacher sorting.^{13,14} Teachers' choices and preferences are influenced by factors such as pay, working conditions, and student characteristics. More qualified teachers often gravitate towards teaching positions at schools with more advantaged students, who tend to be more affluent.

Several studies have examined teacher sorting in North Carolina and its negative consequences. A 2006 study showed the tendency of more highly qualified teachers in North Carolina to teach at schools with more affluent and advantaged students.¹⁵ A 2011 study further confirmed that this basic pattern results in qualified teachers being highly concentrated in schools with more affluent students and less concentrated in schools with less affluent students.¹⁶ A 2014 DPI *State Plan to Ensure Equitable Access to Excellent Educators* acknowledged and affirmed the maldistribution of quality teachers across the state.¹⁷ The plan articulates differences in teacher characteristics among schools related to wealth and concentration of minority students, finding that more experienced and qualified teachers are generally more concentrated in wealthy districts with lower minority populations. Furthermore, the plan showed that a higher percentage of teachers designated as highly effective tend to teach in districts with lower rates of economically disadvantaged students.

Teacher quality remains one of the most influential determinants of student performance.¹⁸ Teacher sorting is an important public policy issue to consider because it results in highly credentialed teachers being concentrated within a certain subset of schools that contain more affluent, higher-achieving students and hinders students in low-achieving and high-poverty schools from having access to highly-credentialed teachers. Effective teachers are considered one of the most important levers available to improve student performance and therefore are needed across all LEAs. One of the objectives identified in the State Board of Education's strategic plan is to increase access to highly-effective teachers for students in low-achieving and high-poverty schools relative to their higher-achieving and lower-poverty peers.

However, the structure of the Classroom Teacher allotment results in more dollars going to those LEAs that already employ the teachers with the strongest credentials. This finding does not suggest that the structure of the Classroom Teacher allotment causes teacher sorting – teacher preferences cause teacher sorting – but the structure of the allotment exacerbates the issue and does not correct for it. Although this allotment was not designed to favor certain LEAs or provide disproportionate amounts of resources, unintended consequences create tangible issues.

¹³ Teacher sorting and the plight of urban schools: A descriptive analysis. Lankford, Hamilton, Susanna Loeb, and James Wyckoff. Educational Evaluation and Policy Analysis, 2002, Vol. 24, No 1, Pages 37-62.

¹⁴ Teacher Mobility, School Segregation, and Pay-Based Policies to Level the Playing Field. Charles T. Clotfelter, Helen F. Ladd, and Jacob L. Vigdor. Education Finance and Policy, Summer 2011, Vol. 6, No. 3, Pages 399-438.

¹⁵ Teacher-Student Matching and the Assessment of Teacher Effectiveness: Report Prepared as Part of the National Bureau of Economic Research Working Paper Series. Charles T. Clotfelter, Helen F. Ladd, and Jacob L. Vigdor. National Bureau of Economic Research. Cambridge, MA. January 2006.

¹⁶ Clotfelter, Ladd, and Vigdor (2011).

¹⁷ North Carolina Department of Public Instruction. (2015). North Carolina's state plan to ensure equitable access to excellent educators. Retrieved from U.S. Department of Education website:

<http://www2.ed.gov/programs/titleiparta/equitable/ncequityplan111215.pdf>.

¹⁸ Clotfelter, Ladd, and Vigdor (2006).

The Program Evaluation Division compared the actual amount LEAs received through the Classroom Teacher allotment per ADM. The amounts ranged from as much as \$3,104 per student to as little as \$2,455 per student, with a state average of \$2,709.¹⁹ Exhibit 9 shows how teacher demographics, which influence how much funding an LEA receives, differ among LEAs.

Exhibit 9: Teacher Quality Indicators Drive Differences in Average Teacher State Salary and the Value of Instructors Paid through the Classroom Teacher Allotment

| LEA Name | Teacher Salary Ranking | Average Classroom Teacher Budgeted State Salary (with benefits) | Amount Per Student | Average Teacher Experience | Advanced Degrees | Board Certified |
|----------|------------------------|---|--------------------|----------------------------|------------------|-----------------|
| Dare | 1 | \$68,160 | \$3,104 | 17 yrs. | 48% | 26% |
| Hoke | 115 | \$53,402 | \$2,455 | 9 yrs. | 37% | 3% |

Note: Average teacher salary and benefits is calculated based only on teachers who are part of the Classroom Teacher allotment. Because teachers are often paid out of other allotments, these averages should not be confused with average salary and benefits amounts for all teachers within a given LEA.

Source: Program Evaluation Division based on analysis of data provided by DPI.

Analysis of the Classroom Teacher allotment shows the structure of the allotment results in a distribution of funding that favors wealthier LEAs.

Although several studies have demonstrated teacher sorting at the school level, the Program Evaluation Division sought to analyze whether the structure of the Classroom Teacher allotment results in more resources going to certain LEAs. To explore the relationship between teacher sorting and the resulting variation in state teacher funding through the allotment, the Program Evaluation Division conducted analysis of state dollars per ADM disbursed through the allotment across a number of LEA demographic factors. The analysis shows a relationship between adjusted property tax base per student and the dollar amount LEAs receive per student through the classroom teacher allotment.²⁰ As this measure of local wealth increases, the amount an LEA receives per student through the Classroom Teacher allotment increases as well. The analysis also shows a relationship between the amount LEAs receive through the allotment and their proportion of minority students. As the number of minority students increases, the amount LEAs receive through the Classroom Teacher Allotment decreases.²¹

The Classroom Teacher Allotment runs counter to the principles of vertical equity. The principle that undergirds vertical equity recognizes that not all students are the same and that their starting points should be considered as part of equitable resource distribution. Put another way, it may be entirely appropriate to provide LEAs with different levels of resources based on the

- social status of students,
- fiscal capacity of regions or school administrative units, or

¹⁹ Appendix A ranks each LEA from greatest to least in amount allotted per ADM through the Classroom Teacher allotment.

²⁰ Pearson correlation identified a positive relationship between the two variables, $r=.54$, $n=100$, $p<.0001$. Linear regression confirmed this positive relationship between the two variables, $r^2=.27$, $n=100$, $p<.0001$.

²¹ Pearson correlation identified a negative relationship between the two variables, $r=-.38$, $n=115$, $p<.0001$.

- other local characteristics such as household income and poverty levels.

For example, LEAs with high concentrations of poverty tend to have relatively poor educational outcomes, and therefore increased resources targeting these districts may be appropriate. The relationships found in literature and confirmed by the Program Evaluation Division affirm that the distribution of resources through the Classroom Teacher allotment runs counter to the principles of vertical equity.

Negative consequences resulting from the Classroom Teacher allotment are not mitigated by local funding supplements or other state allotments that permit LEAs to supplement teacher pay. LEAs are permitted to offer local supplements to teacher pay, and most LEAs do provide some amount of local supplement. In Fiscal Year 2014–15, 108 of the 115 LEAs provided local supplements. Of those LEAs providing supplements, the average amount was \$2,469. This amount ranged from as much as \$6,892 to as little as \$100.

The State also provides additional resources through other allotments that could be used to counteract teacher sorting. LEAs can use other allotments to supplement teacher pay, such as those for low wealth counties or Disadvantaged Student Supplemental Funding (DSSF). However, these allotments are relatively small in terms of dollars allotted, and analysis of expenditures of DSSF and Low Wealth funds show these funds are rarely applied as teacher pay supplements. In Fiscal Year 2014–15, LEAs expended only 3% of DSSF funds and 9% of Low Wealth funding towards supplementing teacher pay.

Disproportionate distribution of state resources caused by teacher sorting is occurring in an environment in which LEAs are being provided additional state and local funds that can be used to supplement teacher pay. Thus, it can be surmised that local supplements or other state allotments used as supplements are not adequately addressing issues arising from the self-distribution of teachers with the strongest credentials throughout the State.

The statewide salary schedule reinforces the unintended consequences of teacher sorting. The structure of the Classroom Teacher allotment is built on a combination of the ratios that determine the number of positions allotted to LEAs and the salary schedule that determines how much the State pays for the positions. The result is little variation in what LEAs pay teachers from state funds beyond what is dictated by the schedule. As noted previously, LEAs do have the discretion to pay local supplements, but these supplements tend to be relatively small. Part of the reason the most desirable LEAs have an easier time hiring and retaining the most qualified teachers whereas the least desirable LEAs have less ability to attract and retain the most qualified teachers is because every LEA uses the same statewide salary schedule.

Converting classroom teacher funding from a position allotment to a dollar allotment and restructuring the State's teacher compensation model holds potential to more equitably distribute resources. Many LEAs favor using position allotments for classroom teachers because they can then hire their preferred teacher candidate without having to consider the budgetary cost of that teacher relative to the teacher's experience and

credentials. LEAs that are able to attract and retain the most qualified teachers are rewarded through the allotment because the State funds the higher cost. However, other LEAs have expressed concern that funding teachers through a position allotment allows some districts to employ higher quality teachers than others and receive disproportionate resources from the State to do so. These concerns are validated by the Program Evaluation Division's analysis.

In a 2010 report commissioned by the General Assembly, Augenblick, Palaich and Associates (APA) recommended that the State move away from allotting positions and instead allot a dollar amount to each district to cover the cost of teachers. APA's recommended dollar amount would be based on multiplying the number of eligible teachers in an LEA by a statewide average salary adjusted for a variety of district-based factors, including average teacher education, average years of experience, geographic cost differences, and attractiveness of the district to teachers. However, continuing to use factors such as average years of experience and teacher education may perpetuate some of the maldistribution in funding because districts that can attract the most qualified teachers would still receive additional resources for teachers with those credentials.

An alternative way to modify the Classroom Teacher allotment would be to allocate a total dollar amount to each district to cover the cost of teachers based on multiplying the number of teachers that an LEA would receive by the average of all teacher salaries currently paid out of the teacher allotment. This approach would result in a more equitable distribution because each district would receive the same dollar amount per student for teachers.

Alternatives to the existing statewide teacher salary schedule also exist.

In its 2010 report, APA also recommended the State consider modifying the structure of the statewide teacher salary schedule to include components that consider teacher professional development plans, placing less emphasis on experience and more on teacher roles, levels of leadership, and responsibility. These considerations are grouped under the heading of differential pay, whereby traditional pay structures based on experience and education are augmented with compensation linked to teacher knowledge and skills, student achievement, and the assumption of additional teacher responsibilities.

States that have salary schedules often use some combination of teacher education and experience as the basis for salary, but some states and localities have begun implementing differential teacher pay initiatives. For example, Denver has implemented a system called ProComp, which replaces the single salary schedule with a system of incentives for specific accomplishments. ProComp includes incentives for school- and classroom-wide student growth, for working in hard-to-serve schools and hard-to-staff assignments, for acquiring and demonstrating skills and knowledge, and for earning a satisfactory or better evaluation. Evaluation of ProComp in Denver Public Schools shows significant gains in student learning since

implementation of the differential pay initiative; in some instances the gains appear to be attributable to students with teachers enrolled in ProComp.²²

Likewise, Texas has established the Texas Educator Excellence Grant, which provides funds to eligible schools and districts to provide teacher incentives based on student performance. Teachers who are rewarded must demonstrate success in improving student achievement. Bonuses are also considered for teachers providing instruction in hard-to-staff subject areas as well as for teacher professionalism and initiative.

Many states do not use statewide teacher salary schedules. A 2016 analysis by the Education Commission of the States found that 17 states, including North Carolina, currently use a teacher salary schedule. In the states with no statewide salary schedule, districts have the ability to set pay. Another option that some states have pursued is to require districts to provide all teachers with a minimum level of pay but then allow districts to determine what factors or qualifications merit higher pay levels.

North Carolina is already exploring other models for teacher compensation. In 2013, the General Assembly created a taskforce directing members to make recommendations on whether to consider an alternative compensation system for educators. The taskforce concluded that, long-term, the State should align compensation with student outcomes and teacher responsibilities. As a result, LEAs were required to submit proposals to establish a local program to provide differentiated pay for highly effective classroom teachers. Seventy-six of the 115 LEAs responded with a plan. The plans provided varying degrees of detail and specificity regarding how LEAs would implement differential pay.

In 2015, the General Assembly directed the State Board of Education to establish a three-year pilot program to develop advanced teaching roles and organizational models that link teacher performance and professional growth to salary.²³ The law directed the State Board of Education to select 10 LEAs for the pilot based on LEA size and appropriated \$1.1 million. The selected LEAs are scheduled to implement the approved pilots beginning with the 2017–18 school year and ending with the 2019–20 school year.

In summary, LEAs hire most state-paid teachers through a position allotment, whereby the State pays the salary and benefits of whomever an LEA hires. Teachers with the strongest qualifications tend to self-sort to the LEAs with greater local property wealth per student and fewer minority students, and consequently those LEAs receive more dollars from the State. This pattern is reinforced by the teacher salary schedule, which limits the ability of districts to prevent teacher sorting because LEAs are afforded little capacity to determine how to structure teacher pay in a way that best meets their needs. Although LEAs are able to supplement teacher pay with local dollars, these resources are limited, not uniformly distributed, and favor the wealthiest districts. State law also allows LEAs to supplement teacher pay with certain other state allotments, but analysis shows limited use of these funds as teacher supplements.²⁴ Converting the position

²²Strategic Pay Reform: A Student Outcomes-Based Evaluation of Denver's ProComp Teacher Pay Initiative. Dan Goldhaber, Joe Walch. *Economic of Education Review*, Winter 2012, Vol. 31, No. 6, Pages 1067-1083

²³ Session Law 2016-94 Sec 8.7.(a).

²⁴ Session Law 2015-24 Sec 8.3.(a). & Sec 8.5 (a)

allotment to one that provides dollars based on student counts and restructuring the teacher compensation model are alternative approaches that hold potential to stem the maldistribution of resources currently observed through the Classroom Teacher allotment.

Finding 2. The Children with Disabilities allotment fails to differentiate based on the instructional arrangements or setting required and contains a funding cap that results in disproportionately fewer resources being allotted to LEAs with the most students to serve.

N.C. Gen. Stat. § 115C-106 establishes the State's commitment to provide full educational opportunity to all children with disabilities. North Carolina defines a child with disabilities as any child evaluated and identified as having

- autism, sometimes called autism spectrum disorder;
- deaf-blindness;
- deafness;
- developmental delay (children ages three through seven);
- hearing impairment;
- intellectual disability;
- multiple disabilities;
- orthopedic impairment;
- other health impairment;
- serious emotional disability;
- specific learning disability;
- speech or language impairment;
- traumatic brain injury; and/or
- visual impairment including blindness.

To ensure equal opportunity for these students, the General Assembly provides funding through the Children with Disabilities allotment.²⁵ These funds are to be used for:

- children with disabilities,
- preschool handicapped state funding,
- group homes, and
- foster homes or similar facilities.

In Fiscal Year 2014–15 the State allotted \$716 million to LEAs through the Children with Disabilities allotment. This allotment represents the second largest distribution made to LEAs, outweighed only by the position allotment provided for classroom teachers.

Although the State identifies and defines children with disabilities across a spectrum of conditions and impairments, the primary allotment does not distinguish among very different categories of disability, levels of severity, or costs of providing services. In Fiscal Year 2014–15, North Carolina provided LEAs with \$3,927 for each fully-funded student

²⁵ The State provides resources for children with disabilities through several allotments; the focus of this finding is on the primary allotment for children with disabilities (032).

included in the Children with Disabilities child count.²⁶ This amount was allotted to LEAs regardless of the level of severity of the disability or the actual cost of providing services to the child that an LEA or charter school might incur. Though the formula provides a flat amount, in reality there is significant variability in terms of disability categories, severity, and cost of providing services.

One of the problems with providing a flat amount is that some students can require services that cost much more than the amount provided through the allotment. LEAs or charter schools with a comparatively larger proportion of high-cost students can be especially challenged by this feature of the allotment. During interviews with LEAs and charter schools, the Program Evaluation Division heard that having students who need particularly costly services can result in substantial budgetary challenges. Conversely, if an LEA or charter school has a number of children with disabilities needing minimal or less costly services, the flat amount may provide more funding than is needed.

The 2010 Augenblick, Palaich and Associates (APA) report recommended modifying the Children with Disabilities allotment by setting three different payment rates based on disability severity (“mild,” “moderate,” and “severe”) and the expected relative costs for each group. The APA recommendation was to keep the allotment fiscally neutral but provide funds at a ratio of 1.0 (mild): 2.5 (moderate): 5.0 (severe), which APA based on its previous work in other states. To date, the General Assembly has not implemented this recommendation.

The APA recommendation would more precisely allot funds based on the relative makeup of each LEA according to disability severity. One of the challenges with this approach, however, is that even within the same type of disability, students can require substantially different services. For example, autism spectrum disorder, a complex group of disorders of brain development, is one of the more costly disability categories. However, within the category of autism spectrum disorder, some children may require intensive, costly services whereas others may only require limited services that are less costly. Thus, a payment structure based on the typical cost of disability categories can still have a degree of imprecision due to variability in cost within those categories.

Texas uses a model that promotes varying levels of funding depending on the instructional arrangements or setting required. Rather than providing varying levels of funding based on disability category, Texas bases per-student funding for special education students on the type of instruction and setting where services are provided. Exhibit 10 provides descriptions of the instructional arrangement categories Texas uses to determine funding. Funding ranges from a district receiving an additional 10% above base student funding for a mainstream instructional arrangement to 400% for homebound students.²⁷ Whereas this method of allotting state resources is more complex than the flat amount North

²⁶ The funded Children with Disabilities count is for students ages 5-21. Preschool headcounts for preschool handicapped state funding are not included in the Children with Disabilities count.

²⁷ Texas base allotment is defined as the minimum allotment provided for each student in attendance.

Carolina provides, Texas' funding model provides a distribution of limited state resources that may be more closely aligned with cost.

Exhibit 10: Texas Provides Weighted Student Funding Based on the Student's Instructional Environment

| Instructional Arrangement | Funding Weight Above Base | Description |
|--|---------------------------|--|
| Mainstream | 10% | Special education and related services for a student in the regular classroom in accordance with the student's Individualized Education Program (IEP). |
| Nonpublic contracts | 70% | Special education through a contractual agreement with a nonpublic school for special education. |
| Vocational adjustment class | 130% | Services for a student who is placed on a job with regularly scheduled direct involvement by special education personnel in the implementation of the student's IEP. |
| Off home campus | 170% | Special education services provided off-campus from the student's home campus. |
| State schools | 180% | Special education services for students who reside at a state-supported living center when the services are provided at the state-supported living center location. |
| Hospital class | 200% | Special education instruction in a classroom, a hospital facility, or a residential care and treatment facility not operated by the school district. |
| Resource room | 200% | Special education services in a setting other than regular education for less than 50% of the regular school day. |
| Self-contained (mild, moderate, or severe) | 200% | Services for a student who is in a self-contained program for 50% or more of the regular school day on a regular school campus. |
| Residential care and treatment | 300% | Special education instruction for students who reside in care and treatment facilities and whose parents do not reside within the boundaries of the school district providing educational services to the student. |
| Homebound | 400% | Services for students who are served at home or hospital bedside. |
| Speech therapy | 400% | Speech therapy services in a regular education classroom or a setting other than a regular education classroom. |

Note: The funding weights above were determined by Texas and are relative to the base funding amount. The weights are provided for illustrative purposes and do not represent an endorsement of level of funding for North Carolina's population of students with disabilities.

Source: Program Evaluation Division based on *School Finance 101: Funding of Texas Public Schools* provided by Texas Education Agency Office of School Finance.

Another issue with the Children with Disabilities allotment is that it contains a funding cap that skews the amount provided to serve similar student populations. The allotment cap stipulates that if the percentage of children with disabilities in an LEA is greater than 12.5%, the LEA does not receive additional funding for those students above the cap through the allotment, despite a requirement to serve those students.²⁸ In Fiscal Year 2014–15, the percentage of children with disabilities in 62 city or county LEAs exceeded the 12.5% funding cap; as a result, LEAs collectively received no additional allotment funding for 8,083 children with disabilities.

Funding caps are generally put in place to try and prevent the overidentification of students. Nationally, the late 1970s through 2005 saw increasing rates of children served under the federal Individuals with Disabilities Education Act. Children served as a percentage of total enrollments peaked in 2004–05 at 13.8% and has since declined to

²⁸ The percentage of children with disabilities is calculated by dividing the children with disabilities (ages 5-21) headcount from April 1 by the allotted ADM.

12.9% in 2012–13.²⁹ Caps such as North Carolina's represent one way states have sought to disincentivize overidentification of students. However, the same caps also can serve to disincentivize the identification of students with disabilities who would benefit from the provision of services that are costly to LEAs. Officials with the Exceptional Children Division of the Department of Public Instruction stated that much effort has gone into making evaluations of children as objective as possible. The extent to which North Carolina's cap has altered identification patterns is unclear; however, the fact remains that 62 LEAs had rates above the cap in 2014–15 and thus received reduced funding per student.

One flaw with the Children with Disabilities cap is that students are not uniformly distributed. Research has shown that students with disabilities are not evenly distributed across educational settings.^{30,31} As Exhibit 11 shows, this pattern of uneven distribution exists in North Carolina, where students with disabilities make up anywhere from 7-18% of allotted ADM by LEA.

There are several potential explanations for why children with disabilities are not evenly distributed. Parents of children with disabilities may choose to locate their families in school districts with better services or where a family caregiver is nearby. Research has also found that higher disability rates tend to be positively correlated with poverty.³²

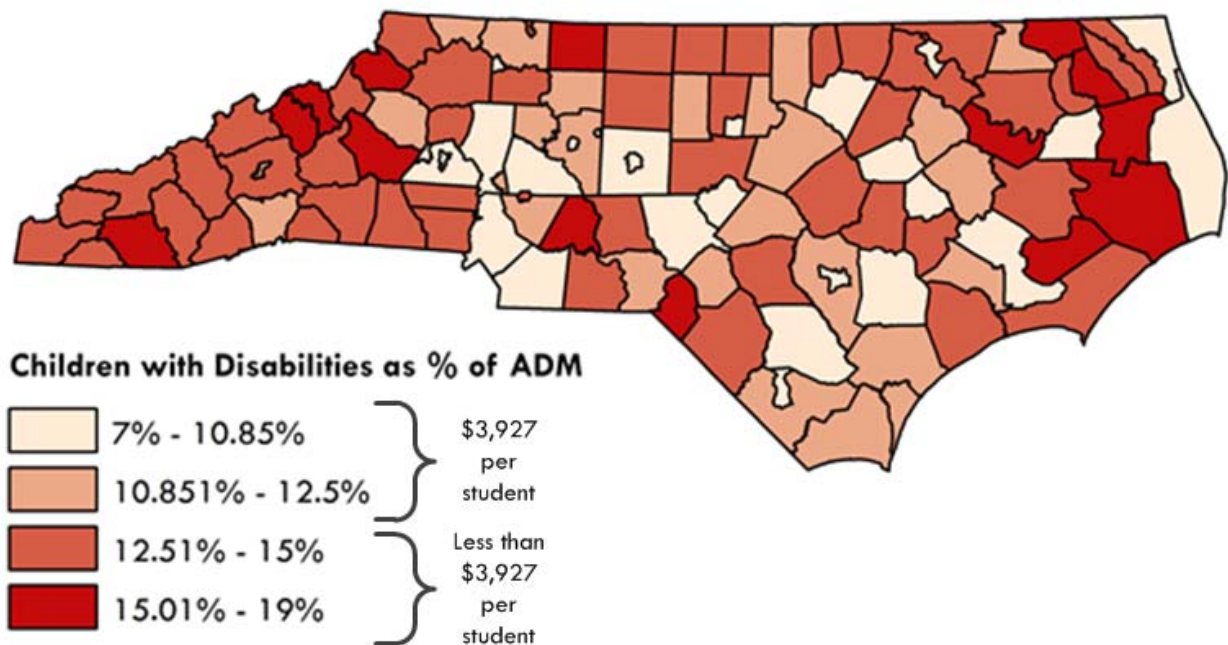
²⁹ Data cited is from the National Center for Education Statistics, Children 3 to 21 years old served under Individuals with Disabilities Education Act (IDEA), Part B. North Carolina's percentage cap of 12.5% differs somewhat because it is based on the Children with Disabilities headcount, ages 5-21 and because North Carolina uses allotted ADM to calculate the percentage rather than total enrollment.

³⁰ Parrish, T.B., Harr, J., Kidron, Y., Brock, L, Anand, P. (2003) "Study of the Incidence Adjustment in the Special Education Funding Model: Final Report." American Institutes for Research. Submitted to the California Department of Education

³¹ Baker, B.D., Ramsey, M.J. (2010) What we don't know can't hurt us: Equity consequences of financing special education on the untested assumption of uniform needs. *Journal of Education Finance* 35 (3) 245-275.

³² Financing Education for Children with Special Needs, In Crockett et a (Eds.), *Handbook of Leadership and Administration for Special Education*, New York: Routledge. Baker, B., Green, P. & Ramsey, M. (2012).

Exhibit 11: Distribution of Children with Disabilities Varies Widely Throughout North Carolina



Note: Ranges in the map have been rounded.

Source: Program Evaluation Division based on Fiscal Year 2014–15 allotment data and Fiscal Year 2013–14 Children with Disabilities ages 5-21 headcount.

Lifting the Children with Disabilities cap or providing partial funding above the cap would increase horizontal equity across LEAs. A central tenet of horizontal equity stresses equal treatment of students who are equally situated. A horizontally equitable education system would treat students who are alike equally and ensure that they receive similar levels of educational resources. North Carolina's formula for the Children with Disabilities allotment provides no additional funding when LEAs exceed the 12.5% cap. As a result, LEAs such as Stokes County, which has a disability rate above 18%, receive substantially less per student than a county that falls below the 12.5% cap.

One option to address the problem with the cap would be to raise the percentage cap or eliminate it. Another alternative would be to keep the cap in place but provide a decreased dollar amount per student when LEAs exceed the cap. This option would continue to provide some incentive against overidentification but also provide some amount to assist LEAs with the marginal cost of funding additional qualifying students beyond the 12.5% cap. For example, Maine provides weighted funding for students with disabilities, but rather than providing no funding above its 15% cap, Maine provides a different, reduced amount once that threshold has been exceeded.

Additional state funds for Children with Disabilities exist, but they are not guaranteed and are limited in use. Additional state and federal funding sources exist to help LEAs and charter schools with high-cost children with disabilities, but these funds are limited and not guaranteed. Special state reserve funds exist for LEAs and charter schools to use for emergency situations when high-cost children with disabilities are initially enrolled in an LEA/charter school after all funds have been committed.

These funds are available through application, and only during that student's initial year of enrollment in an LEA or charter school. North Carolina also has risk pool program funds available through a federal allotment for "high need" children with disabilities. However, these funds are for a specific child for up to five years, and there is no guarantee that an LEA or charter school will receive funding each year because this provision is based on the availability of funds. Although the special state reserve funds and the risk pool program funds can both potentially provide some assistance to LEAs or charter schools, neither of these programs can fully address deficiencies with the inability of the Children with Disabilities allotment to distinguish among widely varying costs of serving children with disabilities or cover additional costs when LEAs exceed the cap.

Concerns over the maldistribution of funds for children with disabilities were raised by many LEAs. The Program Evaluation Division surveyed all 115 LEAs and many shared concerns regarding the maldistribution of funds for children with disabilities. When LEAs were asked which allotments they believe are maldistributed, the most commonly cited allotment was Children with Disabilities. The issues most commonly discussed were those created by the funding cap and by the lack of alignment between funding and the severity of individual student need.

In sum, despite the State defining and classifying students with disabilities across a spectrum of severity and conditions, the Children with Disabilities formula fails to differentiate funding based on student conditions. Instead, the formula treats children with disabilities as a homogeneous population. Funding caps exacerbate the problem by violating the principle of horizontal equity. Funding caps are intended to quell overidentification, but because students are not evenly distributed across the state, many LEAs must serve students with fewer resources per student.

Finding 3. The allotment for Limited English Proficiency (LEP) contradicts the principles of economies of scale and contains a minimum funding threshold that results in some LEAs serving LEP students without funding.

The purpose of the LEP allotment is to provide additional funding to LEAs and charter schools for students with limited proficiency in English. LEP students are a population of concern because state policy identifies these students as being at risk of not completing school. In Fiscal Year 2014–15 the State distributed \$77.6 million across 109 LEAs and 21 charter schools through the LEP allotment.

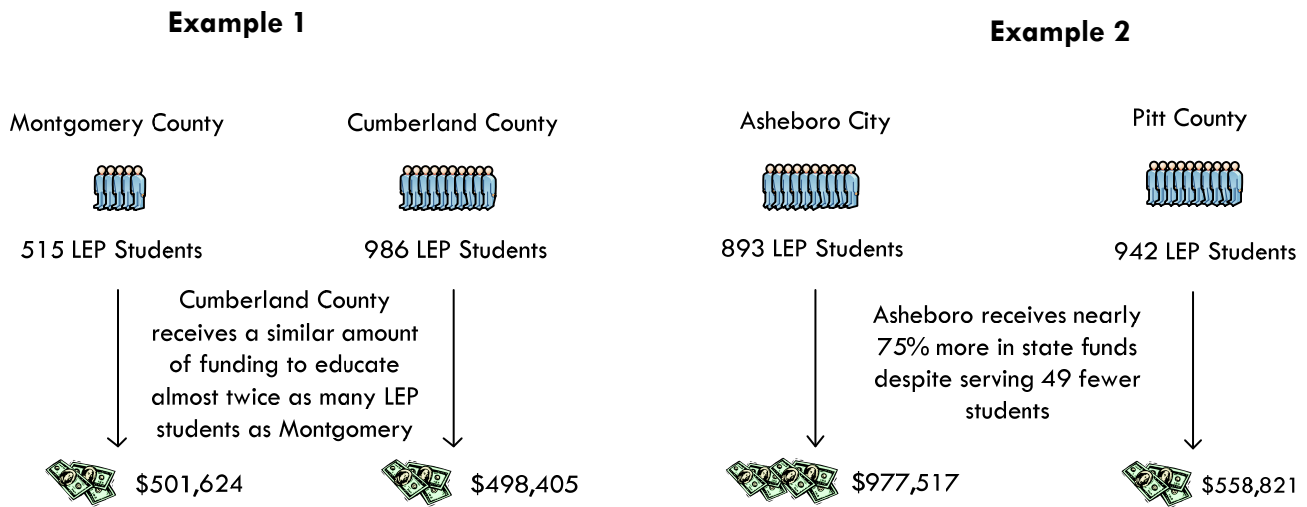
In order to be eligible for LEP funding, an LEA/charter school must have at least 20 students, or at least 2.5% of ADM, with limited English proficiency (based on a 3-year weighted average headcount). Funding is provided for up to 10.6% of ADM. All eligible LEAs/charter schools receive base funding equivalent to one teacher assistant position. The remaining funds are distributed according to the following formula:

- 50% of the funds are distributed based on concentration, or the ratio of limited English proficient students to non-LEP students within the LEA.

- 50% of the funds (after calculating the base) are distributed based on the weighted 3-year average headcount.

Because of the concentration factor used in calculating the LEP allotment, LEAs with higher concentrations of LEP students can receive substantially more funding for educating a similar number of students than a lower-concentration LEA. In Fiscal Year 2014–15, DPI allotted \$36.7 million of a total \$77.6 million in LEP funding on the basis of concentration. Because concentration represents such a significant piece of the funding formula, LEAs with similar numbers of LEP students can receive very different amounts of funding. Exhibit 12 provides examples of how the policy to provide greater funding to LEAs with higher concentrations of LEP students affects funding outcomes.

Exhibit 12: Use of Concentration as a Factor for Limited English Proficiency Funding Results in Disparities Across Districts



Source: Program Evaluation Division based on Fiscal Year 2014–15 allotment data.

The first example depicts Cumberland County, which has nearly twice the number of LEP students as Montgomery County. However, because Cumberland County has a lower concentration or ratio of LEP students to non-LEP students, the two counties receive a similar amount of funding. The second example shows that Pitt County, with nearly 50 more LEP students than Asheboro City, receives less funding than Asheboro City because the LEP concentration in Asheboro City is four times larger. As a result, Pitt County is allotted \$0.58 per student for every \$1 allotted to Asheboro City. These examples demonstrate how the concentration factor leads to maldistribution of resources to LEAs, whereby LEAs with a low concentration of LEP students receive fewer resources per student.

LEAs with greater concentrations of LEP students actually benefit from economies of scale as opposed to experiencing inefficiencies. The LEP formula includes a factor that allots more funding to LEAs with higher concentrations of LEP students. Yet it is LEAs with lower concentrations of LEP students that are likely to have higher costs per student because they cannot benefit from economies of scale. For example, the cost of an LEP teacher is not likely to vary significantly regardless of whether the teacher

has 10 or 25 students in a self-contained classroom. Thus, schools with higher concentrations of LEP students can actually experience lower costs per student because the costs of teachers, teaching aids, tutors, and administration can be spread across more students. A cost function study done in Texas confirms the presence of economies of scale, finding lower concentrations of LEP students are likely to incur higher costs per student.³³

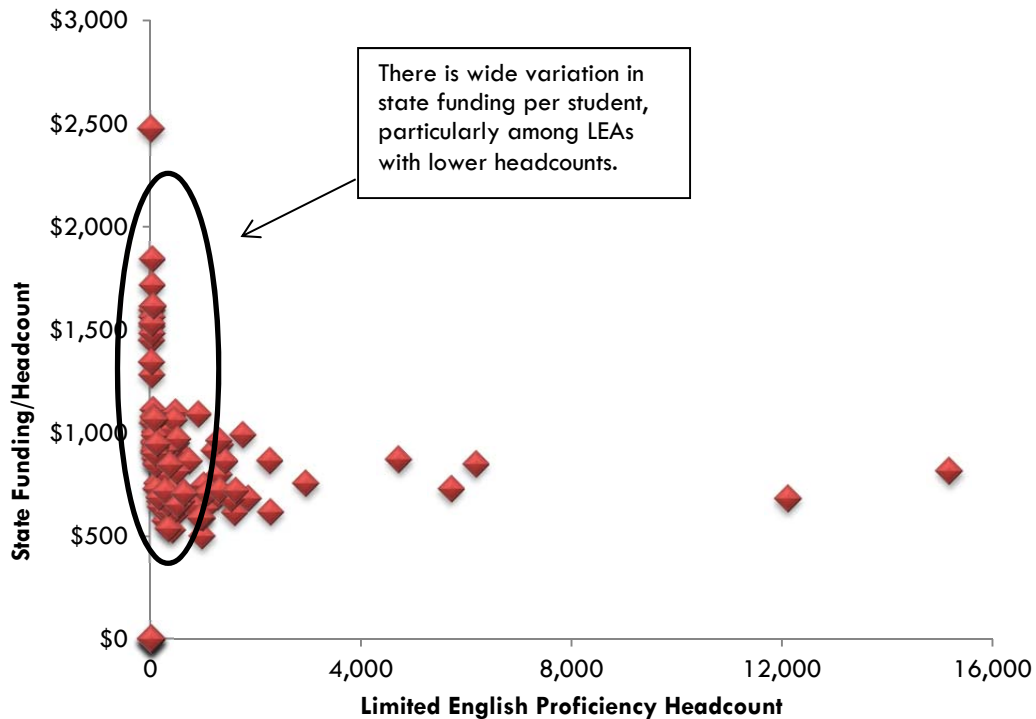
The LEP formula also includes a minimum funding threshold, which means that LEAs with a very low prevalence and concentration of LEP students do not receive any LEP funding. In order to be eligible for funding, an LEA or charter school must have at least 20 students with limited English proficiency (based on a 3-year weighted average headcount) or the LEP 3-year weighted average headcount must be greater than or equal to 2.5% of ADM. This minimum threshold to receive funding results in several LEAs and charter schools not receiving LEP funding despite having LEP students to educate. In 2014–15, 6 LEAs and 71 charter schools had LEP students but received no funding because they fell below the minimum threshold.³⁴ In total, these LEAs and charter schools had 332 LEP students who generated no state funding. Paradoxically, these students are likely among the most expensive LEP students to serve because their associated LEAs and charter schools cannot benefit from economies of scale in providing LEP education due to their relative paucity of LEP students.

When all of the components of the LEP formula (including the concentration factor and minimum threshold) are taken together, the result is wide variation in LEP funding per student. LEAs receive anywhere from zero dollars per LEP headcount to \$2,480 per headcount. These allotment amounts do not match expectations regarding the costs LEAs would experience in serving LEP students, which would suggest that as the LEP headcount in an LEA increases, the marginal cost of serving additional students should decline. In fact, the LEAs with the fewest number of students actually receive both the most and least amounts of funding. Exhibit 13 shows a scatter plot with LEP dollars allotted to all LEAs per headcount on the X-axis and total LEA headcount of limited English proficient students on the Y-axis. The scatter plot illustrates per-headcount funding outcomes that are the result of the LEP allotment formula and policies and shows LEAs receive very different amounts per headcount even when they serve similar numbers of LEP students. If the formula were consistent with economies of scale expectations, there should not be instances where an LEA with fewer LEP students than another receives fewer dollars per headcount.

³³ See Imazeki, J., & Reschovsky, A. (2004). Estimating the costs of meeting Texas education accountability standards (Report submitted to the plaintiffs as evidence in *West Orange-Cove et al. v. Neeley et al.*, District Court of Travis County, Texas, Rev. July 8). The study found a U-shaped relationship between per-pupil spending and percentage of LEP students, where economies of scale are present up to the point where 65% of a district's students receive LEP services; after that, costs begin to rise. The highest percentage of LEP students in a North Carolina city or county LEA in Fiscal Year 2014–15 was Asheboro City with 19%.

³⁴ LEAs that received no funding for their LEP students in 2014–15 were Camden County, Gates County, Graham County, Pamlico County, Perquimans County, and Weldon City.

Exhibit 13: LEAs Receive Widely Different Amounts Per Student to Serve Limited English Proficiency Students



Note: This scatter plot only includes LEAs; it does not include charter schools. Although several LEAs appear to have received funding for a zero student headcount, the scale prevents the graph from showing that each LEA that received funding actually did have LEP students.

Source: Program Evaluation Division based on Fiscal Year 2014–15 Department of Public Instruction allotment data.

In sum, the allotment for LEP students distributes resources based on factors that run counter to the principle that increased efficiencies are achieved through economies of scale. Using concentration as a factor in the LEP formula results in LEAs having to serve LEP students with disproportionate amounts of resources. Furthermore, the minimum funding threshold built into the formula resulted in LEAs and charter schools serving 332 LEP students without resources in Fiscal Year 2014–15.

Finding 4. The allotment for small counties is duplicative and not tied to evidence regarding costs of operating small districts.

North Carolina provides county LEAs with fewer than 3,200 ADM with supplemental funds. In Fiscal Year 2014–15, the allotment system distributed \$42 million in small county supplemental funds to 27 LEAs. The totals distributed to each LEA ranged from \$1.5 to \$1.8 million for the county LEAs that received this allotment.³⁵ Exhibit 14 shows intervals for the distribution of Small County Supplemental Funding.

³⁵ City LEAs and charter schools are not eligible to receive these funds, though a charter school located in a small county that receives these funds would receive a per-pupil portion of the funds the county LEA receives. Anson and Martin counties exceeded the 3,200 ADM limit in FY 14–15 but continued to receive funds due to a hold-harmless provision.

Exhibit 14

LEAs with Fewer Than
3,200 ADM Received
Between \$1.5 and \$1.8
Million in Small County
Supplemental Funding in
FY 2014–15

| ADM < | Amount Allotted to LEAs |
|-------|-------------------------|
| 600 | \$1,710,000 |
| 1,300 | \$1,820,000 |
| 1,700 | \$1,548,700 |
| 2,000 | \$1,600,000 |
| 2,300 | \$1,560,000 |
| 2,600 | \$1,470,000 |
| 2,800 | \$1,498,000 |
| 3,200 | \$1,548,000 |

Source: Program Evaluation Division based on Section 8.4 of the Fiscal Year 2014–15 Appropriations Act.

The amounts allotted for small counties are unsubstantiated by any formal cost analysis. The rationale for providing this supplemental funding is that there are economies of scale in providing education from which smaller districts cannot benefit, and thus these LEAs require additional funding to cover the cost of the relative inefficiencies resulting from administering smaller districts. The central reason smaller districts are less efficient is that they must operate with smaller class sizes in order to offer a sufficiently diverse curriculum. In addition, certain administrative overhead and facility operations costs represent a larger share of smaller district budgets. However, though there are relative inefficiencies resulting from operating smaller districts, the tier structure of the Small County allotment and the amounts allotted as seen in Exhibit 14 are not based on any empirical cost function analysis.

LEAs are also subsidized for diseconomies of scale through five additional allotments. The small county allotment is not the only way North Carolina provides funding to correct for diseconomies of scale in operating small school districts. Any time an allotment provides a base level of funding to each LEA regardless of size, the smallest LEAs are receiving a disproportionate benefit of those resources. Five initial allotments provide some such sort of base funding amount.

For example, the Central Office Administration allotment provides more funding per student to smaller districts, with more than \$800 per ADM going to Hyde and Tyrell Counties and as little as \$20 per ADM going to Wake County. The allotments for Career and Technical Education (CTE) positions and for at risk-students provide further examples of allotments that include a base level of funding and therefore disproportionately benefit small LEAs. As Exhibit 15 shows, the base can often account for a large proportion of these allotments and varies greatly depending on LEA size. Under the Career and Technical Education position allotment, each LEA receives a base of 50 months of employment, which is equivalent to five teachers. This base drives large variations in the funded per-ADM amount across counties, with Hyde County receiving as much as \$2,276 per grade 8-12 ADM—of which the base accounts for 68% of funding—to \$679 in Mecklenburg County, where the base only accounts for 1% of the total allotted.

Exhibit 15: Allotments with Base Funding Disproportionately Benefit Smaller Counties

| LEA Size | LEA Name | At Risk Student | | | Career and Technical Education | | |
|---------------|-------------|-----------------|--------------------|----------------------|--------------------------------|----------------------------|----------------------|
| | | Per Headcount | Base Per Headcount | % Base Per Headcount | Per ADM (Grades 8-12) | Base Per ADM (Grades 8-12) | % Base Per Headcount |
| Smallest LEAs | Hyde | \$1,395 | \$1,232 | 88% | \$2,276 | \$1,559 | 68% |
| | Tyrell | \$1,305 | \$1,305 | 100% | \$1,726 | \$1,182 | 68% |
| Largest LEAs | Wake | \$937 | \$12 | Less than 1% | \$695 | \$6 | 1% |
| | Mecklenburg | \$715 | \$8 | Less than 1% | \$679 | \$5 | 1% |

Source: Program Evaluation Division based on analysis of Fiscal Year 2014–15 allotment data for the At-Risk Student Services/Alternative Schools allotment and the Career Technical Education – State: Months of Employment Allotment. .

Much of the available literature suggests that very small districts have a high cost per student, but cost per student declines and flattens out as districts reach 2,000 students. Several cost function studies have examined the issue of economies of scale based on school district size. These studies are relatively consistent in finding that there are substantially higher per-pupil costs in operating a very small district (500 or fewer students). North Carolina does not have any districts with fewer than 500 students.³⁶ The cost savings from increases in district enrollment are exhausted once districts reach enrollment levels of approximately 2,000 to 6,000 students.^{37,38,39} Another method for assessing the effects of district size on cost involves using professional judgment studies, where panels of experts are asked to estimate the resources required to produce a given level of student performance. These professional judgment studies have produced per-pupil cost curves relative to district size that are similar to the cost function studies. Exhibit 16 illustrates a generalized depiction of the district per-pupil cost curve, which shows small districts having very high per-pupil costs that flatten out as district size reaches 2,000 to 6,000 students.

³⁶ Three districts—Hyde County (593 ADM), Tyrell County (593 ADM), and Weldon City (945 ADM)—had fewer than 1,000 ADM in Fiscal Year 2015–16.

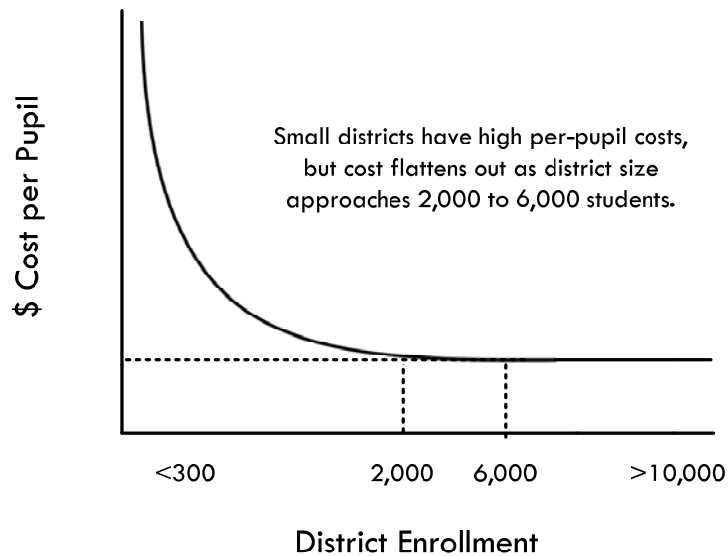
³⁷ Revisiting Economies of Size in American Education: Are We Any Closer to a Consensus? Andrews, Matthew; Duncombe, William; Yinger, John. *Economics of Education Review*, v21 n3 p245-62 Jun 2002.

³⁸ Examining Economies of Scale in School Consolidation: Assessment of Indiana School Districts. Author(s): Timothy Zimmer, Larry DeBoer and Marilyn Hirth. *Journal of Education Finance*, Vol. 35, No. 2 (FALL 2009), pp. 103-127.

³⁹ Estimating the Costs of Meeting Student Performance Outcomes Adopted by the Kansas State Board of Education: Report Prepared for the Kansas Legislative Division of Post Audit. William Duncombe John Yinger. Education Finance and Accountability Program Center for Policy Research. Syracuse University. December 2005.

Exhibit 16

Generalized Depiction of the Relationship Between Per-Pupil Operating Costs and District Size



Source: Adapted from Baker, B. D. (2005). The emerging shape of educational adequacy: From theoretical assumptions to empirical evidence. *Journal of Education Finance*, 30(3), 277–305.

Most states that provide a subsidy or adjustment for district size only do so for districts with fewer than 2,000 ADM. A total of 30 states make adjustments based on district size, school size, or sparsity of the student population.^{40,41} Of the states that make adjustments based on size of school district, most set the threshold below 2,000 students. Twenty states, including Tennessee and South Carolina, make no adjustment for small district size in their funding formulas.

In summary, the small county allotment, intended to adjust for inefficiencies that result from district size, is unsubstantiated by formal cost function analysis. Furthermore, five initial allotments provide base funding that subsidizes small counties, making it difficult to evaluate the appropriateness of a specific small county allotment. Lastly, though the State's threshold for small county funding is currently set at 3,200 ADM, much of the available literature reveals higher costs per student only for districts with fewer than 2,000 students, and many states use this ADM as the funding threshold.

Finding 5. The Low Wealth allotment formula relies on a factor that does not accurately assess a county's ability to generate local funding.

The purpose of the Low Wealth allotment is to provide supplemental funding to counties that do not have the ability to generate sufficient local revenue on their own to support public schools at the state average level. Low wealth funding is not intended to provide assistance to districts with large proportions of disadvantaged or low-income students or to correct for maldistribution in other state allotments. LEAs are eligible to receive low

⁴⁰ Verstegen, D. A. (2015). A 50 State Survey of School Finance Policies. Retrieved from <http://www.schoolfinances.info>.

⁴¹ Some states use sparsity alone or in combination with district size in order to try and direct additional funding to smaller districts that are sparsely populated and would face challenges in merging, as opposed to subsidizing small districts that could merge with a neighboring district.

wealth supplemental funding if they are located in counties in which the calculated county wealth is less than 100% of the state average wealth, based on a formula.⁴²

The Low Wealth allotment is among the most complex state allotments to calculate. Determining whether a county is eligible for low wealth funding and how much a county receives relies on a calculation of a county's wealth as a percentage of the state average. The weighted factors that determine county wealth as a percentage of the state average are as follows:

- **40%** is based on the anticipated total county revenue per ADM as a percentage of the state average;
- **10%** is based on the adjusted property tax base per square mile as a percentage of the state average; and
- **50%** is based on the county's average per capita income as a percentage of the state average.

If a county's wealth as a percentage of the state average is less than 100%, the county is eligible for low wealth supplemental funding, with lower percentages generating more funding per ADM through the Low Wealth allotment.⁴³

Using a county's adjusted property tax base per square mile in the Low Wealth allotment formula represents an inaccurate way to assess a county's ability to generate sufficient funding for public schools.

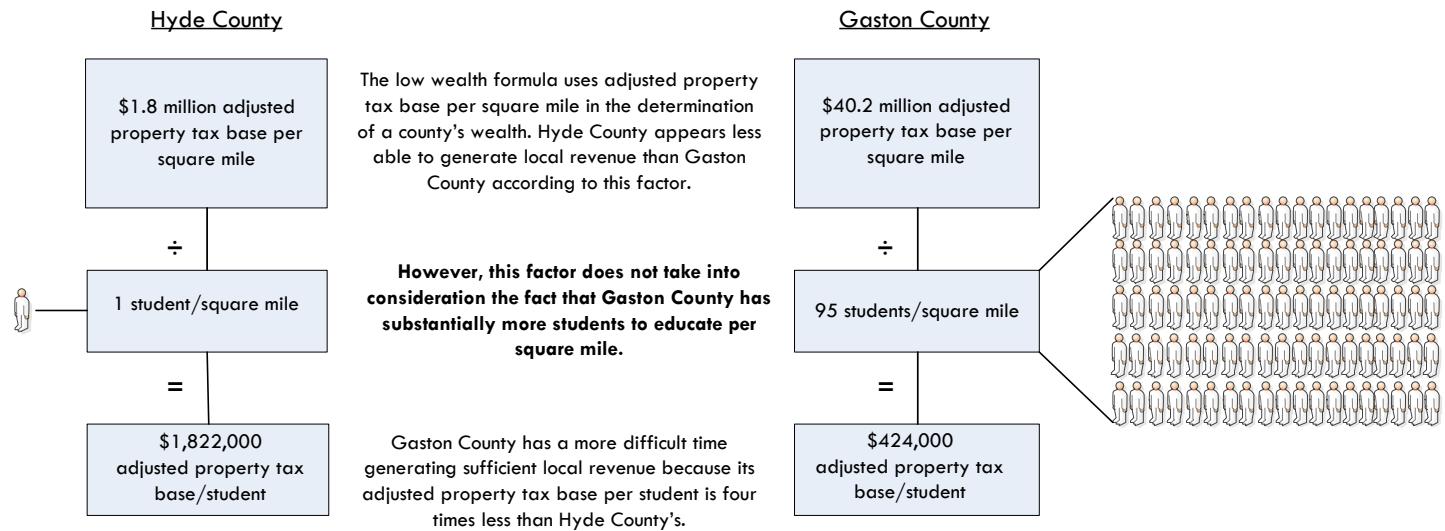
Adjusted property tax base per square mile (sometimes referred to as "density factor") is calculated by taking the county's adjusted property tax base and dividing it by the number of square miles in the county. This total is then divided by the state average to calculate a county's percentage of the state average tax base per square mile.

Adjusted property tax base per square mile is a flawed factor for apportioning low wealth funding because it fails to incorporate any measure of the student population per square mile that property values are supporting. The example in Exhibit 17 shows why North Carolina's use of adjusted property tax base per square mile is problematic. Depending on the number of students per square mile, a county with a high adjusted property tax base per square mile may actually have a difficult time generating sufficient funding for schools, whereas a county with a low adjusted property tax base per square mile may be able to generate sufficient revenue. The Program Evaluation Division could not identify any other state that uses adjusted property tax base per square mile in determining a district's local capacity to generate revenue.

⁴² Low wealth supplemental funding is calculated on the basis of county-level data. If a county qualifies for low wealth funding, city LEAs located in that county receive a portion of the funding based on the ratio of the city LEA's ADM to the total ADM of all students (county LEA, city LEAs, charter schools) in the county.

⁴³ County wealth as a percentage of the state average is used to determine the funding amount per ADM, but the funding amount may be reduced for eligible LEAs if the county's local effort in appropriating money for education is deemed insufficient by the formula. There are two ways to meet the local effort requirement, but if a county does not satisfy either requirement, the LEA would only receive a percentage of what the low wealth formula would otherwise provide. This percentage is calculated by dividing a county's actual appropriation per ADM by what the formula anticipates a county's appropriation should be per ADM based on its wealth.

Exhibit 17: Adjusted Property Tax Base per Square Mile Inaccurately Assesses a County's Ability to Generate Revenue for Education



Source: Program Evaluation Division based on Department of Public Instruction Low Wealth supplemental funding data for FY 14–15.

Hyde County appears to be one of the poorest counties in North Carolina according to this factor because it has one of the lowest adjusted property tax bases per square mile in the State—just 8.7% of the state average in Fiscal Year 2014–15. However, the Hyde County LEA contains slightly less than one student per square mile and so the county's low property tax base per square mile does not have to support many students. Conversely, Gaston County's adjusted property tax base per square mile is above the state average, but it has 95 students per square mile to educate. At first glance Hyde County may appear to have less ability to generate sufficient revenue due to its low property tax base per square mile. However, when Hyde County's low student population is also included in the equation, it becomes clear that Gaston County actually has far more difficulty generating sufficient revenue to support its student population.

Anticipated county revenue per ADM more accurately measures a county's ability to generate revenue for public schools than adjusted property tax base per square mile. Anticipated county revenue per ADM measures what a county could expect to generate from its adjusted property tax base along with what is actually generated from sales and use taxes and fines and forfeitures and then divides that total amount by the number of students in a district. As a result, anticipated county revenue per ADM avoids the problem of not incorporating student population into the equation. North Carolina already uses anticipated county revenue per ADM in its low wealth formula, but this measure currently only accounts for 40% of the calculation.

Removing adjusted property tax base per square mile from the formula and equally weighting the remaining two factors would more precisely assess a county's ability to generate local revenue. This adjustment would involve eliminating the use of adjusted property tax base per

square mile and increasing the weight of anticipated county revenue per ADM so that the weighted factors would be as follows:

- 50% based on the anticipated total county revenue per ADM as a percentage of the state average; and
- 50% based on the county's average per capita income as a percentage of the state average per capita income.

Although adjusted property tax base per square mile currently accounts for 10% of the weight in the existing formula, its inclusion can have a significant impact on whether counties receive Low Wealth allotment funding and how much they receive. The reason for this level of impact is that there is a high degree of variation in this factor in comparison with the other two factors. In Fiscal Year 2014–15, adjusted property tax base per square mile as a percentage of the state average ranged from as little as 6% of the state average to as high as 1,100%. For comparison purposes, per capita income only ranged from 69% of the state average to 136% of the state average.⁴⁴

Some counties do not receive Low Wealth allotment funding solely because of the adjusted property tax base per square mile factor. Likewise, at least one county has an anticipated revenue per ADM and per capita income that would make it ineligible for low wealth funding, but still receives funding due to a low adjusted property tax base per square mile. Exhibit 18 provides examples of how the variability in adjusted property tax base per square mile can impact whether a county receives Low Wealth allotment funding.

Exhibit 18: Adjusted Property Tax Base per Square Mile Has an Impact on Whether Some Counties Qualify for Low Wealth Supplemental Funding

Current Approach

| | Anticipated Revenue/ADM (40%) | | Adjusted Property Tax Base Per Square Mile (10%) | | Per Capita Income (50%) | | Calculated Wealth as a % of State Average |
|-----------------|-------------------------------|---|--|---|-------------------------|---|---|
| Cabarrus County | 84% x 0.4 | + | 258% x 0.1 | + | 100% x 0.5 | = | 109% (does not receive funding) |
| Craven County | 100% x 0.4 | | 66% x 0.1 | | 104% x 0.5 | | 99% (receives funding) |
| Iredell County | 101% x 0.4 | | 174% x 0.1 | | 92% x 0.5 | | 104% (does not receive funding) |
| Warren County | 139% x 0.4 | | 29% x 0.1 | | 69% x 0.5 | | 93% (receives funding) |

Change if Adjusted Property Tax Base per Square Mile Removed

| | Anticipated Revenue/ADM (50%) | | Per Capita Income (50%) | | Calculated Wealth as a Percentage of State Average | Impact of Removing Adjusted Property Tax Base Per Square Mile from Formula |
|-----------------|-------------------------------|---|-------------------------|---|--|--|
| Cabarrus County | 84% x 0.5 | + | 100% x 0.5 | = | 92% | Now receives funding |
| Craven County | 100% x 0.5 | | 104% x 0.5 | | 102% | No longer receives funding |
| Iredell County | 101% x 0.5 | | 92% x 0.5 | | 97% | Now receives funding |
| Warren County | 139% x 0.5 | | 69% x 0.5 | | 104% | No longer receives funding |

Note: Counties qualify for Low Wealth Supplemental Funding if their calculated wealth as a percentage of the state average is less than 100%.

Source: Program Evaluation Division based on Fiscal Year 2014–15 Department of Public Instruction Low Wealth Supplemental Funding data.

⁴⁴ The standard deviation of adjusted property tax base per square mile as a percentage of the state average is 157%, whereas the standard deviation of per capita income as a percentage of the state average is 14%.

Appendix C lists county wealth as a percentage of state average for all counties according to the existing formula as well as what the percentage would be if the adjusted property tax base per square mile factor was eliminated and the anticipated revenue and income factors were equally weighted.

In sum, the Low Wealth allotment is complex and includes an adjusted property tax base per square mile factor that lacks rationale related to an LEA's ability to generate local revenue for public schools. Removing this factor and equally weighting anticipated county revenue per ADM and per capita income in the Low Wealth formula would provide a more accurate assessment of an LEA's ability to generate local revenue for K-12 education.

Finding 6. The allotment for disadvantaged students provides disproportionate funding across LEAs.

The purpose of the Disadvantaged Student Supplemental Funding (DSSF) allotment is to address the capacity of LEAs to meet the needs of disadvantaged students. Funds in this allotment can be used for:

- instructional positions or instructional support positions,
- intensive in-school or after-school remediation,
- the purchase of diagnostic software and progress-monitoring tools, or
- providing funds for teacher bonuses and supplements (no more than 35% can be used for this last purpose).

In Fiscal Year 2014–15, LEAs were allotted a total of \$80 million through the DSSF allotment. Individual LEAs were allotted as much as \$6 million and as little as \$41,000.

In 2004, the Governor and the State Board of Education established DSSF as a pilot program. In total, they selected 16 school districts and provided them with \$22.4 million.⁴⁵ The original DSSF pilot lasted for two years, ending with the 2005–06 school year. When the General Assembly expanded the DSSF allotment to include all LEAs in 2006–07, the LEAs that did not participate in the original pilot were funded based on the disadvantaged student population in their district. This rate was much lower than the rate at which the pilot LEAs had been funded. With the exception of the 16 pilot LEAs, the DSSF allotment allocates funding based on the fundable disadvantaged population in an LEA (as determined by a State Board of Education formula) and is weighted based on wealth percentage as determined by the Low Wealth allotment.⁴⁶

The General Assembly has continued to hold harmless the 16 pilot districts. In this context, “hold harmless” refers to the policy of providing the 16 pilot LEAs with the same amount of funding they received in Fiscal Year 2006–07, even though those LEAs should now receive less funding according to

⁴⁵ The 16 school districts were Edgecombe, Franklin, Halifax, Hertford, Hoke, Hyde, Lexington City, Montgomery, Northampton, Pasquotank, Robeson, Thomasville City, Vance, Warren, Washington, and Weldon City.

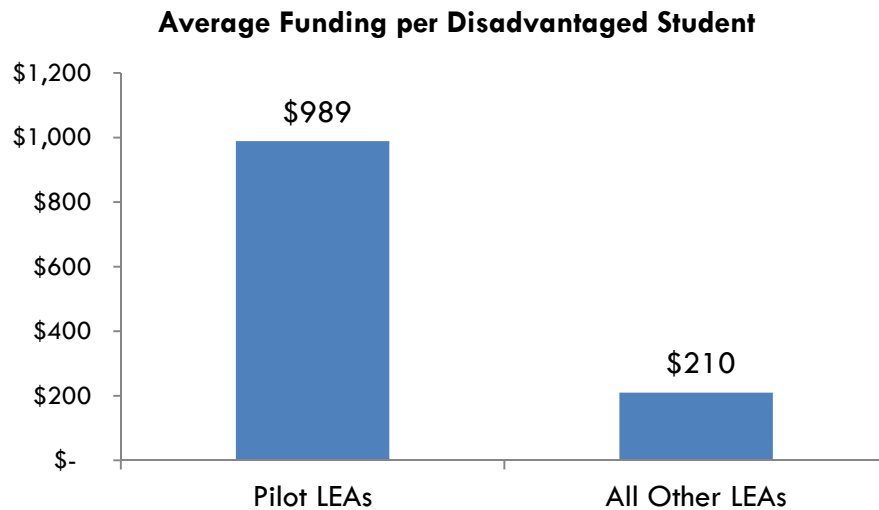
⁴⁶ The fundable disadvantaged student population is not a true headcount of disadvantaged students. Instead, it is calculated by multiplying an LEA's ADM by the statewide five-year average of students below grade level percentage minus an LEA's percentage of relative disadvantage from the state mean.

the Disadvantaged Student Supplemental Funding formula. In essence, although funding for other LEAs is subject to change over time, the pilot LEAs are held harmless against any fluctuations that would negatively impact their funding.

The 16 pilot LEAs continue to receive an average of nearly five times the funding per disadvantaged student that non-pilot LEAs receive.

Exhibit 19 shows the average amount allotted per fundable disadvantaged student for the 16 pilot LEAs as compared with all other LEAs in Fiscal Year 2014–15.

Exhibit 19: Disadvantaged Students in the Pilot LEAs Receive Nearly Five Times as Much Funding as Non-Pilot LEAs



Source: Program Evaluation Division based on Fiscal Year 2014–15 allotment data.

The 16 LEAs that receive disproportionate funding are not the LEAs with the 16 highest concentrations of disadvantaged students as defined by the formula. Several LEAs included in the pilot do rank in the top 16 of all LEAs in terms of concentration of disadvantaged students. However, LEAs such as Bertie and Tyrell Counties, which have the 5th and 6th highest concentrations, respectively, were not part of the initial pilot. Franklin County, on the other hand, was included in the pilot yet presently ranks 55th in disadvantaged student population concentration.

In sum, the hold-harmless policy in the DSSF formula results in similar populations of students in North Carolina receiving different levels of state resources. Eliminating the hold-harmless provision in the DSSF formula would improve the horizontal equity of North Carolina's allotment system. The Program Evaluation Division estimates eliminating the hold-harmless policy would free up \$18 million in DSSF resources that could be redistributed across all LEAs and charter schools. These adjustments could be accomplished in a fiscally neutral way that would produce a more precise allocation of funding that is better aligned with need and would treat similar populations of students throughout the state more equitably.

Finding 7. Funding for central office administration has been decoupled from changes in student membership, creating an imbalance in the distribution of funds.

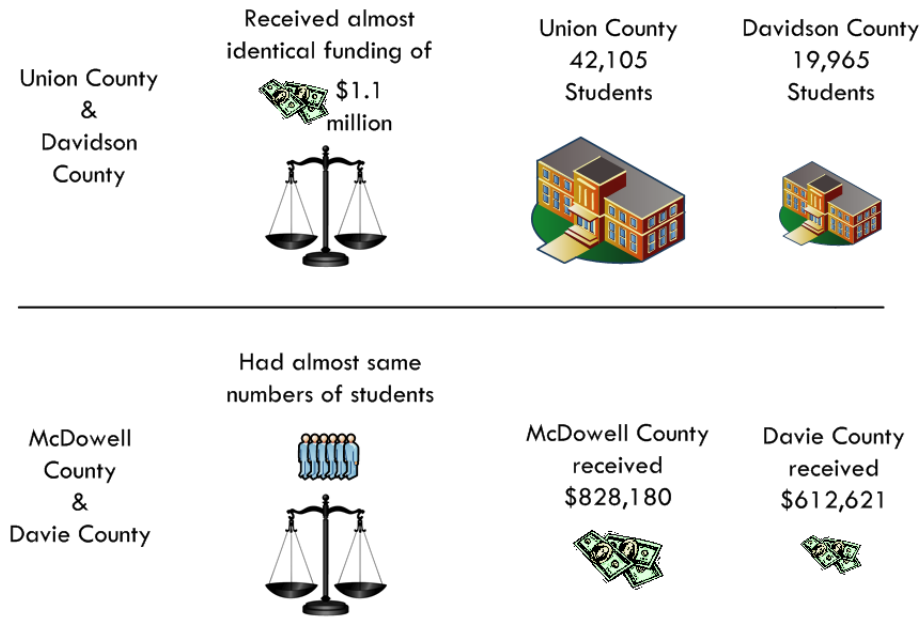
The Central Office Administration allotment is used to pay for personnel in an LEA's central office including superintendents, assistant superintendents, finance officers, athletic trainers, and other types of director, supervisor, or coordinator positions. This allotment has strict provisions that limit an LEA's ability to expend resources on personnel outside of those listed above or transfer funds from other allotments into the Central Office Administration allotment.

The allotment for central office administration is decoupled from its original formula driver—ADM. The Central Office Administration allotment is based on a formula that was in effect until Fiscal Year 2001–02 whereby LEAs each received a base amount plus a dollar amount per ADM. The General Assembly then passed legislation that froze the Central Office Administration allotment at the 2001–02 ADM level. Subsequently, the General Assembly has made adjustments based on the net effect of other legislative changes. As a result, allotment amounts are no longer calculated each year based on an LEA's particular ADM, but are instead increased or decreased based on the prior year's allotment. For example, the amount allotted to LEAs for Fiscal Year 2014–15 represented a 1.36% decrease from the Fiscal Year 2013–14 amount. The effect of basing the Central Office Administration allotment on Fiscal Year 2001–02 ADM levels is that, over time, central office funding becomes increasingly decoupled from the size of the district.

Decoupling the allotment from ADM favors districts that have declined in enrollment. Since the allotment formula was frozen, many LEAs have grown substantially but the majority have experienced declining enrollment. In total, 54 LEAs have experienced growth since the formula was frozen. Some of this growth has been significant, such as in Union County, which grew by 66% during the period. During the same time period, 61 LEAs saw an overall reduction in student membership. For example, Northampton County has declined by 42% since the decoupling of the formula.

As a result, LEAs with the same number of students may now receive very different amounts for their central offices. Exhibit 20 provides examples of the disparities in funding that can occur when central office funding does not reflect changes in ADM, which is the unit by which district size is measured. Union County and Davidson County both received \$1.1 million in Fiscal Year 2014–15 for central office administration despite the fact that Union's ADM was more than two times larger than Davidson's. As another example, McDowell County's allotted ADM in Fiscal Year 2014–15 was 6,403 students whereas Davie County had 6,411 students, yet Davie County received significantly less funding.

Exhibit 20: Disparities in Central Office Funding Exist Because the Allotment is No Longer Sensitive to Changes in District Size



Source: Program Evaluation Division based on Fiscal Year 2014–15 allotment amounts for central office administration.

By continuing to fund districts at ADM levels from Fiscal Year 2001–02, the current Central Office Administration allotment structure results in districts with declining enrollment receiving disproportionately more funding per ADM than LEAs with growing enrollment. This practice may insulate districts with declining enrollment from having to make difficult decisions regarding how they serve students and operate district offices. It may also allow these districts to avoid having to improve the efficiency of administrative operations because the funding they receive is not reflective of declining enrollment. The corollary is that growing districts are not receiving additional funding to operate district offices that are now serving larger student populations.

In sum, the allotment for central office administration is decoupled from changes to ADM. Allotment amounts are no longer calculated each year based on an LEA’s current ADM but are instead increased or decreased based on the prior year’s allotment amount. As a result, Central Office Administration allotment dollars are maldistributed among LEAs, with LEAs that have declined in size still receiving funds based on their former size and growing LEAs not receiving additional resources to operate larger central offices.

Section II: System-level issues

The previous section discussed deficiencies related to individual allotments. Section II discusses deficiencies pertaining to the allotment system as a whole. These deficiencies stem from overall system complexity and lapses in accountability for allotments targeted to at-risk student populations. These findings also identify weaknesses with the resource allocation model and explore alternative models for distributing resources for public education.

Finding 8. North Carolina’s allotment system is opaque, overly complex, and difficult to comprehend, resulting in limited transparency.

The allotment system, with 37 distinct allotments, is overly complex. Many of the allotments contain formulas that require multiple steps to calculate. In addition to the formulas, certain allotments also contain specific rules or conditions, hold-harmless provisions, and exceptions. A characteristic that complex systems share is that they typically contain numerous complicated elements that interact with one another; North Carolina’s allotment system demonstrates this characteristic. For example, the Low Wealth formula, which itself is an extremely complex, multi-step formula, is used as a factor in determining funding in the Disadvantaged Student Supplemental Funding (DSSF) formula. In this case, the complexity of the Low Wealth formula is compounded through its incorporation as a factor in the DSSF formula.

LEA staff are responsible for navigating the complexity of the allotment system, which requires substantial time to learn. LEA business officers are responsible not only for understanding the complexity of the allotment system and its formulas but also determining how to optimize the use of resources distributed through the allotments. Complexity must be managed by the LEA business officer or charter school operations staff; learning to do so takes time. Exhibit 21 presents LEA survey responses to the question of how long it takes a school business officer to fully understand how the allotment system works and to learn how to maximize allotment dollars. Fewer than 1% of respondents stated that it took less than a year to fully learn the allotment system.

Exhibit 21

Most LEAs Estimate It Takes Two or More Years for a Business Officer to Learn the Allotment System

| Estimated length of time to fully understand how the allotment system works and to learn how to maximize allotment dollars? (N=107) | |
|--|-----------------------------|
| Response | Percent LEA Response |
| Can be learned immediately | 0% |
| Less than a year | <1% |
| 1-2 years | 21% |
| 2-3 years | 31% |
| 3-4 years | 23% |
| 4+ years | 23% |

Source: Program Evaluation Division based on survey of LEAs.

Navigating the complexity of the allotment system is further challenged by school business officer turnover rates across LEAs—23% of LEAs have a business officer with less than 4 years of experience.

Learning to manage the complexity of the allotment system requires training and sometimes the support of consultants. To assist LEAs, both

DPI and the North Carolina Association of School Business Officers (NCASBO) provide training and guidance on using the allotment system. The goal of NCASBO is to teach LEAs how to receive the maximum benefit from state and local funds while preserving scarce local resources. LEA administrators also sometimes rely on consultants to help them navigate the allotment system and optimize the use of allotments. A survey of LEAs shows that within the last five years, 32% contracted with a consultant to assist with training, advising, or support for their finance operations, including use of the allotment system. The Program Evaluation Division estimates LEAs collectively spent \$1.5 million in consultant fees over the last five years to assist with finance operations. The need for consultants to advise on the use of the allotment system is further evidence of its complexity.

An LEA's ability to navigate the allotment system can determine how much the LEA receives in state resources. At first glance, the allotment system may seem straightforward in terms of the amount of resources each LEA receives through each allotment. However, LEAs actually play a large part in determining how much they receive in state resources through the allotment system based on how they use their position allotments, dollar allotments, and transfers.

For instance, LEAs can maximize the use of position allotments, such as the Classroom Teacher allotment, by paying the highest eligible salaries from position allotments rather than by using dollar allotments or local funds to pay those salaries. The State will pay the state salary amount for personnel paid out of position allotments regardless of whether the individual's salary is at the top or bottom of the salary schedule. Thus, many LEAs work to ensure that position allotments are used to pay the highest salaries. This strategy is simple in concept but requires LEAs to transfer funds among various allotments in order to fully execute.

As an example of the strategy in practice, LEAs can use the Classroom Teacher allotment to pay Limited English Proficiency (LEP) teachers, many of whom receive relatively high salaries. The State allots dollars for limited English proficiency teachers through the LEP allotment, but because of their higher salaries it is more advantageous to pay those teachers using the Classroom Teacher allotment, which is a position allotment. Because the LEP allotment is thus not being used to pay LEP teachers, LEAs can transfer dollars out of the LEP allotment so that these funds no longer have to be expended on an LEP purpose. Once transferred out of the LEP allotment, an LEA can then pay lower-earning classroom teachers with dollars rather than by using a position from the Classroom Teacher allotment.

This strategic use of position allotments, dollar allotments, and transfers among PRCs allows LEAs to maximize the use of position allotments and ultimately employ more teachers than would otherwise be possible. In other words, LEAs that best know how to use the allotment system are better equipped to reap benefits from its complexity and structure. As an example, one LEA business officer informed the Program Evaluation Division that by changing how the LEA used the allotment system, it was able to pay for 20 additional teachers with state funds in Fiscal Year 2014–15 as compared to the previous year.

Another way LEAs can maximize the allotment system is through the use of so-called “guaranteed allotments.” The Department of Public Instruction (DPI) does not actually allot dollars into guaranteed allotments but instead covers certain employee-related expenditures such as annual leave payouts, longevity pay, and short-term disability for employees paid with state dollars. As another example of using the allotment system to maximize state resources, LEAs that ensure all employees earning longevity pay are paid through state allotments, rather than with local or federal dollars, essentially receive additional state resources because the State is also covering those employees’ longevity costs. Skilled business officers try to ensure as many LEA personnel are paid through state funds as possible, even if it means paying personnel expenses out of non-personnel allotments such as Classroom Materials and instead purchasing classroom materials with local funds. PRC 009, which covers much of the guaranteed allotments, cost the State \$141 million in Fiscal Year 2014–15.

Failure to navigate the allotment system’s complexity can cost millions in unrealized state resources. Just as LEAs can receive additional state resources through the strategic use of the allotment system, LEAs that fail to understand its complexities can make costly mistakes that actually reduce state resources received through the system. The skill with which an LEA utilizes the allotment system partly determines how much it receives in state resources, which may explain why some LEAs decide to contract with consultants to provide assistance.

One example of how an LEA can fail to maximize state resources is through the conversion of classroom teaching positions to dollars. A feature of the transfer system allows LEAs to convert positions into dollars and transfer those dollars out of the Classroom Teacher allotment to use elsewhere.⁴⁷ However, classroom teacher positions, plus benefits, only get converted to dollars at the lowest step on the teacher salary schedule.⁴⁸ As a result, when LEAs convert classroom teacher positions to dollars, they typically lose state resources because the dollars received for the positions are often going to be less than the cost of the teachers who would have been paid out of the position allotment.

The Program Evaluation Division identified six LEAs in Fiscal Year 2014–15 that chose to convert classroom teaching positions into dollars. In total, these LEAs converted 184 positions into \$8.5 million. One LEA’s conversion of positions into dollars accounted for 72% of this total. The Program Evaluation Division estimates that this LEA cost itself \$2.4 million in salaries and benefits by converting classroom teacher positions to dollars.

The complexity of North Carolina’s allotment system results in limited transparency. One way to view the transparency of the allotment system is to look at its accessibility. A transparent system should be readily understandable to policymakers and citizens interested in comprehending education funding. LEAs and school administrators should be able to fully understand how funding works and the funding factors associated with

⁴⁷ Converting positions for the purpose of hiring the same type of position is not permissible.

⁴⁸ Classroom teacher positions—plus benefits—are converted at the first step on the “A” State Salary Schedule. One exception is that positions converted to dollars to cover costs associated with bringing an International Faculty Exchange (IFE) teacher to an LEA are, upon approval, converted at the classroom teacher statewide average state salary, including benefits, rather than the first step of the salary schedule.

different LEA and student characteristics. It is important to note that DPI does publish much of its allotment information online. The limited accessibility of the system stems from its complexity, not because the data itself is inaccessible.

There is evidence suggesting that the allotment system is not widely understood among LEA staff. Several LEA business officers interviewed by the Program Evaluation Division stated that few individuals within their respective LEAs had a thorough understanding of the system. The Program Evaluation Division also found that some LEA business officers themselves have gaps in their understanding of the system. For example, several school business officers stated that they did not understand the Low Wealth formula or could not explain what factors caused their respective LEAs to receive or not receive the funding awarded under the formula. As the group of LEA staff that works most closely with the allotment system, business officers would be expected to have the most thorough understanding of anyone within an LEA.

The cryptic nature and complexity of the allotment system makes it largely incomprehensible to the average citizen and even challenging for those who study or work in education finance. Several LEA business officers stated that the allotment system is difficult to explain to others, including the general public, other staff within the school district, and county officials who oversee or appropriate local funding. In its 2010 review of the allotment system, Augenblick, Palaich and Associates, Inc. interviewed several individuals with education policy and finance expertise who discussed certain allotments as being overly complex; the report further found that the experts interviewed did not understand all aspects of how the allotments worked.

The allotment system is opaque as a result of interrelating factors that make it challenging to discern why any given LEA receives a particular amount of funding. When all allotments are taken together, there is variation in per pupil funding among LEAs. Isolating what causes or contributes to that variation requires a review of each allotment amount and formula. It also requires an understanding of the system itself, including how position and dollar allotments function, the timing of allotments and revisions, and how the transfer system works. Even isolating how much a given factor contributes to an LEA's allotment can be challenging. For example, as discussed in Finding 4, there are several allotments that are structured to benefit small LEAs. Gaining an overall understanding of how much a given LEA is receiving based on small size, however, would be quite difficult because there are several allotments that adjust for small size in addition to the Small County allotment, which explicitly provides additional funding for small county LEAs.

In sum, the allotment system is opaque and overly complex. LEA business officers have to learn to navigate the complexities of the allotment system, which requires time and training. As a result, some LEAs are better able to maximize state resources through the system than others. Complexity limits transparency by creating challenges in understanding how the system functions, why a given LEA receives more or less than another, and how allotments, revisions, and transfers collectively interact.

Finding 9. Problems with complexity and transparency are exacerbated by a patchwork of laws and documented policies and procedures that seek to explain the system.

As discussed in the previous finding, the complex and opaque nature of the allotment system leads to transparency issues. This problem is exacerbated by a lack of clear information available to explain the system to stakeholders including local education agencies (LEAs), charter schools, policymakers, and ultimately the public at large.

Because the allotment system is not codified in statute, its framework is based on piecemeal changes made through budgetary provisions, session laws, and agency policy. Chapter 115C of the General Statutes establishes the laws that govern elementary and secondary education. Although the term “allotment” appears several times throughout the chapter, there is no one article that fully articulates the purpose, definition, and structure of allotments, nor are allotment categories specified. Historically, common practice has been to make adjustments to individual allotments through budgetary provisions. As a result, there is no concatenation of statutes that governs the State’s allotment system. LEAs, charter schools, policymakers, and ultimately the public at large must rely on agency policy documents to understand the system.

The Department of Public Instruction does not produce a comprehensive document outlining all allotment policies and procedures. With roughly \$10 billion in state and federal funds allotted annually, it is essential to have a single, publicly-available source of information that comprehensively and clearly articulates the policies and procedures regarding how, why, and when LEAs receive funds. Such a document does not exist. The document that DPI produces that most closely resembles a comprehensive policies and procedures document is the Allotment Policy Manual. Although this document contains a wealth of valuable information for LEAs and other stakeholders, it also has several gaps and shortcomings.

The Allotment Policy Manual is only available retrospectively. Although DPI produces an allotment policy manual annually, each school year’s manual is not available during the school year for which it applies. During much of the 2015–16 school year, the most current document available was the 2013–14 Allotment Policy Manual. Having an up-to-date manual is particularly important because allotment policies can change from year to year. For example, the General Assembly changed state law in 2015 to no longer permit LEAs to transfer funds out of the Teacher Assistant allotment. However, the most recently published Allotment Policy Manual, which covers 2014–15, claims that funds can be transferred in and out of this allotment. In a survey of LEAs conducted by the Program Evaluation Division, 41% of respondents reported being dissatisfied or extremely dissatisfied with the out-of-date nature of the policy manual.

The Allotment Policy Manual does not comprehensively cover all allotments. The Allotment Policy Manual does not contain all of the program report codes (PRCs) that are part of the allotment system. PRCs associated with all of the initial allotments are included in the manual, but the Program Evaluation Division identified five other PRCs that were not included in the manual. These PRCs tend to be associated with guaranteed

allotments, whereby DPI pays expenses to LEAs for items such as health insurance payments for personnel subject to a reduction in force, leave expenses for teachers registered for National Board of Professional Teaching Standards certification, or student testing fees for International Baccalaureate courses. One risk of these PRCs not being included in the policy manual is that LEAs may not utilize state resources to which they are entitled. Another risk is that LEAs may improperly utilize these PRCs because there is not a clear policy. For example, PRC 018 is supposed to provide funding for health insurance premiums for state-funded personnel who were subject to a reduction in force. However, the Program Evaluation Division identified \$53,586 in state funds in Fiscal Year 2014–15 that were paid through this allotment for other state salary and benefit-related expenses, such as annual leave and bonus leave pay.

The Allotment Policy Manual lacks procedural details. Procedures describe a process: who does what, when they do it, and under what criteria. Procedures may be text-based or outlined in a process map, but ultimately they represent how to implement a policy. Presently, there is no procedure manual for the allotment system. The policy manual contains some procedural content but is not complete. Unfortunately, not all of this information is clear, meaning it would be difficult and in some cases impossible to take the policy manual and produce a quantifiable formula for a given PRC in a given LEA. DPI has a separate Excel spreadsheet that contains procedures used internally to calculate allotment amounts. However, these procedures are also incomplete in some instances.

The absence of procedural detail creates further challenges related to the fluid nature of the allotment process. The allotment process transpires throughout the year. DPI makes revisions to adjust for changes in average daily membership (ADM), distribute charter school installments, and distribute additional state and federal funds to LEAs for non-initial allotments as funds become available. After distributing initial allotments, DPI made 50 revisions during Fiscal Year 2014–15 totaling over \$1.6 billion in net changes and taking place as frequently as 6 times per month.

In accordance with state law, DPI also uses revisions to process transfers made by LEAs from one PRC to another. DPI does maintain a revision calendar that details when revisions are intended to occur but it underestimates the number and frequency of these revisions. Charter school financial officers reported receiving unexpected revisions with somewhat vague explanations. For these charter school administrators, the “when” and “what” of the revision process is poorly specified. Unexpected revisions are positive when the net outcome is a credit to charter schools. However, a revision that reduces funding creates challenges.

Knowledge of allotment system policies and procedures within DPI is limited to a handful of staff. The complexity of the system and the lack of comprehensive policies and procedures could contribute to vulnerabilities in consistency and continuity. At the time of this evaluation, DPI officials reported challenges in filling vacancies in the allotment section with qualified applicants, further concentrating the administrative knowledge of a system used to allot billions of dollars in state funds.

LEAs report experiencing challenges in validating allotment amounts.

Perhaps the most arduous aspect of relying on outdated and incomplete documentation is the fact that LEA business officers have no way of reconciling the amount they receive from DPI with their own calculations to ensure allotment amounts are correct. Only 5% of LEAs reported being able to validate all of their PRC-allotted dollars and positions, and detailed responses from this 5% revealed their efforts only yield ranges and estimates, not a full authentication. Therefore, no LEAs are able to entirely validate allotted amounts. Instead, as the other 95% of LEAs reported, districts must trust DPI calculations or contact DPI for further information. DPI has an allotment workbook that contains most (but not all) formulas for PRC calculations. However, this workbook is not publicly available or distributed to LEAs.

This setup is problematic from an accountability and transparency standpoint. Without the ability to validate the amounts specifically allotted in PRCs, LEAs must trust that the amounts they receive are correct or will be corrected. When errors occur in allotments, they are corrected in revisions by DPI. For example, in 2014–15, two counties received less than \$5per pupil transported through its Transportation allotment. This error was later corrected in a revision. Although it is likely an LEA financial officer identified this error on sight due to its obvious nature, errors may not always be so apparent.

Although DPI expenditures are audited by the Office of the State Auditor, the allotment system itself is not. The Office of State Budget and Management oversees the overall transfer of money to LEAs but detailed audits of the specific amounts allotted to LEAs do not take place at present. Absent detailed policies and procedures, LEAs cannot verify their allotment amounts are correct.

In sum, the allotment system is not codified in statute and as a result the system's framework is rooted in piecemeal changes made through budgetary provisions, session laws, and agency policy. This systematic complexity and opacity is magnified by the existence of a patchwork of administrative documentation that fails to adequately articulate timely and relevant policies and procedures of the allotment system.

Finding 10. Allotment transfers—a system feature intended to promote LEA flexibility—hinder accountability for resources targeted at disadvantaged, at-risk, and limited English proficiency students. A common criticism of resource allocation models such as the allotment system used in North Carolina is their lack of adaptability with respect to how resources are allocated and expended. The perception is that adaptability is stymied because resources allocated by component or category must be or should be expended on related items. To counteract this concern, North Carolina has built flexibility into its allotment system through fund transfers.

Transfers among program report codes (PRCs) provide flexibility to LEAs by ensuring resources can be redirected and expended as needed.

As previously discussed, allotted resources are distributed using individual PRCs. Each allotment has an associated PRC. With a few exceptions, LEAs are permitted, on approval by the State Board of Education, to transfer

funds among allotment PRCs. This flexibility is important in promoting local control because it

- allows LEAs to expend resources as deemed necessary;
- ensures LEAs have the ability to align spending with local priorities;
- allows LEAs to be more agile and better able to respond to unforeseen needs or new opportunities; and
- improves outcomes by instilling greater ownership in allocation and expenditure decision-making.

The importance of LEA flexibility is recognized and codified in statute under efforts to improve school-based management.⁴⁹ Flexibility is also encouraged by the limited nature of expenditure restrictions within PRCs.

Transfers among PRCs are commonplace and are a means to deal with the lack of adaptability in the State's allotment system. All but one LEA conducted allotment transfers in Fiscal Year 2014–15. In total, 968 transfers were conducted equaling more than \$203 million.

Analysis of data showed more than 150 transfers out of the Disadvantaged Student Supplemental Funding, At-Risk Student Services, or Limited English Proficiency (LEP) allotments. The Program Evaluation Division recognizes the need for flexibility in the allotment system, yet these transfers raise concerns because these student populations are at risk of not completing school. In addition, the General Assembly and/or the State Board of Education have placed restrictions on how some of these funds can be spent. The ability to transfer funds to other PRCs negates the restrictions that dictate how these resources should be spent.

Significant resources are dedicated to disadvantaged, at risk, and LEP students because these students are most likely not to complete school, thereby hindering future achievement. Funding for disadvantaged, at-risk, and LEP students has been the focus of considerable attention because these students pose the greatest risk of not completing school. Students who fail to complete school or who drop out have bleak economic and social prospects. Compared to high school graduates, dropouts are less likely find a job and earn a living wage. High school dropouts are more likely to be poor and to suffer from a variety of adverse health outcomes. Moreover, students who drop out are more likely to rely on public assistance programs, engage in crime, and generate other social costs borne by taxpayers.⁵⁰

North Carolina provides supplemental funding for at-risk, disadvantaged, and LEP populations through three different allotments. DPI distributed nearly \$435 million across these allotments in Fiscal Year 2014–15. The spending provisions for each of the allotments are contained in policy and are related to instruction-based expenditures. These provisions are in place to ensure resources targeted at these students are being used to serve these students. Given the considerable funding provided for at-risk, disadvantaged, and LEP populations and the risks these students face of

⁴⁹ N.C. Gen. Stat. § 115C-105.25.

⁵⁰ Belfield, C. & Levin, H. M. Eds. (2007). *The price we pay: Economic and social consequences of inadequate education*. Washington, D.C.: Brookings Institution Press.

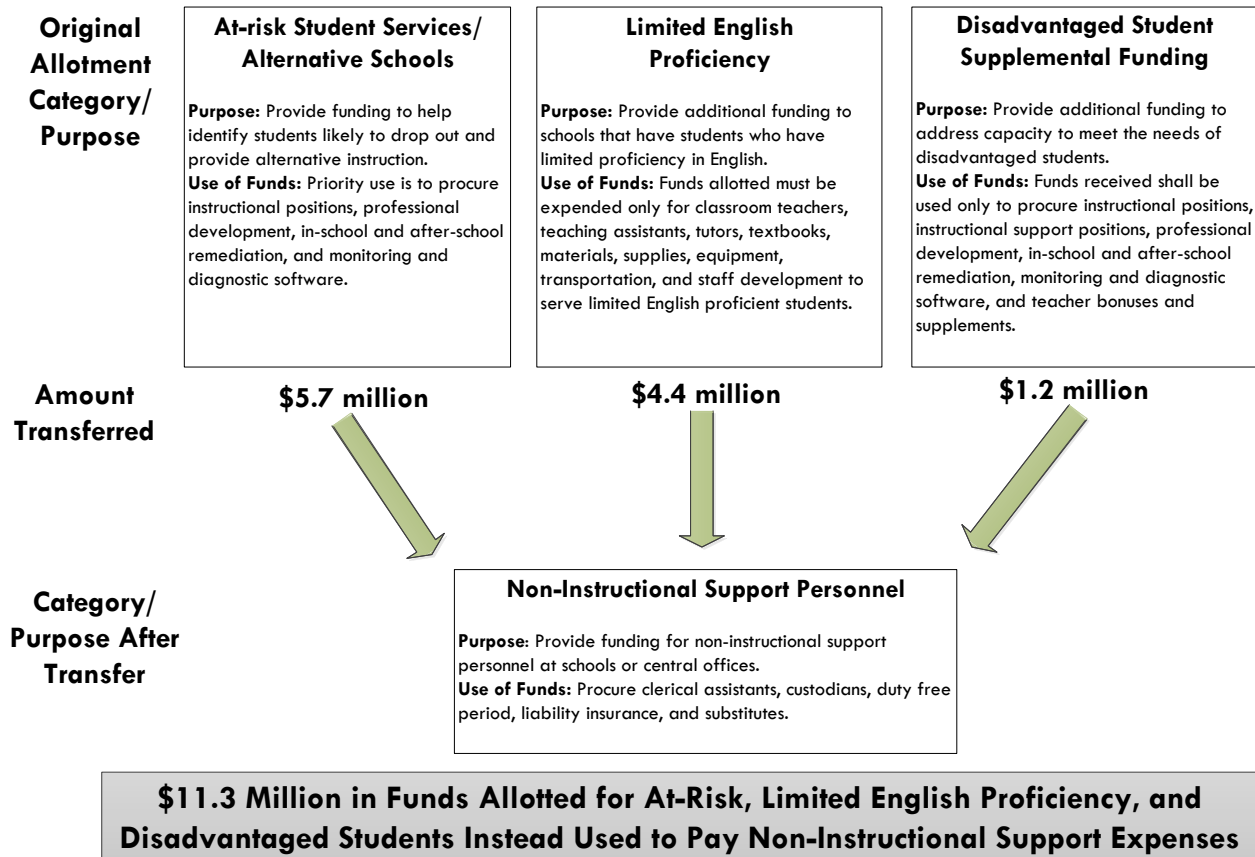
achieving poor outcomes, the State has reason to expect heightened accountability of funds directed at these populations.

Allotment transfers hinder accountability for resources targeted at disadvantaged, at-risk, and LEP students and have resulted in expenditures that are misaligned with the original intent of funds. When an agency is given the responsibility to hold, use, or allocate resources, it must be held fully accountable for what is done with those resources. Accountability for the use of funds ensures resources for at-risk, disadvantaged, and LEP students are being targeted at these populations and expended according to use provisions established in policy. However, state law permits LEAs to transfer funds from each of these allotments into other PRCs.⁵¹ Once funds are transferred, they are no longer subject to the policies and use provisions established when allotted. As a result, the original intent of the funds is lost, compromising accountability for the transferred resources. In total, more than \$45.1 million was transferred out of allotments for at-risk, disadvantaged, and LEP students in Fiscal Year 2014–15.

Funds from these allotments are transferred into a variety of other allotments. The most common destinations for these funds in Fiscal Year 2014–15 were the Low Wealth and Non-Instructional Support Personnel allotments. Transfers into the Low Wealth allotment can be advantageous for LEAs because resources expended from this allotment face few restrictions regarding how funds can be spent. Of the two allotments, LEA transfers made into the Non-Instructional Support Personnel allotment raise the greatest concern. Exhibit 22 illustrates why such transfers are problematic.

⁵¹ N.C. Gen. Stat. § 115C-105.25.

Exhibit 22: LEAs Transferred More Than \$11 Million Away From At-Risk, Disadvantaged, and Limited English Proficiency Students Into an Allotment with an Unrelated Purpose



Source: Program Evaluation Division based on a review of the 2014–15 Allotment Policy Manual and analysis of allotment transfers from Fiscal Year 2014–15.

In total, LEAs transferred \$11.3 million away from at-risk, disadvantaged, and LEP students into the allotment for non-instructional support in Fiscal Year 2014–15. This amount represents 25% of all funds transferred from these three allotments. Exhibit 22 also shows how the restrictions placed on the use of funds for these students are not aligned with the purpose and use of resources for non-instructional support. Funds for at-risk, disadvantaged, and LEP students are intended to be spent on programs to help these students bridge achievement gaps and reduce the number of dropouts. As a result of these transfers, funds are being used by LEAs to procure personnel whose duties may only be peripherally related, if at all, to achieving the original intent of these funds. This finding demonstrates how a feature of the allotment system intended to promote flexibility hinders accountability and permits LEAs to redistribute resources into allotments that are not aligned with the initial intent of the resource allocation. These transfers raise particular concern when resources are designated to serve special populations of students but are instead transferred by LEAs to other PRCs and not used according to their original purpose or restrictions.

In sum, allotting resources through a resource allocation model is commonly criticized for its lack of adaptability in terms of how resources are allocated and expended. Transfers are an allotment system feature that

circumvents the lack of adaptability. However, in some instances transfers can result in redistributing resources in a way that supports expenses that are unrelated to the initial intent of an allotment and contrary to the restrictions in session law or policy that specify how certain funds should be used.

Finding 11. Translating the allotment system for funding LEAs into a method for providing per-pupil funding to charter schools creates several challenges.

Charter schools are public schools operated by a group of parents, teachers, and/or community members as a semi-autonomous school of choice. Charter schools exist within a school district, operating under a "charter" granted by the State Board of Education.⁵² With few exceptions, charter schools are exempt from the statutes and rules that apply to LEAs. Any student qualified to attend classes in the traditional K-12 school system is eligible to attend a charter school.

In Fiscal Year 2014–15, there were 149 charter schools operating with state funding. They received \$369 million in state funds and \$19.7 million in federal funds to serve nearly 68,000 students across 60 LEAs.⁵³ Charlotte-Mecklenburg County hosts the largest number of charter schools (23) within its LEA.

The resource allocation model that North Carolina uses to distribute funds to districts is not designed or calculated on a per-pupil basis, which complicates the requirement to distribute charter school resources on a per-pupil basis. State law requires the State Board of Education to allocate funds to charter schools that are equal to the average per-pupil allocation for ADM of the LEA in which the charter school is located. Translating funding is challenging because North Carolina uses a resource allocation model to distribute funds to LEAs, which is not a per-pupil allocation model. Instead, a resource allocation model uses allotments or categories of funding based on components necessary for an LEA to deliver K-12 education. DPI uses ADM or student ratios to calculate some allotments, but not all allotments are calculated in this manner.

Therefore, in order to merge the two approaches to school funding, DPI must convert certain allotments to LEAs into per-pupil amounts for charter schools. The per-pupil amounts that DPI distributes to charter schools include funds for the following areas:⁵⁴

- Classroom Teachers,
- Instructional Support,
- School Building Administration,
- Career Technical Education,
- Teacher Assistants,
- Central Office Administration,

⁵² North Carolina charter schools were established through the Charter Schools Act of 1996.

⁵³ Charter schools operate in 53 of the 100 county LEAs and 7 of the 15 city LEAs.

⁵⁴ In some instances charter schools will receive additional funding through other allotments such as the Indian gaming or summer reading allotments.

- Non-Instructional Support Personnel,
- Classroom Materials/Instructional Supplies/Equipment,
- Textbooks,
- Academically & Intellectually Gifted,
- At Risk Student Services/Alternative Schools,
- Disadvantaged Student Supplemental Funding,
- Low Wealth Supplemental Funding,
- Small County Supplemental Funding, and
- Transportation.

Additional amounts for children with disabilities and children with limited English proficiency are included but are based on headcount and the LEA's per-pupil allotment amount for these students.

LEAs receive the majority of their resources through position allotments (59%) with the remainder allotted as dollars (41%). Conversely, charter schools receive all of their funding as dollars. Receiving all funds as dollars removes some allotment-specific issues related to how funds are spent, allowing charter schools to spend resources flexibly while focusing on productivity and outcomes.

Several allotments translate poorly because they are not reflective of charter school operations or populations. State law is permissive regarding a charter school's responsibility to provide transportation to students enrolled at the school, meaning charters are not obligated to provide transportation for students. A Program Evaluation Division survey shows an estimated 49% of charter schools do not provide transportation for their students.⁵⁵ However, all charter schools receive a per-pupil portion of funding from the Transportation allotment. As a result, almost half of charter schools are receiving funding intended to support a service they do not provide.

The Small County Supplemental Funding allotment, designed to address challenges associated with economies of scale, may or may not apply to charters, and the way it is calculated for charters does not reflect actual need. The amount of per-pupil funding that a charter school receives sometimes includes a portion of small county funding that the State provides to certain county LEAs. Small county funding is intended to provide supplemental funds to county LEAs with fewer than 3,200 students. In Fiscal Year 2014–15, 27 of the 115 LEAs received resources through the Small County Supplemental Funding allotment. Two charter schools operate within one of the LEAs that received this funding, and therefore, the charter schools also received Small County Supplemental Funding as part of their per-pupil amount.

The Program Evaluation Division estimates that the amount of small county funds that the two charter schools received totaled \$1.5 million. It is possible those two charter schools suffer diseconomies of scale of the sort that the Small County funding allotment is intended to alleviate. However,

⁵⁵ The Program Evaluation Division distributed a survey to all 148 charter schools and received responses from 97, a 66% response rate. The response rate was taken into consideration when calculating the estimated percentage of charters that do not provide transportation.

their potential diseconomies of scale would be related to charter school size as opposed to LEA size, which is the basis for Small County Supplemental Funding. If those charter schools do suffer diseconomies of scale, other charter schools of the same size that operate within larger counties would likely face similar challenges.

Applying the funding cap on the Children with Disabilities allotment to charter school populations can compound the imbalance that the cap creates. The policy regarding the allotment for children with disabilities states that LEAs will receive \$3,927 per identified child. However, funding for children with disabilities is capped at 12.5% of the allotted ADM per LEA. Therefore, if a district's number of students with disabilities exceeds 12.5% of its funded ADM, it will receive less per student with disability. As discussed in Finding 2, in Fiscal Year 2014–15 the percentage of children with disabilities in 62 city or county LEAs exceeded the 12.5% funding cap. These LEAs had to divide their total Children with Disabilities funding among more students, resulting in an amount available per child that was less than \$3,927.

The imbalance that results from this allotment cap is passed on to charter schools because charter schools receive a Children with Disabilities amount that is based on the children with disabilities population of the LEA in which the charter school is housed or from which it serves students. The Program Evaluation Division found 32 instances of charter schools receiving a reduced allotment per child despite the charter school's ratio of children with disabilities to allotted ADM not exceeding 12.5%. Conversely, there were 25 instances in which a charter school's ratio of children with disabilities to allotted ADM exceeded 12.5% yet the charter still received the full allotted amount per child because the LEA in which it operates received the full amount per child with disability. The purpose of highlighting allotment-based misalignment is not to question the amounts that charter schools receive but to demonstrate the challenges and unintended consequences of translating a resource allocation model into per-pupil funding.

Funded ADM differs between LEAs and charter schools, creating further challenges for charter schools. Average daily membership (ADM) is the sum of the number of days in membership of all students at a given school or LEA divided by the number of days in that time period. ADM differs from attendance because it is not a count of students present or absent but instead includes all students considered to be in membership. A student can fall out of membership after 10 consecutive unlawful absences though the student would still be enrolled in the school. ADM is calculated in the same way at both charter schools and schools that are part of LEAs. However, different methodologies dictate how ADM is actually funded at charter schools and at LEAs.

Determining funded ADM for charters involves taking the lowest of two numbers—projected ADM submitted by charter schools and finalized in

June or the ADM for the first 20 days of school.⁵⁶ Conversely, determining funded ADM for LEAs consists of selecting the highest of three numbers managed by DPI: a DPI-calculated statistical projection of ADM for the upcoming school year, actual first month’s ADM from the previous year, and actual second month’s ADM from the previous year.

The LEA process for ADM determination is different from charter schools in terms of the actors involved in the calculations, the factors considered, and the criteria for selection. Exhibit 23 depicts these distinctions.

Exhibit 23: LEA and Charter School Processes for Determining Average Daily Membership

| | |
|---|---|
| LEAs receive funded ADM based on the highest of the following: | Charter Schools receive funded ADM based on the lowest of the following: |
| Projected ADM calculated by DPI | Projected ADM submitted by charter schools |
| Previous year, first month’s ADM | Current year, first 20 days’ ADM |
| Previous year, second month’s ADM | |

Source: Program Evaluation Division based on the Department of Public Instruction Policy Manual, charter school ADM projection system documents, and interviews with DPI personnel.

The method for determining funded ADM creates challenges for some charter schools if they do not understand the process. DPI asks charter schools to project their ADM and provide a final certification of that number. It is in the best interests of charter schools to overestimate ADM projections provided to DPI in June for the upcoming year because this projected number becomes a ceiling for funded ADM, even if the first 20 days of ADM is greater.

Using first 20 days of ADM to determine funding can be unfavorable to charter schools because of how membership is counted at the beginning of the school year. DPI does not consider a student to be in membership at a school until the first day the student attends school in a new school year. For charter school funding, absences prior to when a student first attends school at the beginning of the school year can decrease the first 20 days’ ADM total, and by extension the “funded ADM” number.

Exhibit 24 shows how the rule that a student is not in membership until the first day of attendance at the beginning of the school year can result in decreased funded ADM for charter schools. This issue can be problematic for charter schools that begin their school year earlier than the state school calendar because some families may be vacationing at that time.

⁵⁶ Neither of these two numbers can exceed a charter school’s maximum ADM number. Maximum ADM is defined as 20% growth above the prior year’s funded ADM, unless a greater percentage of growth is approved in the charter. The State Board of Education may approve charter schools to exceed their maximum ADM in certain instances. The State Board may approve such additional enrollment growth of greater than twenty percent (20%) only if the State Board finds all of the following: the actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment; the charter school has commitments for ninety percent (90%) of requested maximum growth; the charter school is not currently identified as low-performing; the charter school meets generally accepted standards of fiscal management; and it is otherwise appropriate to approve the enrollment growth.

Exhibit 24: A Hypothetical Charter School with 100 Students Enrolled in a Given Grade Can Be Funded at Fewer ADM as a Result of Initial Absences

| | | | | | | |
|---|---|----|---|-----------|--|---|
| 75 students attend the first week (5 days) of the school year | X | 5 | = | 375 | membership days | |
| All 100 students are in attendance for weeks 2, 3, and 4 (15 days) | X | 15 | = | +1500 | membership days | |
| | | | | 1875 | membership days | |
| | | | ÷ | 20 | total days in first four weeks of school year | School would not receive funding for |
| 100 total number of students enrolled in school | - | | | 94 | ADM | = 6 students |

Source: Program Evaluation Division based on Department of Public Instruction methodology for calculating average daily membership.

One way to address the problem of using the first 20 days of ADM would be to fund charter schools based on the higher of first or second month ADM, which is similar to how LEAs determine funded ADM. For both LEAs and charter schools, second month ADM is usually higher, though this is not always the case. Using the higher of first or second month ADM for Fiscal Year 2014–15 would have increased funded ADM across all charter schools by 435, representing an estimated \$2.3 million in additional funding.

Finally, charter school administrators have difficulty understanding how funded ADM is determined because the Department of Public Instruction does not provide clear and consistent information. In a survey of charter school administrators, roughly half of respondents stated that they had only a partial understanding of how ADM is used to provide funding to charter schools. The Program Evaluation Division reviewed descriptions of how funded charter ADM is determined in the Allotment Policy Manual, the Charter School ADM Projection System, and the Financial Guide for Charter Schools and found inconsistent terminology and descriptions of the process. In particular, the Financial Guide for Charter Schools contained inaccurate information on the process.

In summary, attempting to translate state allotment funds designed and calculated for districts into per-pupil funds for charter schools is challenging because the two systems are fundamentally incongruent. Additionally, some specific district allotments do not reflect the school-level needs of charter schools. Finally, funded ADM is calculated differently for charter schools and LEAs. Taken in aggregate, some of these issues may create benefits or surplus funding for charter schools while others create challenges and may result in less funding for charters.

Finding 12. Using a weighted student formula is feasible and offers some advantages over the present allotment system but implementation would require time and careful deliberation.

Part of this evaluation's charge was to examine the feasibility of using student-based budgeting as the basis for allocating resources for K-12 public education. A weighted student formula represents an approach to student-based school finance that uses individual students as the building blocks for developing a state's education budget.⁵⁷ Core characteristics of a weighted student formula model include the following:

- Students, rather than positions, districts, or schools, serve as the starting point of education finance.
- A base dollar amount is provided for each student that is intended to cover the cost of educating a general student.
- Weighted categories are established to provide additional funding for certain students such as special education, limited English proficiency (LEP), or disadvantaged students. The weighted student count is then multiplied by the base amount per student to determine total funding.
- Funding is distributed to districts or charter schools in the form of dollars rather than as positions.

All weighted student formulas contain a base amount per student, which is assigned a weight of 1.0. Students are then counted and weights are used to provide additional funding based on counts of students with certain characteristics. For example, if the State hypothetically determined that LEP students cost an extra 40% to educate above the cost of a general student, the State would provide an additional weight of 0.4 to LEP students. The total weighted student count would then be multiplied by the base amount per student. Exhibit 25 provides a hypothetical demonstration of how a weighted student formula might function.

⁵⁷ There are several terms for the model described in this report as a weighted student formula. Other sources commonly identify this or similar approaches as foundation formula, student-based budgeting, or backpack funding. The term weighted student formula is often used to describe a method for school districts to allocate resources to individual schools. In the context of this report, the Program Evaluation Division describes a model wherein the State would use a weighted student formula to allocate resources to LEAs and charter schools.

Exhibit 25: Hypothetical Example of How a Weighted Student Formula Would Work for Students with Different Characteristics


Weighted Student Formula Components

Base Amount Covers the costs associated with educating a general student

Weights Student characteristics provide additional funding relative to the base amount


| Base | Weights | |
|---|--------------------------------|--------------|
| Base value derived from the cost of a basic education for a general 9-12 grade student: \$7,500 | Grade | Value |
| | K-3 | .19 |
| | 3-5 | .13 |
| | 6-8 | .06 |
| | Student Characteristics | Value |
| | Limited English Proficiency | .38 |
| At-risk Students | .54 | |
| | Children with Disabilities | .98 |


Operationalizing the Weighted Student Formula Using 3 Hypothetical Students



Student 1
General 10th
Grade Student

Base = \$7,500 → Distributed to district or charter school as dollars







Student 2
Second Grade Student
with Learning Disabilities

Base K-3 Grade Weight Children With Disabilities Weight Weighted Per Student Amount Distributed to district or charter school as dollars

$$= \$7,500 + \$1,425 + \$7,350 = \$16,275$$

or (\$7,500 x .19) or (\$7,500 x .98)






Student 3
Middle School Student
classified as being at-risk
and having limited English
proficiency

Base 6-8 Grade Weight Limited English Proficiency Weight At-Risk Student Weight Weighted Per Student Amount Distributed to district or charter school as dollars

$$= \$7,500 + \$450 + \$2,850 + \$4,050 = \$14,850$$

or (\$7,500 x .06) or (\$7,500 x .38) or (\$7,500 x .54)



Note: All base and weighted values in the exhibit are for illustrative purposes and are purely hypothetical.

Source: Program Evaluation Division based on a literature review of weighted student formulas.

Weighted student formulas attempt to more accurately fund the actual cost of educating students with diverse needs within a district. Education leaders and policymakers identify areas for which additional spending is a priority and weight them accordingly. Weights may pertain to students with disabilities, disadvantaged students, students with limited English proficiency, or other identified categories. Some states vary funding weights by grade.

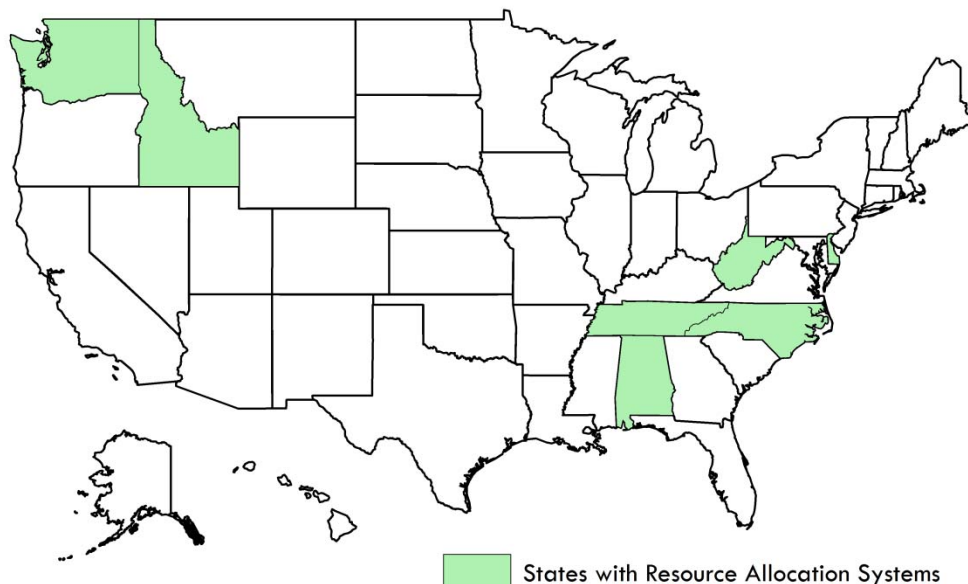
A common emphasis of weighted student formulas is increased local control and local autonomy. Instead of specifying how many staff positions an LEA should have, a weighted student formula provides dollars to LEAs as a single stream of funding that districts can then use to deliver education. Districts subsequently tend to have more leeway to make decisions regarding how to staff schools with the number and type of personnel needed. In this way, the weighted student formula approach supports the

idea that districts have differential needs and that administrators and educators at the local level should determine how to spend funds to produce the best student outcomes.

North Carolina currently uses a resource allocation model instead of a weighted student formula. Resource allocation models primarily differ from weighted student formulas based on the structure of the system and the locus of control. Resource allocation models identify and then fund the components necessary for providing public education at the state level. In North Carolina, the State provides the majority of resources to LEAs in the form of positions such as teachers, instructional support personnel, and school building administrators. Position allotments accounted for 59% of total state resources allotted in Fiscal Year 2014–15. In contrast, the structure of a weighted student formula uses individual students as the building blocks of funding. Funding is provided on the basis of student need and other characteristics, with each student generating a base amount of funding and potentially generating a larger amount depending on individual student characteristics.

Only seven states still use a resource allocation system. The majority of states now provide funding to districts through some type of weighted student formula. Resource allocation models continue to become less common as more states transition away from this type of system over time. Of the seven states with resource allocation systems still in place, several have considered or are considering transitioning to a new formula. Exhibit 26 identifies the seven states that still maintain resource allocation systems.

Exhibit 26: North Carolina Is Among the Minority of States that Still Use a Resource Allocation System for Funding K-12 Education



Source: Program Evaluation Division based on a review of literature on other states.

Some may argue North Carolina's system resembles a weighted student formula model because there are allotments for certain student characteristics such as the At-Risk Student Services, Disadvantaged Student

Supplemental Funding, Children with Disabilities, and Limited English Proficiency allotments. However, the At-Risk Student Services and Disadvantaged Student Supplemental Funding allotments do not use actual student headcounts to determine funding. In other words, these funds are not tied to actual students that meet a set of criteria defining them as at-risk or disadvantaged. Another key difference is that these allotments are not weighted relative to a base amount of funding provided per student.

Transitioning to a weighted student formula would provide a number of potential benefits to North Carolina, but would not address all the issues discussed throughout this report. Weighted student formulas represent a way to distribute K-12 education resources that is different from the existing allotment system. There are a number of potential benefits in making this shift.

Adaptability. Under a weighted student formula model, state resources are provided to LEAs or charter schools on the basis of individual students. Funding county and city LEAs in this manner would alleviate the problem of trying to translate a resource allocation system into per-student funding for providing resources to charter schools as was discussed in Finding 11.

Beyond the issue with charter school funding, weighted student formulas are generally viewed as being more adaptable to differing education delivery models such as distance learning, dual enrollment programs, open enrollment programs, and other emerging types of publicly-funded education.

Efficiency. Weighted student formulas are adjusted as enrollment changes, and therefore districts are forced to adapt to the needs of the current population and provide services accordingly. A weighted student formula encourages efficiency by funding the current student population rather than providing funding based on historical practice. Resource allocation models that do not use ADM as the basis for distributing funding are less likely to adjust funding as enrollment increases or declines, promoting inefficiencies.

Weighted student formulas also promote efficiency by taking into account student needs and providing a straightforward, predetermined amount of funds for those students. In contrast, in the existing allotment system, an LEA's funding is partly determined by how well the LEA itself navigates the allotment system. Because a weighted student formula is simple and does not include a complex system of position allotments, transfers, and guaranteed allotments, funding is determined strictly through the formula rather than by how adept LEA administrators are at using the allotment system.

Transparency. The weighted student formula model also lends itself to greater levels of transparency. Weighted student formulas are simpler to understand because funding is determined through one formula with weights rather than a multitude of different allotments, each with their own eligibility criteria, distribution formula, restrictions, and special provisions. Both school staff and the public can better understand the rationale for funding decisions when the formula is clearly described and publicly available. Because weighted student formulas are simpler, they do not require such intricate and detailed policies and procedures as are needed for North Carolina's current allotment system.

Transparency within North Carolina's existing allotment system is limited by the complex interaction of position allotments, guaranteed allotments, and transfers. Total funding that an LEA receives from the State can only be ascertained retrospectively once an LEA has used all of its position allotments and guaranteed allotments. Under a weighted student formula model, funding received by an LEA is not dependent on how an LEA applies any type of allotment or otherwise utilizes the system, making the funding more transparent. LEAs, charter schools, and the public should also be able to more easily validate funding amounts provided through a weighted student formula. Because there is only one formula, validation is relatively straightforward in comparison to the challenges of validating funding for each allotment with its own unique formula and conditions.

Though a weighted student formula has the potential to address some shortcomings with North Carolina's allotment system, it is no panacea.

Several findings in this report describe challenges regarding how resources are distributed through North Carolina's existing allotment system. A weighted student formula model has the potential to address issues involving complexity, transparency, reliance on the abilities of LEA personnel to navigate the system, and adaptability of the allotment system to charter schools. However, there are several other challenges unrelated to the system itself that instead involve specific policies that affect how resources are distributed and can exist in any type of state school finance system. Examples of these issues include

- caps on funding for special populations such as the minimum funding threshold in the Limited English Proficiency allotment or the maximum cap on children with disabilities;
- hold-harmless provisions such as those included in the Disadvantaged Student Supplemental Funding formula;
- the freezing of funding formulas based on a point in time rather than adjusting funding as student populations change; and
- formulas that distribute resources in a way that is unrelated to the cost of serving that type of student or operating the program for which the resources are intended.

Although the complexity of a resource allocation system may obfuscate these issues, such practices can exist with a weighted student formula as well. Transitioning to a weighted student formula could be an opportunity to remove, for example, the minimum funding threshold on limited English proficiency percentages within an LEA, but that same sort of cap could also be carried over into the new formula.

Weighted student formulas also do not address the issue of adequacy of funding, but rather simply how funding is distributed. Several LEAs surveyed stated that overall adequacy of funding is more of an issue than how funding is being distributed. Adequacy of funding can be an issue in any type of funding system, regardless of whether it is a weighted student formula system or North Carolina's existing allotment system.

There are several additional implications related to moving to a weighted student formula model that the General Assembly would have to consider. Whenever a funding system is changed, the practical issue arises for LEAs or charter schools of having to potentially adjust to

receiving different amounts of funding under the new formula. Some states that have made changes to their funding systems have eased this transition by gradually transitioning to a new formula over time or ensuring that individual LEA funding levels are held harmless if LEAs receive less funding under the new formula. Ensuring LEAs are held harmless, however, would require additional funding, which may perpetuate some of the distribution problems that are the impetus for changing the system in the first place.

Depending on how a weighted student formula is implemented, the General Assembly may also be shifting more control to the local level through fewer funding mandates or restrictions. Whether control is shifted would largely depend on what types of mandates or restrictions would be carried into a new system. For example, the General Assembly currently requires that funds for disadvantaged students be spent on specific purposes. If disadvantaged students represented a weight in a formula, similar restrictions could easily be maintained. However, certain other restrictions would not be possible under a weighted student formula, such as a stipulation the General Assembly created in 2015 that teacher assistant funds cannot be transferred out of the Teacher Assistant allotment category.⁵⁸ The reason a similar restriction would likely not be possible under a weighted student formula is that there would be no amount determined or allotted specifically for teacher assistants; the General Assembly would appropriate a per-student amount meant to cover the cost of each student, including the cost of teaching personnel.

Some LEAs and other proponents of the current system discussed a preference for allotments being tied to specific components or types of supplemental funds rather than having a single stream of total funding to serve students. Having individual components allows the General Assembly to consider, for example, how much it wants to allot for textbooks, teaching assistants, or digital education each year rather than considering base per-student funding or what the appropriate weights would be in a formula. For those allotment categories where transfers of funds are permitted, the amount tied to the individual components is not very meaningful because of the fungibility with which the dollars can be used.⁵⁹ Nevertheless, some stakeholders believe they benefit from having discrete categories of funding for which to advocate.

Weighted student formula models shift the focus of funding to the student, but there is no one way to implement a weighted student formula. The majority of states use a weighted student formula, but state models differ across a variety of considerations including the base amount provided per student, what characteristics are weighted, what the weights are, and what funding is distributed outside of the formula.

California. The base amount per student varies by student grade level. California also provides a weight for K-3 students if a school district meets a number of conditions including making progress toward an average class enrollment of no more than 24 students in grades K-3. The formula also provides a weight for students classified as English learners, those that meet requirements for free or reduced-price meals, foster youth, or any

⁵⁸ N.C. Gen. Stat. § 115C-105.25.(3a)

⁵⁹ Fungibility is a property of goods, services, or resources which are capable of being substituted in place of one another.

combination of these factors (unduplicated count). If the concentration of students within a district receiving the aforementioned weight is at least 55% of the district's enrollment, the district receives an additional weight for those students above the 55% threshold. California's formula also holds districts harmless, ensuring they receive no less than what they would have received under the former formula plus an inflation adjustment.

Georgia. The formula includes a base amount that varies by grade level. Georgia provides additional weights for certain student characteristics such as special education, remedial education, gifted, and English speakers of other languages. In addition, Georgia adjusts state funding based on local capacity to provide funding such that total funding is equal to what is determined through the formula minus an amount equivalent to what a district could raise through levying property tax at a rate of five mills per equalized property tax base.⁶⁰ Georgia also provides categorical funding grants outside its formula for transportation, nursing, and sparsity. These grants are based on other factors beyond student counts and weights.

Maryland. The formula provides a base amount per student, which is adjusted based on property values and income levels of a district. Maryland then applies weights to the base per-student amount in each district, with weights for free and reduced price meal students, limited English proficiency students, and special education students. Maryland also provides additional funding on a per-pupil basis using an index for counties where the cost of delivering education is more expensive. In addition, Maryland provides transportation funding grants outside of its formula.

States also use different methods to arrive at base funding amounts and weights. Some states have used empirical studies to help determine base amounts and weights; however, most states have determined these amounts based on the level of resources available through the legislative process to fund education in their state.

Many of the student and LEA characteristics funded through the current allotment system can be translated into a weighted student formula but the General Assembly would need to make policy decisions regarding the design of a new formula. For example, the existing allotment system provides funds through the Low Wealth allotment for LEAs with a below-average ability to generate local revenue. A weighted student formula could also adjust funding per student based on a county's ability to generate local funding for that student. However, the General Assembly would have to determine whether to continue to use the same factors in weighting low wealth under a new formula and how to adjust for local capacity to generate funding.

The process of transitioning to a weighted student formula would require planning by the General Assembly. Creating a new funding formula is a time-intensive endeavor and would require the General Assembly or a designated entity to complete several steps:

⁶⁰ The mill rate, also referred to as the millage rate, is a figure representing the amount per \$1,000 of the assessed value of property. Five mills on a property with a taxable value of \$100,000 is equivalent to \$500.

- 1) Determine whether to create a new formula and determine what to retain or change from the existing allotment system.
- 2) Create a general outline of a new formula.
- 3) Create a working draft formula and analyze the formula to determine its impact on funding to LEAs and charter schools.
- 4) Continue to analyze and refine the formula.
- 5) Establish a final formula.

In sum, establishing a weighted student formula is feasible in North Carolina and could provide several benefits. These benefits include greater adaptability, efficiency, and transparency in comparison to the existing allotment system. However, much of the impact of implementing a weighted student formula depends on the specific policies and details included in a new formula. Because there is no one way to design or implement a weighted student formula, the General Assembly would have to make several policy decisions to decide how a weighted student formula would function in North Carolina.

Recommendations

The findings in this report demonstrate that the allotment system is hampered by its complexity. Allotment system features and controls are redundant, counterintuitive, lack rationale, and obscure transparency and accountability. As a result, resources are maldistributed across Local Education Agencies (LEAs) and charter schools. Other models for distributing resources that focus on the student as the unit of funding offer opportunities to simplify and remedy issues related to the present allotment system.

Given the current state of the allotment system, the General Assembly has two options:

- 1) overhaul the model for how resources are distributed by developing a plan to implement an allotment system based on the weighted student funding model, or
- 2) reform the current allotment system.

Recommendation 1 provides direction on the first option, whereas Recommendations 2, 3, and 4 provide direction for the second option. Recommendation 5 deals with how funded Average Daily Membership for charter schools should be determined and should be considered independent of the other recommendations.

Recommendation 1. Establish a Joint Taskforce on Education Finance Reform to work in coordination with the State Board of Education and the Department of Public Instruction to develop a model that uses a weighted student formula to fund the K-12 public education system. If the General Assembly determines it is in the State's interest to simplify the funding system and distribute resources on a per-student basis, it should establish a taskforce charged with overhauling the allotment system. The taskforce—working in consultation with the State Board of Education and the Department of Public Instruction (DPI)—should be charged with designing a system that uses the weighted student formula model as the basis for distributing resources for K-12 public education.

The Joint Taskforce should consist of 18 members—9 from the House and 9 from the Senate. Two members should serve as the chairs of the taskforce, one from the House and one from the Senate. All members of the taskforce should be selected by the President Pro Tempore and Speaker of the House. Assignment to the taskforce and designation of chairs should occur within 30 days of passage of the law.

As Finding 12 demonstrates, there is not one single model for implementing a weighted student formula allotment system. Therefore, initial taskforce meetings should focus on developing a refined understanding of the weighted student formula model. This task may require consultation from education finance experts and other states that have implemented a weighted student formula model. Should the taskforce chairs determine the need for independent consultation and/or professional facilitation, the General Assembly should appropriate funds sufficient to meet the needs of these requirements.

The taskforce would be responsible for designing the weighted student formula, which includes determining

- the base amount distributed on a per-student basis to cover the cost of educating a general student,
- the student characteristics eligible for weighted funding and the associated weights for each of these characteristics, and
- how the base amount would be augmented by LEA characteristics such as wealth and size.

In addition, the taskforce would also determine which funding elements would remain outside of base and weighted amounts. For example, states that have implemented a weighted student formula typically leave resources for transportation and capital outside of the formula. The taskforce would be responsible for creating a working draft of the formula that analyzes the impact of funding on LEAs and charter schools.

The Joint Taskforce should begin meeting no later than October 1, 2017, and should report to the Joint Legislative Education Oversight Committee no later than July 1, 2018. The report should include recommendations for a system that uses a weighted student formula model as the basis for the distribution of resources for public K-12 education. The report should include proposed legislation that establishes the final formula.

Recommendation 2. The General Assembly should codify the state allotment system in statute and direct DPI to maintain and make publicly available a comprehensive, relevant, and up-to-date set of policies and procedures that document the entire allotment system.

Finding 9 demonstrates how a patchwork of laws, policies, and procedures undermines transparency and challenges local education agencies (LEAs), charter schools, policymakers, and the public's ability to navigate the complexity of the allotment system. To improve transparency, the General Assembly should modify Chapter 115C of the General Statutes by adding an article that fully articulates the state K-12 allotment system. The article should establish the following at a minimum for each allotment:

- description of purpose,
- type,
- description of formula and funding factors,
- eligibility, and
- other statutory and session law references.

Codifying the allotment system would ensure the existence of a single statutory reference that could be used by LEAs, charter schools, policymakers, and the public to gain a full understanding of state allotments. Furthermore, this codification would lend greater transparency to legislative changes that have traditionally been made through the use of budgetary provisions and session laws.

The General Assembly also should direct the State Board of Education, in coordination with the Department of Public Instruction (DPI), to make publicly available a comprehensive, relevant, and up-to-date manual of policies and procedures. Policies should be listed by PRC and be consistent

with the legislative intent of the allotments. Policies should include but not be limited to

- program report codes linking allotments to the chart of accounts,
- special provisions,
- transfer policies, and
- expenditure restrictions.

To ensure the policy manual is kept current, the State Board of Education should make the necessary changes within 90 days of the adoption of laws or passage of new state policy.

To further improve transparency, the General Assembly should require DPI to publish and circulate the procedures used for calculating and distributing allotments. The procedures should describe the process and timeline for distributing funds. Furthermore, the procedures should specify the process for calculating each allotment, to include but not be limited to

- the name and contact information of the individual responsible for calculating each allotment,
- the data and source of information used in calculating the allotment, and
- the steps and formula used for determining each LEA and charter school allotment.

Together, these steps would ensure LEAs, charter schools, policymakers, and the public at large would have relevant, comprehensive, and up-to-date information necessary to navigate the complexity of the allotment system. Furthermore, it would ensure LEAs and charter schools would have the ability to validate and confirm allotment amounts, resulting in improved transparency and accountability.

Recommendation 3. The General Assembly should address the individual allotment deficiencies identified in Findings 1-7 of this report.

This report described several deficiencies related to individual allotments that are redundant, counterintuitive, lack rationale, and result in funding that violates tests of vertical and horizontal equity. To remedy problems with allotments, the General Assembly should direct the following changes in allotment policy and state law. Because the allotment system is used to distribute resources rather than determine the need for resources, each of these remedies can be made revenue neutral.

Classroom Teachers. Improve the equitable distribution of resources for classroom teachers by allotting dollars instead of positions and broadening the teacher compensation model. Finding 1 demonstrates how the current position allotment for classroom teachers favors wealthy LEAs. To ensure uniform distribution of resources across all LEAs, the General Assembly should transition away from the use of a position allotment and provide dollars to LEAs to hire teachers. The amount provided for teachers should be based on the number of eligible teachers and an average Classroom Teacher allotment state salary across LEAs. Under this approach, each LEA would receive a lump sum to cover the cost of classroom teachers' salaries and benefits. Converting this position

allotment to dollars would eliminate much of the complexity LEAs must navigate and would prevent failure to maximize resources.

In addition, the General Assembly should continue to consider reforms to the teacher compensation model. Currently, teachers' salaries are a function of a teacher's experience, education, and credentials. Although there is some consensus in the literature about the effects of teacher experience and credentials on student outcomes, there is limited evidence regarding the effects of a teacher's level of education on student outcomes. The State is currently running a pilot that explores compensation based on teaching roles and performance, and the General Assembly should continue to monitor its implementation. To ensure appropriate oversight of the pilot, the General Assembly should consider modifying the reporting requirement from annually to biannually.

Children with Disabilities. Direct DPI to establish a framework that differentiates funding based on service setting and consider eliminating or restructuring the funding cap. Finding 2 demonstrates imprecision regarding how the State allots resources for children with disabilities. To ensure services and educational opportunities for children with disabilities are more closely aligned with cost, the General Assembly should direct DPI to establish a proposal to restructure the allotment for children with disabilities that creates tiers for the allotment based on service setting. The proposal should provide estimates of the number of students served within each of the various proposed settings by each LEA. In addition, the proposal should make recommendations regarding funding caps across the different settings. The proposal should be submitted to the Joint Legislative Education Oversight Committee by December 1, 2017.

Limited English Proficiency (LEP). Eliminate the minimum funding threshold and cap and provide a graduated per-headcount amount for LEP students that observes economies of scale. To ensure every LEP student who requires services is funded, the General Assembly should eliminate the minimum funding threshold. In addition, to eliminate maldistribution of funding, the General Assembly should eliminate the 10.6% funding cap. To ensure distribution of resources is consistent with inefficiencies that can emerge through diseconomies of scale, the General Assembly should distribute

- 75% of funds based on the weighted three-year average headcount and
- 25% of funds based on concentration.

The concentration factor should ensure LEAs with the lowest concentration would receive more funding per LEP student than those with the highest concentration of LEP students.

Small County Supplemental Funding. Change the funding thresholds to be more consistent with evidentiary education cost function literature and eliminate the use of base funding from other allotments. Recall that North Carolina sets its threshold for Small County supplemental funding at 3,200 ADM. Using a lower threshold that is more consistent with most other states' practices would result in cost savings to the State. Eliminating Small County funding for districts with ADM above 2,000 would result in an annual cost savings of \$22.5 million that could be redistributed.

To ensure the allotment for Small County Supplemental Funding is more closely aligned with evidentiary education cost function literature, the General Assembly should limit the distribution of Small County Supplemental Funding to LEAs with fewer than 2,000 ADM. Additionally, because this allotment addresses issues that arise from diseconomies of scale, the General Assembly should eliminate base funding factors for the following allotments:

- At-Risk,
- Classroom Teacher,
- CTE Months of Employment,
- CTE Program Support Funds, and
- Limited English Proficiency.

Resources previously dedicated to base amounts should be redistributed within the same allotment formulas across eligible LEAs.

Low Wealth Supplemental Funding. Eliminate the use of the density factor and provide equal weighting for a county's anticipated revenue per ADM and average per capita income. Finding 5 demonstrates that adjusted property tax base per square mile is a flawed factor because it fails to incorporate any measure of the student population per square mile that property values are supporting. As a result, the General Assembly should eliminate this factor from the allotment equation. The resulting formula should be equally weighted between the two remaining factors:

- 50% based on the anticipated total county revenue; and
- 50% based on the county's average per capita income.

Disadvantaged Student Supplemental Funding. Eliminate the hold-harmless provision and redistribute the freed-up dollars across all LEAs and charter schools. Finding 6 shows how the 16 LEAs that are part of a hold-harmless provision receive almost five times as much per disadvantaged student as other counties. Hold-harmless provisions are ineffective because they remove resources from the allotment. The General Assembly should eliminate the hold-harmless provision in the allotment, which would free up an estimated \$18 million in additional resources that could be redistributed across all LEAs through Disadvantaged Student Supplemental Funding.

Central Office Administration. Distribute Central Office Administration dollars based on ADM. For nearly 15 years, funding for central office administration has been decoupled from changes in ADM. Consequently, LEAs that have shrunk receive more resources per ADM, creating an incentive to maintain bloated central office staff. Conversely, growing LEAs have had to make do with fewer resources. The General Assembly should restore the linkage between LEA size and the Central Office Administration allotment by distributing funds on a per-ADM basis.

Recommendation 4. The General Assembly should prohibit the use of transfers from allotments that serve special populations into the Non-Instructional Support allotment. Finding 10 establishes the importance of funding for at-risk, disadvantaged, and LEP populations. However, this finding showed that more than \$11 million in funds for these special populations had been diverted away and placed in an allotment designed to provide resources for non-instructional support personnel—clerical assistants, custodians, duty free period, liability insurance, and substitutes. To ensure allotments for special populations are expended on instructional items, the General Assembly should prohibit LEAs from transferring funds into Non-Instructional Support from allotments designed to provide instruction for special populations.

Recommendation 5. Direct DPI to consider additional student membership data when determining the funded ADM for charter schools. Finding 11 demonstrates how using the first 20 days of ADM in determining a charter school’s funded ADM can underrepresent membership, potentially causing a charter to receive less funding due to student absences at the start of a school year. To mitigate this problem, the General Assembly should direct DPI to calculate charter school funded ADM based on the higher of first or second month ADM, not to exceed a charter school’s final projected ADM submitted to DPI. In addition, DPI should define funded ADM for charter schools in the Allotment Policy Manual and ensure that all DPI documents consistently define and describe the process of calculating funded ADM.

Agency Response

A draft of this report was submitted to the Department of Public Instruction for review. Their responses are provided following the report.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Sean Hamel, at sean.hamel@ncleg.net.

Staff members who made key contributions to this report include Jeff Grimes and Emily McCartha. John W. Turcotte is the director of the Program Evaluation Division.



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

WWW.NCPUBLICSCHOOLS.ORG

November 3, 2016

Sean Hamel, Principal Evaluator
NC General Assembly, Program Evaluation Division
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Dear Mr. Hamel:

Thank you for the opportunity to review and comment on your report on North Carolina's system for allotting resources to local education agencies (LEAs) and charter schools for the operation of K-12 public schools. The report contains a significant amount of research and information that lead to twelve findings and five recommendations. We appreciate the opportunity to comment on the report and we have organized our comments based on your findings and recommendations.

We do have one overarching caution to share concerning the approach of the report. As the researchers indicate, North Carolina operates a cost allocation model for distributing funds for its public school system. That model by definition implies that all the individual components are meant to work together to ensure that the appropriation meets the schools' needs. By analyzing each allotment in a vacuum, the report largely does not address how the allotments supplement one another, potentially leading readers to misinterpret the effectiveness of the current funding model.

“Finding 1. The structure of the Classroom Teacher allotment results in a distribution of resources across LEAs that favors wealthy counties.”

We do not agree that the guaranteed classroom teacher allotments provide disproportionately more State resources to districts that have greater local wealth or fewer minority students and we strongly caution against making this assertion. Our caution is grounded in four factors:

1. A view of the classroom teacher allotment when narrowed to look solely at the average dollar value of the slot, the use of a correlation overlooks the rationale for the guaranteed allotments in the first place. The allotment was designed to ensure that similarly qualified teachers would make the same State salary whether they were teaching in the wealthiest district or the poorest district. This structure allows poorer districts to compete more readily with wealthier districts for talent in their teaching population.
2. The correlation is not by definition a strong one. The Pearson correlations reported for both relationships fall within the range of “moderate correlation.” The r^2 value of the regression suggests that 73% of the variability in the model is still unexplained. A quick read of the finding might assume more strength in the relationship than the statistics demonstrate.

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AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

3. The finding runs the risk of confusing correlation with causation. The researchers reported the Pearson correlation coefficients to describe the relationship between the guaranteed position allotments and local wealth and minority populations. The strongest comment that can be made from these measures is that they are correlated, not that one by necessity causes the other.
4. We are concerned that this finding enshrines a spurious correlation. In other words, just because the measure is correlated statistically does not mean that they are actually related to one another. See more below:

The LEA average salary for classroom teachers is a product of:

- The teacher salary schedule;
- The teaching experience of the LEA's employed teachers;
- The level of education or certification of the LEA's teaching population.

Teachers choose the subject, grade, LEA, and often the school in which they teach. Many mountain counties (10 of the top 25 LEAs listed in the report with the highest salaries) have higher average teacher salaries and lower populations of minority students. The mountain school districts have a teacher turnover well below the State average which leads to a more experienced teaching population and the higher salaries. Wake County and Mecklenburg County are very wealthy and each has a large population of minority students. Each has an average State teacher salary below the mean value listed in the report (with Charlotte/Mecklenburg ranked 109 out of 115). We believe that the two districts' lower average salary is related to the growth in the school population and the number of less experienced teachers hired by the districts each year. Charlotte Mecklenburg has over 30% of their teaching population with 0 to 3 years of experience.

The guaranteed teacher salary and benefits system is a uniquely North Carolina funding model. This way of allotting teacher positions has been viewed favorably in the two court cases brought against North Carolina's funding models for public education. When the funding formulas were ruled to not be arbitrary and capricious in the [Leandro ruling](#)¹ (Hoke Memorandum of Decision Section 1), there were several references to salary differentials related to guaranteed positions:

- Page 55: *Personnel expense is by far the largest component of the costs of operating the public schools. Therefore, under North Carolina's system of public school funding, school systems with equal student populations and an equal number of teachers will never have identical teacher salaries unless the teachers have exactly the same experience, education and certifications. Because of this, it is undisputed that the funds paid by the State for guaranteed teacher positions will vary between school systems with equal student populations and equal teachers. Defendants' Exhibit 694. This is so because any given system will have teachers with more or less experience or more or less education than any other system with which it is compared. The teacher cost per student in two systems will not be the same even though the primary resource provided by the State B teachers generated by ADM B may be the same number of teachers. Price, Nov. 18, 1999, at 113-18.*
- Page 57: *Comparing spending per ADM between LEAs of different size should be done with great caution because of the economy of scale generated by the ADM. Large systems enjoy an economy of scale greater than a small system such as HCSS. Irrespective of the salary paid, the salary of the superintendent in a small system is going to influence spending per ADM more than the superintendent's salary in a large system because the cost of*

¹ <https://www.ednc.org/research/edlitigation/leandro-litigation/>

administration is going to be spread over many more students in the larger system. Price, Nov. 18, 1999, at 118-19.

- Please also see item #3 on page 121.

“Finding 2. The Children with Disabilities allotment fails to differentiate based on the instructional arrangements or setting required and contains a funding cap that results in disproportionately fewer resources going to LEAs with the most students to serve.”

The Children with Disabilities allotment is designed to create a pool of supplemental funds to allow LEAs and charter schools to combine those funds with the base State funding these students generate to develop a program for their children with special needs population. In other words, this allotment is not intended to differentiate based on eligible students’ instructional arrangements. Additional supplemental funding for children with special needs continues to be an important priority for the State Board of Education. The State Board of Education has consistently requested additional funding for Children with Disabilities based on a legislatively required [Commission report](#)² in 1995 which recommended that supplemental funding for children with disabilities be funded at 2 to 2.3 times the level of the State funding every child receives (see paragraph 3 on page 10 of the report). By increasing the overall funding factor, all school districts and charter schools receive additional resources to address the needs of their special needs populations. The State Board believes this approach is better than channeling additional funding to only the LEAs that are above the 12.5% cap.

“Finding 3. The allotment for Limited English Proficiency (LEP) contradicts the principles of economies of scale and contains a minimum funding threshold that results in some LEAs serving LEP students without funding.”

The LEP formula was developed by the General Assembly to supply supplemental funding to a school district to enable the district to add educational support services to address a population that did not speak the native language indigenous to the school district. If a school district had a larger percentage of LEP students, the level of additional supplemental services would be greater (the LEP population touches more operations within the district). Thus, the General Assembly split the formula to distribute the supplemental funding between concentration of LEP students and the actual number of LEP students. The General Assembly also developed the formula to recognize that a small population of LEP students would not require supplemental funding and could be served based on the base State allotments received by the LEA or charter (thus, the minimum threshold of 2.5%).

“Finding 4. The allotment for small counties is arbitrary, duplicative, and is not tied to evidence regarding costs of operating small districts.”

The General Assembly modified the small county supplemental funding allotment several years ago to be based on a funding by ADM range. The tiered amounts in this important supplemental allotment were related to the amounts distributed in the previous formula. The previous formula was based on six allotment formulas that small local school districts identified as being insufficient for them to offer the complete standard course of study to their students (additional art/music teachers, instructional support positions, teacher assistants, career and technical education, and instructional supplies and materials). We do continue to see the importance of this allotment to enable the small school districts to offer the educational programs to their student populations.

² <http://ncleg.net/Library/studies/1995/st10711.pdf>

“Finding 5. The Low Wealth allotment formula does not rely on the most precise means of calculating an LEA’s ability to generate local funding.”

As referenced in the report, the low-wealth supplemental allotment distributes State funding to school districts based on each county’s ability to generate local funding to support its public schools. The General Assembly identified the state average contribution as the measure to compare to the formula’s calculation of local contributions. The formula was modified by the General Assembly several times to capture all available revenue resources in the calculations. Based on the Fiscal Research Division’s original analysis, the current formula captures over 97% of available local revenue.

The recommendation is to eliminate the “density” adjustment. This factor was added to the formula to recognize large tracts of land within a county that do not generate revenue (it was referred to as swamp land towards the coast and national parks in places like Swain County). We believe the inclusion of this calculation does address the legislative purpose for its inclusion.

“Finding 6. The allotment for disadvantaged students provides disproportionate funding across LEAs.”

We concur that the hold-harmless allows 16 LEAs to a disproportionate level of funding.

“Finding 7. Funding for central office administration has been decoupled from changes in student membership, creating an imbalance in the distribution of funds.”

The funding for central office administration is redefined each year in the Appropriations bill. Funding for this category has been often reduced by the General Assembly. In FY 2001-02, central office administration funding (\$100.5 million) and was 1.7% of the State Public School Fund (which converted to \$77.15 per ADM). In FY 2015-16, this category was funded (\$94.9 million) and was 1.06% of the State Public School Fund (which converts to \$61.75 per ADM). The formula remains based on county’s receiving a base of 6 positions that all school districts require regardless of size (including superintendent, finance officer, transportation director, and other administrators). City school districts are based on five positions (transportation is managed by the county). Based on the need for some minimum level of administration (both legislated (superintendent and finance officer) and curriculum development), the smallest LEAs will have a higher per-student allotment (when converted) when compared to larger LEAs.

“Finding 8. North Carolina’s allotment system is cryptic, overly complex, and difficult to comprehend, resulting in limited transparency.”

It is indeed clear that providing a structure of allotments that is equitable, stable and flexible creates a multi-faceted funding system. The perceived complexity is a result of a few funding formulas that differentiate funding based on characteristics of the LEA. The majority of the funds are distributed with basic formulas that can be explained in a two-page document posted to the [website](http://www.ncpublicschools.org/fbs/allotments/state/)³ within a

³ <http://www.ncpublicschools.org/fbs/allotments/state/>

week of the signing of the budget. The North Carolina Association of School Business Officers (NCASBO) has a comprehensive two-year training program for current finance officers or those who would like to become a school finance officer. This program not only provides training on State funding, but also other complex topics in school finance such as capital funding, federal grants and enterprise funds. In addition, NCASBO has school finance programs tailored to principals, school treasurers and other finance staff. The DPI has had a long standing collaborative relationship with NCASBO, and DPI staff provide training on State and federal funding at the NCASBO conference and the Financial and Business Services Conference. The State Public School fund is \$8.6 billion, so to expend an average of \$300,000 annually amongst 115 LEAs, or approximately 20 cents a student, is not excessive.

“Finding 9. Problems with complexity and transparency are exacerbated by a patchwork of laws and documented policies and procedures that seek to explain the system.”

After the budget has been signed, there are many tasks that have to be completed in a short period of time. In addition, to the importance of the Allotment Policy Manual, DPI uses multiple tools to ensure the LEAs and charters receive just in time and accurate information. In 2014-15, the Governor signed the Appropriations Budget on August 7, DPI posted the details of the Money Report to the website on August 1, a detailed summary of the special provisions on August 12 and 12 pages of questions and answers on educator pay related to the new provisions and updated daily, in time for LEAs to accomplish the first payroll in August. At the same time, DPI calculated the impact of the budget and distributed the initial allotments to the LEAs within the 10 days prescribed by law. Due to the late budget, the work overlapped with the federal grant calculations, the beginning of the school year and the charter school adjustments causing other tasks to necessarily occur later.

The website is a critical tool used by the DPI to disseminate allotment and expenditure information. A history of the low-wealth formula and the details of the allotment calculation is available so that LEAs have a clear understanding of the external factors used to determine eligibility. The online Allotments System allows the LEAs to see all the allotments for their LEA going back to 1998-99, including revisions, transfers and ADM. In addition to the website, Financial and Business Services communicates to the LEAs and charter schools through a weekly newsletter, and has a weekly 30-minute webinar for finance officers only to provide them an opportunity to hear allotment updates and to ask questions.

The complexity of the allotment system has been created over time as each General Assembly determines the direction of public schools via its policy choices. An increase in the additional programs outside of the initial allotments, such as the increase in charter schools, the creation of cooperative innovative high schools, regional schools, restart schools has added budget complexity. The focus on differentiated teacher pay has created different bonus structures and hold-harmless clauses. The increase in budget transfer flexibility has indeed increased the number of revisions. This is not a result of DPI procedure, but more as a result of a changing budget environment and changing state laws.

“Finding 10. Allotment transfers – a system feature intended to promote LEA flexibility – hinder accountability for resources targeted at disadvantaged, at-risk, and limited English proficiency students.”

In 2009, the General Assembly gave the State Board of Education the authority to adopt emergency rules to grant maximal flexibility to LEAs with regard to the expenditure of State funds in order to mitigate the difficulties caused by the Great Recession (SL 2009-451, Section 7.8). The General

Assembly later codified this flexibility in GS 115C-105.25 (SL 2013-360, Section 8.14). This flexibility granted was a policy decision promoted by the idea that LEAs knew best how to serve their students at a given moment in time. DPI agrees with this policy decision and does not concur with the suggestion that flexibility be removed.

Moreover, the allotment system is a mechanism for distributing the State resources. This should not be confused with how the LEAs are using the funds to meet the needs of their students. For instance, classroom teacher positions, small county and low wealth supplemental funding could be used to serve the LEP or at-risk students. The information of how the LEAs are using the funds should be determined by the expenditure data, not the allotments. For example, the State appropriated \$77m for programs for students with limited English proficiency in 2014-15. The school districts expended \$103m of state funds on these programs as well as \$7m in local and \$13m in federal funds.

“Finding 11. Translating the allotment system for funding LEAs into a method for providing per-pupil funding to charter schools creates several challenges.”

With the growth of the number and size of charter schools, the current budgeting and funding model needs to be revised. The findings and recommendations need to look further than just the funded ADM and recognize that the current budgeting mechanism has a negative impact on LEAs and charter schools, and is administratively burdensome. The State Board of Education has charter school budgeting as a policy item for the 2016 session, and the DPI staff has been in discussion with the General Assembly Fiscal Research Division and the Office of State Budget and Management (OSBM).

“Finding 12. Using a weighted student formula is feasible and offers some advantages over the present allotment system, but implementation would require time and careful deliberation.”

We are open to exploring a transition to a weighted student funding model and largely agree with the benefits and caveats listed in the report. As part of the evaluation, we would recommend looking at how a weighted student model versus a cost allocation model varies among states with different levels of state funding responsibility for public schools. For example, from the latest available comparison data from the US Department of Education (2012-13), the states listed as having cost allocation models in the report rank 6th, 7th, 8th, 9th, 14th, and 27th in terms of the proportion of public school funding being provided by the State. This suggests that the cost allocation model may be optimal for such states. Similarly, the research should take into account the evaluation of North Carolina’s public school funding formulas as being key to the court decisions made during the *Leandro*.

Recommendations

We cannot concur with the recommendations as written in the report because we believe that each presuppose a policy-based solution that has not been established as self-evident in the findings nor debated in a policymaking forum like the General Assembly or State Board of Education.

In place of these recommendations, we would suggest that the General Assembly direct the State Board of Education to research and create a new [Basic Education Program](#)⁴, which would incorporate analyses of adequate funding levels for each of the functions of the public school system and mechanisms for distributing those funds on a fair and equitable basis.

⁴ <http://www.ncpublicschools.org/docs/fbs/resources/bep.pdf>

Closing Comments

We believe that the report helps frame a discussion for the General Assembly to begin to review and consider possible ways to adjust how public schools are funded. We concur that the current funding

process is complicated and can take time to understand. When distributing \$9 billion in State available resources to serve nearly 1.6 million students across 115 LEAs and 167 charter schools, funding formulas must be stable, built on independent and validated variables, equitable, and properly developed to direct funding for the purpose of their design. To accomplish those objectives, the process and structure often become complicated. The report effectively defines the challenges and possible issues with current funding formulas; but, the report does not outline how its revised formula options will address those challenges without ignoring or exacerbating other shortcomings. It is important to clearly identify the objectives of the funding model and assuring that the State meets those objectives during implementation. As referenced in the report, changing funding formulas must be carefully considered and systematically implemented.

Again, we thank you for allowing us to comment, and we look forward to working with you and members of the General Assembly and State Board of Education as we discuss the study and better ways to fund our public schools.

Sincerely,



Philip W. Price

PWP/tm



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November 4, 2016

Senator Phil Berger, Senate President Pro Tempore
Representative Tim Moore, Speaker
Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Representative Craig Horn, Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Members of the General Assembly

President Pro Tempore Berger, Speaker Moore, Senator Hartsell, Representative Horn, and Members:

As part of division protocol, agencies have the opportunity to respond to evaluation findings and recommendations; this response is included as part of the report. The Department of Public Instruction (DPI) took exception with the several of the report findings and recommendation. However, several of the points raised mischaracterize and misconstrue portions of the report. As a result, it is necessary to clarify several points raised by DPI in its formal response.

DPI begins by challenging the evaluation's approach, stating:

"By analyzing each allotment in a vacuum, the report largely does not address how the allotments supplement one another, potentially leading readers to misinterpret the effectiveness of the current funding model."

A careful read of the evaluation report shows this is a mischaracterization of the evaluation approach for two reasons.

1. The report findings are grouped into two sections. **Section I:** Allotment-specific issues and **Section II:** System-level issues. An entire section of the report is devoted to examining the current system at a higher level.
2. The evaluation team did conduct analysis of the allotments in aggregate. Page 12 of the report shows the total amount allotted per student from all funding sources (state, local, and federal) varies across LEAs by nearly \$10,000, from \$16,942 to \$6,973 per student. The graph in Appendix B ranks LEAs from highest to lowest funding per ADM. The appendix also ranks each LEA's per-ADM allotment by source. The graphs show that state allotments in total can be as much as \$12,627 per-student to as little as \$5,005 per student. A range of more than \$7,000 per student raises questions because the range is greater than the total per student amount received by 97 LEAs. Given the complexity of the allotment system enumerated in Finding 8 of the report, it is difficult to discern the specific factor or factors producing such wide variation. From this analysis and the conclusions reached given the system's complexity, the evaluation team concluded an evaluation that focused exclusively on the aggregate amount allotted would be shortsighted and any effort to explain the wide variation across LEAs necessitated in-depth analysis of each allotment. In addition, because the allotment system is a sum of its parts, problems with individual allotments can affect the functioning of the system as a whole.

Finding 1: The structure of the Classroom Teacher allotment results in a distribution of resources across LEAs that favors wealthy counties.

DPI raises concern over the evaluation’s analysis of the Classroom Teacher allotment. Specifically the Department points to:

Strength of Correlation

The Department raises concern over the strength of correlations between the value of the Classroom Teacher allotment and LEA wealth and student composition. It is important to note the evaluation report **makes no comment on the strength of the relationships**. The report only provides the correlation coefficient and notes that a statistically significant relationship exists.

DPI states that, “The correlation is not by definition a strong one.” The Program Evaluation Division disagrees with this assertion. A Pearson correlation coefficient as presented on page 17 of the report is measured on a standard scale that ranges between -1.0 and +1.0. As such, we can interpret the correlation coefficient as representing an effect size that measures the strength of the relationship between the two variables. Specifically, the two correlation coefficients measure relationships between the

- value of the classroom teacher allotment and LEA wealth ($r=.54, n=100, p<.0001$)
- value of the classroom teacher allotment and composition of minority students ($r=-.38, n=115, p<.0001$).

In the standard social science reference text, Statistical Power Analysis for the Behavioral Sciences, Jacob Cohen outlines criteria for gauging small, medium, and large effect sizes.¹ The table below presents an interpretation of correlation effect sizes based on Cohen’s standards. A correlation coefficient of .10 is thought to represent a weak or small association; a correlation coefficient of .30 is considered a moderate correlation; and a correlation coefficient of .50 or larger is thought to represent a strong or large correlation.

Interpreting Correlation Strength

| Effect Size (Cohen) | |
|---------------------|--------------|
| .10 | Small/Weak |
| .30 | Moderate |
| .50 | Large/Strong |

Based on the table above, the relationship between the value of the classroom teacher allotment and LEA wealth is considered **strong** and the relationship between the value of the classroom teacher allotment and composition of minority students is considered **moderate**.

Underspecified Linear Regression Model

Linear regression is the most basic and commonly used tool in predictive analysis. Regression estimates are used to describe data and to explain the relationship between one dependent variable and one or more independent variables. DPI takes exception with the evaluation’s use of linear regression by pointing out:

¹ Cohen, J. (1988), Statistical Power Analysis for the Behavioral Sciences, 2nd Edition. Hillsdale, N.J.: Lawrence Erlbaum

“The r^2 value of the regression suggests that 73% of the variability in the model is still unexplained. A quick read of the finding might assume more strength in the relationship than the statistics demonstrate.”

The comment from DPI assumes the intent of the evaluation analysis was to develop a fully specified linear model. There are two types of linear regression, **simple linear regression** and **multiple linear regression**. In simple linear regression, a single independent variable is used to predict the value of a dependent variable. In multiple linear regression, two or more independent variables are used to predict the value of a dependent variable. Because the strength of correlation between value of the classroom teacher allotment and LEA wealth was considered strong by social science standards, the evaluation’s model focused on a simple linear model to determine amount of variation explained in the value of the classroom teacher allotment and LEA wealth.

Furthermore, comments from the Department suggest the r^2 denotes weak relationship. As explained above, the strength of relationship **cannot be** discerned by examining r^2 . Strength of relationship is gleaned from the Person correlation coefficient ($r=.54$), which, by social science standards, we conclude is strong.

The r^2 , also known as the coefficient of determination, tells you how much variation of the dependent variable is explained by the independent variable/s. In the context of the analysis, the simple linear model describes the amount of variation in the value of the Classroom Teacher allotment and that can be explained by LEA wealth. In the case of this model, LEA wealth as a single variable explains 28% of the variation. Again, given the amount each LEA receives is driven by a standardized salary schedule, the fact that LEA wealth explains 28% of the variability across LEA is rather remarkable.

Causation from Correlation

In the response, DPI urges caution that the finding infers a sort of causal relationship between LEA wealth and the value of the Classroom Teacher allotment across LEAs.

“The finding runs the risk of confusing correlation with causation. The researchers reported the Pearson correlation coefficients to describe the relationship between the guaranteed position allotments and local wealth and minority populations. The strongest comment that can be made from these measures is that they are correlated, not that one by necessity causes the other”.

The finding does not state that LEA wealth is the cause of how much funding an LEA receives through the Classroom Teacher allotment, but rather notes that the distributional outcome of the allotment is that as county wealth increases, so does state funding per student through the Classroom Teacher allotment. In fact, the report is careful to avoid making the assertion alleged by DPI.

This finding shows that teacher sorting is happening across the state. Teacher sorting is the process wherein teachers express a preference regarding where they teach.^{2,3} Several studies have examined teacher sorting in North Carolina and its negative consequences. A 2006 study showed the tendency of more highly qualified teachers in North Carolina to teach at schools with more affluent and advantaged students. A 2011 study further confirmed that this basic pattern results in qualified teachers being

² Teacher sorting and the plight of urban schools: A descriptive analysis. Lankford, Hamilton, Susanna Loeb, and James Wyckoff. Educational Evaluation and Policy Analysis, 2002, Vol. 24, No 1, Pages 37-62.

³ Teacher Mobility, School Segregation, and Pay-Based Policies to Level the Playing Field. Charles T. Clotfelter, Helen F. Ladd, and Jacob L. Vigdor. Education Finance and Policy, Summer 2011, Vol. 6, No. 3, Pages 399-438.

unevenly distributed across schools, with more qualified teachers concentrated in schools with more affluent students. **A 2014 DPI State Plan to Ensure Equitable Access to Excellent Educators acknowledged and affirmed the negative consequences of teacher sorting across the state.** The plan documents differences in teacher characteristics among schools related to wealth and concentration of minority students, finding that more experienced and qualified teachers are generally more concentrated in wealthy districts with lower minority populations.

Because the design of the Classroom Teacher allotment is to pay the costs of teachers based on the statewide teacher salary schedule, LEAs with the greatest concentrations of experienced and qualified teachers receive proportionally more through the allotment. Teacher sorting is the complex process by which teacher preferences result in more experienced and credentialed teachers working in wealthier counties. However, it is the Classroom Teacher allotment design that results in more funding going to those LEAs because state funding is based on the teacher that fills the position. The alternative recommended in the report is to provide LEAs with an equal amount of funding per student to pay classroom teachers so that the allotment does not disproportionately benefit certain LEAs, namely wealthier ones.

Finding 2: The Children with Disabilities allotment fails to differentiate based on the instructional arrangements or setting required and contains a funding cap that results in disproportionately fewer resources going to LEAs with the most students to serve.

DPI took exception to the second finding related to how funds for children with disabilities are distributed. In its letter the Department states:

“The Children with Disabilities allotment is designed to create a pool of supplemental funds to allow LEAs and charter schools to combine those funds with the base State funding these students generate to develop a program for their children with special needs population”.

This argument runs counter to the stated purpose and design of the allotment. State Board of Education policy states that the purpose of the allotment is to “provide funding for the special educational needs and related services of Children with Disabilities.” Nowhere does the policy specify that funds are intended to provide a pool of resources to develop programs for children with disabilities. In addition, LEAs have to serve students in accordance with individualized education plans, not a general program. North Carolina’s funding of Children with Disabilities is based on student head count, recognizing that the number of students an LEA has to serve is a driver of cost. However, once an LEA reaches the 12.5% cap, additional children with disabilities do not result in additional funding for an LEA through the allotment. The idea that once an LEA reaches 12.5% of ADM, there is funding in place for a program, regardless of the number of children, is unsupported by the literature or basic rationale. As an example, 12.5% of Scotland County’s Fiscal Year 2014-15 ADM is 759 students, which is the number of students Scotland County received funding to serve in that year. However, Scotland County had 259 additional students for which it did not receive funding because they are above the 12.5% cap. These additional students all have to be served by additional teachers and staff.

DPI’s response also proposes expanding the per-child funding factor:

“By increasing the overall funding factor, all school districts and charter schools receive additional resources to address the needs of their special needs populations. The State Board believes this approach is better than channeling additional funding to only the LEAs that are above the 12.5% cap.”

Simply expanding the amount of funding per child does nothing to address the imprecision of the current funding per child. There is a wide variation in costs to serve children with disabilities and modifying how the funding is allocated so that funding per student more closely matches cost would better ensure that limited funding is distributed to where it is most needed.

Finding 5. The Low Wealth allotment formula relies on a factor that does not accurately assess a county's ability to generate local funding.

DPI suggests that the adjusted property tax base per square mile factor, also referred to as the "density factor" is needed to adjust for county land that does not generate revenue. DPI states,

"This factor was added to the formula to recognize large tracts of land within a county that do not generate revenue (it was referred to as swamp land towards the coast and national parks in places like Swain County)."

In fact, the low wealth formula already accounts for lands that do not generate revenue when calculating anticipated county revenue per ADM, which is based on total value of taxable property in a county. Properties such as national parks would not have any value in the formula and would not require any adjustment through another factor because the formula does not assume these lands are generating any county revenue. The Program Evaluation Division confirmed with the Department of Revenue that the total county taxable value data used by DPI does not include the value of property that is tax exempt. It is worth mentioning that even if it were necessary to make an adjustment for the types of lands described by DPI, simply dividing the adjusted property tax base by the number of square miles in a county does little to actually measure the amount of land that is not taxed and does not generate revenue.

Finding 7. Funding for central office administration has been decoupled from changes in student membership, creating an imbalance in the distribution of funds.

The Program Evaluation Division concurs with the Department's assertion that it is logical that the smallest LEAs will have a higher per-student allotment when compared to larger LEAs. However, this distribution is not what the report finding is asserting as the problem. The problem is that the allotment is no longer being adjusted based upon current LEA size, but is based upon LEA size in Fiscal Year 2001-02. This problem can best be summed up by Exhibit 20 on page 40 that compares 4 LEAs. In the first example, Union County and Davidson County both received \$1.1 million in Fiscal Year 2014-15 for central office administration. This amount is the same despite the fact that Union's ADM was more than two times greater than Davidson's. The second example compares McDowell and Davie Counties, where despite serving almost the exact number of students; Davie County received more than \$200,000 less. This imbalance exists because the allotment is no longer sensitive to changes in district size.

Final Considerations

We wish to note concerns with arguments that may imply that the Leandro litigation should forestall consideration of recommendations that would address issues identified in this report with the existing

allotment system. Much of the Court's focus was not on how state resources are allotted, but on how the State and LEAs choose to expend those resources and the educational outcomes achieved. For example, the Court wrote:

"In summary, the Court found that the individual school systems and the State must first put in place programs that provide all children with the equal opportunity to obtain a sound basic education and that if the funding that is appropriated from whatever source is being used for any other educational purpose than to meet the constitutional mandate, then those funds must be reallocated to satisfy the constitutional mandate first and foremost." (Hoke Memorandum of Decision, Section Four)

This report looked at how state resources are allotted, not how LEAs expend those resources. The recommendations contained in the report address issues with allocation of allotments, whereas Leandro is concerned primarily with expenditures and outcomes.

The court also addresses the possibility of changes to North Carolina's funding system in its finding:

That the State of North Carolina's educational funding delivery system, including ADM, low wealth, small county, at-risk and other areas of funding, is valid, sound and flexible enough to provide for the delivery of adequate funding to all school systems in North Carolina, including Hoke County, so that they may provide each child with the equal opportunity to obtain a sound basic education. One of the most impressive and strongest aspects of North Carolina's educational funding delivery system is its flexibility. *The system may be easily changed to meet new funding needs and programs in education. So long as this flexibility exists, the structure of the system will remain sound.* This finding does not answer the question of whether or not the State of North Carolina is providing adequate funding to HCSS or any other LEA in a manner that ensures that all children are receiving an equal opportunity to obtain a sound basic education (emphasis added). (Hoke Memo, Section One)

We see no reason to conclude that *Leandro* would prevent the General Assembly from making improvements to the allotment system or that it should forestall consideration of different funding models.

Sincerely,



John W. Turcotte
Director

Reading Appendix A

Appendix A provides a collection of analyses on each of the 19 initial allotments. Each initial allotment sheet contains an associated front and back page of standardized information. Below is a screenshot of a sheet with annotated text describing what is being presented.

Front Page

The Program Report Code (PRC) number links each allotment to the chart of accounts.

Allotments are distributed as dollars or positions.

Each allotment is described in terms of purpose, eligibility, and allocation as provided in policy.

Allotment Name
Classroom Teachers (PRC 001)

Type of Resource Positions

Purpose: This allotment provides guaranteed funding for the salaries and benefits of classroom teachers. Individuals funded from this allotment must have a NC educator license and spend the majority of a school day providing classroom instruction to students. The individual shall not be assigned to administrative duties in the central office or school offices.

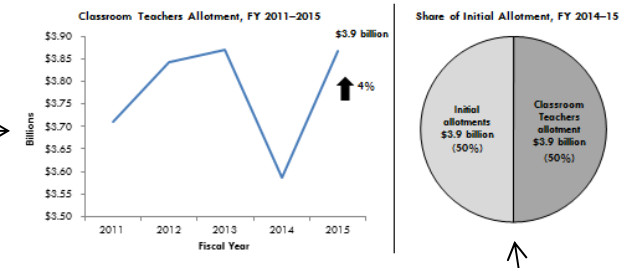
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014-15.

Allocation: Positions (not dollars) for the grades listed below are calculated separately and consolidated in PRC 001. In FY 2014-15, teaching positions were calculated based on one position per the following classroom ratios:

| Grade | Number of Students | Grade | Number of Students |
|-------|--------------------|-------|--------------------|
| K | 19 | 7-8 | 23 |
| 1 | 18 | 9 | 26.5 |
| 2-3 | 17 | 10-12 | 29 |
| 4-6 | 24 | | |

The total positions are then multiplied by the LEA's average monthly salary plus benefits to determine what is budgeted to LEAs.

A line chart provides the total amount allotted statewide from Fiscal Years 2011-2015. The arrow indicates % growth from Fiscal Year 2011.



Back Page

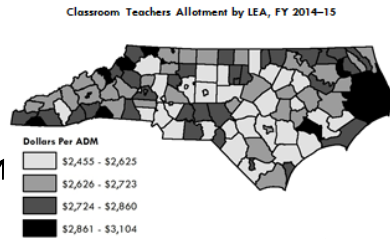
The second page of each analysis provides a table ranking each LEA's allocation from greatest dollar amount to least on a per average daily membership or headcount basis for Fiscal Year 2014-15.

LEA Classroom Teachers Allotment (PRC 001), FY 2014-15

| LEA Name | Per ADM | LEA NAME | Per ADM | LEA NAME | Per ADM |
|-------------------------|----------------|------------------------|----------------|-------------------------|---------|
| 1 Dane County | \$3,104 | 43 Perquimans County | \$2,737 | 85 Craven County | \$2,613 |
| 2 Hyde County | \$3,103 | 44 Catawba County | \$2,733 | 86 Cumberland County | \$2,611 |
| 3 Jones County | \$2,997 | 45 Moore County | \$2,731 | 87 Duplin County | \$2,609 |
| 4 Tyrrell County | \$2,979 | 46 Rockingham County | \$2,723 | 88 Franklin County | \$2,609 |
| 5 Watauga County | \$2,979 | 47 Bladen County | \$2,721 | 89 Hoke County | \$2,609 |
| 6 Clay County | \$2,970 | 48 Roanoke Rapids City | \$2,719 | 90 Randolph County | \$2,607 |
| 7 Polk County | \$2,957 | 49 Currituck County | \$2,717 | 91 Macon County | \$2,605 |
| 8 Mitchell County | \$2,948 | 50 Washington County | \$2,713 | 92 Iredell County | \$2,603 |
| 9 Elkin City | \$2,933 | 51 Yadkin County | \$2,711 | 93 Granville County | \$2,601 |
| 10 Alleghany County | \$2,932 | MEAN VALUE | \$2,709 | 94 Gaston County | \$2,601 |
| 11 Chowan County | \$2,697 | 52 Beaufort County | \$2,708 | 95 Columbus County | \$2,600 |
| 12 Vance County | \$2,660 | 53 Alexander County | \$2,706 | 96 Richmond County | \$2,599 |
| 13 Carteret County | \$2,654 | 54 Weldon City | \$2,705 | 97 Lexington City | \$2,593 |
| 14 Avery County | \$2,653 | 55 Kannapolis City | \$2,703 | 98 Chatham County | \$2,592 |
| 15 Scotland County | \$2,640 | 56 Swain County | \$2,698 | 99 Robeson County | \$2,588 |
| 16 Ashe County | \$2,639 | 57 Clinton City | \$2,695 | 100 Wilkes County | \$2,586 |
| 17 Orange County | \$2,632 | 58 Surry County | \$2,692 | 101 Johnston County | \$2,584 |
| 18 Forsyth County | \$2,612 | 59 Yancey County | \$2,691 | 102 Onslow County | \$2,583 |
| 19 Martin County | \$2,606 | 60 Haywood County | \$2,682 | 103 Asheville City | \$2,583 |
| 20 Cleveland County | \$2,604 | 61 Stokes County | \$2,681 | 104 Sampson County | \$2,581 |
| 21 Caldwell County | \$2,603 | 62 Burke County | \$2,676 | 105 Jackson County | \$2,578 |
| 22 Transylvania County | \$2,601 | 63 McDowell County | \$2,675 | 106 Edgecombe County | \$2,578 |
| 23 Caswell County | \$2,797 | 64 Lincoln County | \$2,674 | 107 Alamance-Burlington | \$2,576 |
| 24 Cherokee County | \$2,796 | 65 Buncombe County | \$2,670 | 108 Pamlico County | \$2,575 |
| 25 Whiteville City | \$2,795 | 66 Wake County | \$2,669 | 109 Mecklenburg County | \$2,572 |
| MEDIAN VALUE | \$2,792 | 67 Graham County | \$2,662 | 110 Davidson County | \$2,560 |
| 26 Asheville City | \$2,785 | 68 Rowan-Salisbury | \$2,651 | 111 Cabarrus County | \$2,554 |
| 27 Hartford County | \$2,785 | 69 Madison County | \$2,650 | 112 Fender County | \$2,553 |
| 28 Macon County | \$2,781 | 70 Rutherford County | \$2,650 | 113 Newnan-Covover | \$2,543 |
| 29 Gates County | \$2,766 | 71 Wayne County | \$2,649 | 114 Hamam County | \$2,527 |
| 30 Montgomery County | \$2,766 | 72 Halifax County | \$2,642 | 115 Hoke County | \$2,455 |
| 31 Chapel Hill-Carrboro | \$2,765 | 73 Wilson County | \$2,642 | | |
| 32 Thomasville City | \$2,763 | 74 Brunswick County | \$2,641 | | |
| 33 Warren County | \$2,761 | 75 Person County | \$2,638 | | |
| 34 Camden County | \$2,756 | 76 Lenoir County | \$2,637 | | |
| 35 Mount Airy City | \$2,755 | 77 Pasquotank County | \$2,636 | | |
| 36 Henderson County | \$2,755 | 78 Bertie County | \$2,635 | | |
| 37 New Hanover County | \$2,753 | 79 Lee County | \$2,633 | | |
| 38 Davie County | \$2,748 | 80 Pitt County | \$2,632 | | |
| 39 Northampton County | \$2,745 | 81 Guilford County | \$2,625 | | |
| 40 Durham Public | \$2,745 | 82 Greene County | \$2,624 | | |
| 41 Anson County | \$2,743 | 83 Union County | \$2,619 | | |
| 42 Stanly County | \$2,739 | 84 Nash-Rocky Mount | \$2,618 | | |

Notes:
1. The variability in dollars per ADM is a result of the teacher salary schedules. Teacher salaries are adjusted upward based on the number of years of experience, educational attainment, and board certification.

A map shows the distribution of each initial allotment across the 115 Local Education Agencies (LEAs) on a per average daily membership (ADM) or headcount basis for Fiscal Year 2014-15.



A pie chart shows each of the initial allotments as a proportion of all initial allotments.

LEAs at or above the average distribution are highlighted in gray

LEAs below the average distribution are not highlighted.

Classroom Teachers (PRC 001)

Purpose: This allotment provides guaranteed funding for the salaries and benefits of classroom teachers. Individuals funded from this allotment must have a North Carolina educator license and spend the majority of a school day providing classroom instruction to students. The individual shall not be assigned to administrative duties in the central office or school offices.

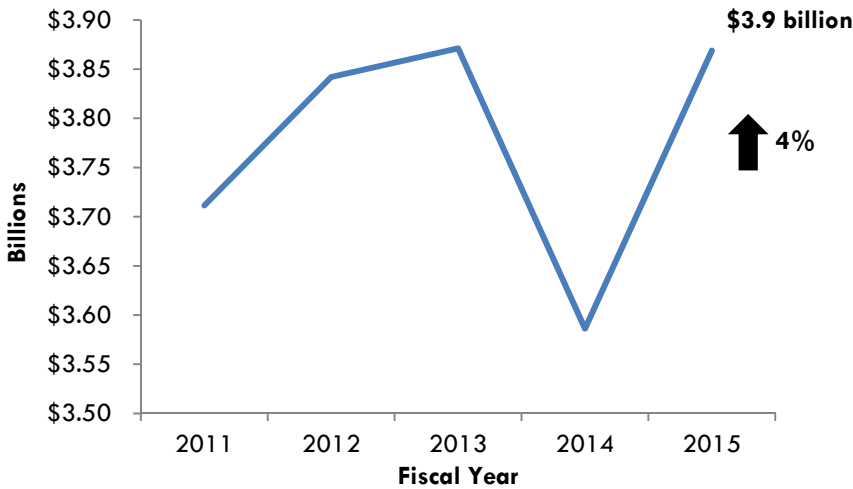
Eligibility: Each Local Education Agency (LEA) is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Positions (not dollars) for the grades listed below are calculated separately and consolidated in PRC 001. In FY 2014–15, teaching positions were calculated based on one position per the following classroom ratios:

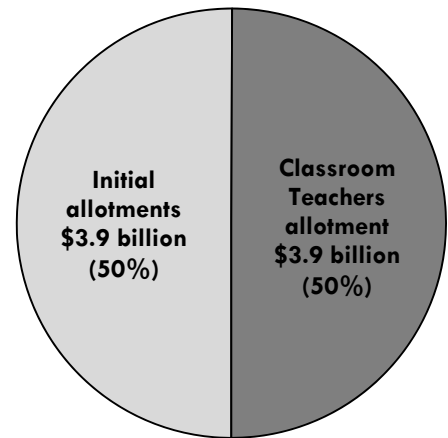
| Grade | Number of Students | Grade | Number of Students |
|-------|--------------------|-------|--------------------|
| K | 18 | 9 | 26.5 |
| 1-3 | 17 | 10-12 | 29 |
| 4-6 | 24 | | |
| 7-8 | 23 | | |

The total positions are then multiplied by the LEA's average monthly state salary plus benefits to determine what is budgeted to LEAs. Average monthly state salary is taken from the 6th pay period of FY 2013–14

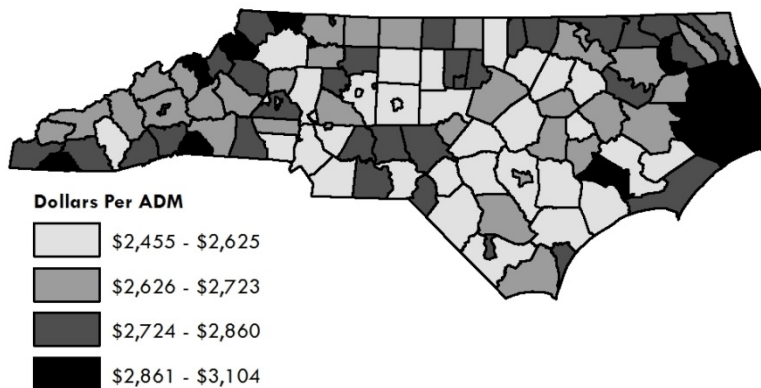
Classroom Teachers Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Classroom Teachers Allotment by LEA, FY 2014–15



LEA Classroom Teachers Allotment (PRC 001), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|------------------------|----------------|-------------------------|----------------|
| 1 Dare County | \$3,104 | 44 Catawba County | \$2,733 | 85 Craven County | \$2,613 |
| 2 Hyde County | \$3,103 | 45 Moore County | \$2,731 | 86 Cumberland County | \$2,611 |
| 3 Jones County | \$2,997 | 46 Rockingham County | \$2,723 | 87 Duplin County | \$2,609 |
| 4 Tyrrell County | \$2,979 | 47 Bladen County | \$2,721 | 88 Franklin County | \$2,609 |
| 5 Watauga County | \$2,979 | 48 Roanoke Rapids City | \$2,719 | 89 Hickory City | \$2,609 |
| 6 Clay County | \$2,970 | 49 Currituck County | \$2,717 | 90 Randolph County | \$2,607 |
| 7 Polk County | \$2,957 | 50 Washington County | \$2,713 | 91 Mooresville City | \$2,605 |
| 8 Mitchell County | \$2,948 | 51 Yadkin County | \$2,711 | 92 Iredell County | \$2,603 |
| 9 Elkin City | \$2,933 | MEAN VALUE | \$2,709 | 93 Granville County | \$2,601 |
| 10 Alleghany County | \$2,932 | 52 Beaufort County | \$2,708 | 94 Gaston County | \$2,601 |
| 11 Chowan County | \$2,897 | 53 Alexander County | \$2,706 | 95 Columbus County | \$2,600 |
| 12 Vance County | \$2,860 | 54 Weldon City | \$2,705 | 96 Richmond County | \$2,599 |
| 13 Carteret County | \$2,854 | 55 Kannapolis City | \$2,703 | 97 Lexington City | \$2,593 |
| 14 Avery County | \$2,853 | 56 Swain County | \$2,698 | 98 Chatham County | \$2,592 |
| 15 Scotland County | \$2,840 | 57 Clinton City | \$2,695 | 99 Robeson County | \$2,588 |
| 16 Ashe County | \$2,839 | MEDIAN VALUE | \$2,692 | 100 Wilkes County | \$2,586 |
| 17 Orange County | \$2,832 | 58 Surry County | \$2,692 | 101 Johnston County | \$2,584 |
| 18 Forsyth County | \$2,812 | 59 Yancey County | \$2,691 | 102 Onslow County | \$2,583 |
| 19 Martin County | \$2,806 | 60 Haywood County | \$2,682 | 103 Asheboro City | \$2,583 |
| 20 Cleveland County | \$2,804 | 61 Stokes County | \$2,681 | 104 Sampson County | \$2,581 |
| 21 Caldwell County | \$2,803 | 62 Burke County | \$2,676 | 105 Jackson County | \$2,578 |
| 22 Transylvania County | \$2,801 | 63 McDowell County | \$2,675 | 106 Edgecombe County | \$2,578 |
| 23 Caswell County | \$2,797 | 64 Lincoln County | \$2,674 | 107 Alamance-Burlington | \$2,576 |
| 24 Cherokee County | \$2,796 | 65 Buncombe County | \$2,670 | 108 Pamlico County | \$2,575 |
| 25 Whiteville City | \$2,795 | 66 Wake County | \$2,669 | 109 Mecklenburg County | \$2,572 |
| 26 Asheville City | \$2,786 | 67 Graham County | \$2,662 | 110 Davidson County | \$2,560 |
| 27 Hertford County | \$2,785 | 68 Rowan-Salisbury | \$2,651 | 111 Cabarrus County | \$2,554 |
| 28 Macon County | \$2,781 | 69 Madison County | \$2,650 | 112 Pender County | \$2,553 |
| 29 Gates County | \$2,766 | 70 Rutherford County | \$2,650 | 113 Newton-Conover | \$2,543 |
| 30 Montgomery County | \$2,766 | 71 Wayne County | \$2,649 | 114 Harnett County | \$2,527 |
| 31 Chapel Hill-Carrboro | \$2,765 | 72 Halifax County | \$2,642 | 115 Hoke County | \$2,455 |
| 32 Thomasville City | \$2,763 | 73 Wilson County | \$2,642 | | |
| 33 Warren County | \$2,761 | 74 Brunswick County | \$2,641 | | |
| 34 Camden County | \$2,756 | 75 Person County | \$2,638 | | |
| 35 Mount Airy City | \$2,755 | 76 Lenoir County | \$2,637 | | |
| 36 Henderson County | \$2,755 | 77 Pasquotank County | \$2,636 | | |
| 37 New Hanover County | \$2,753 | 78 Bertie County | \$2,635 | | |
| 38 Davie County | \$2,748 | 79 Lee County | \$2,633 | | |
| 39 Northampton County | \$2,745 | 80 Pitt County | \$2,632 | | |
| 40 Durham Public | \$2,745 | 81 Guilford County | \$2,625 | | |
| 41 Anson County | \$2,743 | 82 Greene County | \$2,624 | | |
| 42 Stanly County | \$2,739 | 83 Union County | \$2,619 | | |
| 43 Perquimans County | \$2,737 | 84 Nash-Rocky Mount | \$2,618 | | |

Notes:

1. The variability in dollars per ADM is a result of the teacher salary schedule. Teacher salaries are adjusted upward based on the number of years of experience, educational attainment, and board certification.

Central Office Administration (PRC 002)

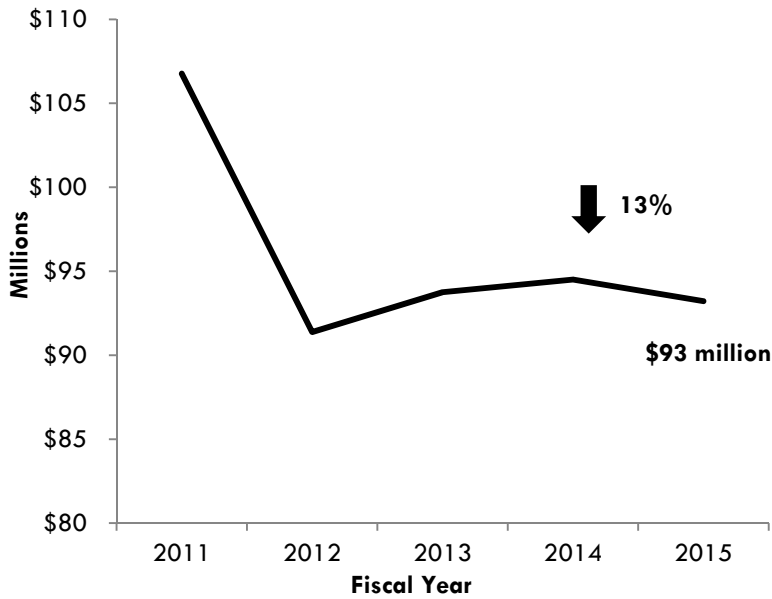
Dollars

Purpose: Provides funding for the salary and benefits of central office administration. This category is used to pay for personnel including: Superintendent, Directors/Supervisors/Coordinators, Associate and Assistant Superintendents, Finance Officers, Child Nutrition Supervisors/Managers, Community School Coordinators/Directors, Athletic Trainers, Health Education Coordinators, Maintenance Supervisors, Transportation Directors.

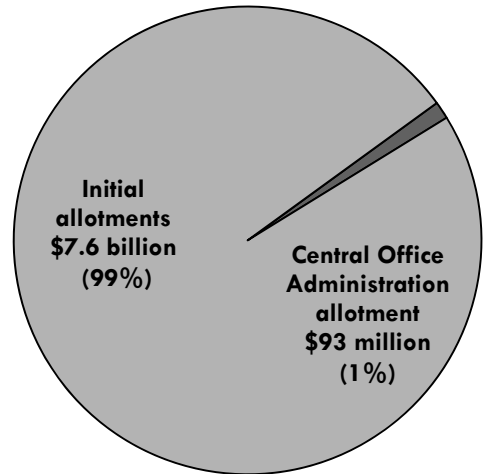
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received this allotment in FY 14–15.

Allocation: The allotment for central office administration has been frozen at the Fiscal Year 2002–03 level. The allotment is now adjusted by the net effect of other legislative changes and the reduction for the charter school reserve. The allotment for Fiscal Year 2014–15 was a (1.36%) decrease from the Fiscal Year 2013–14 allotment.

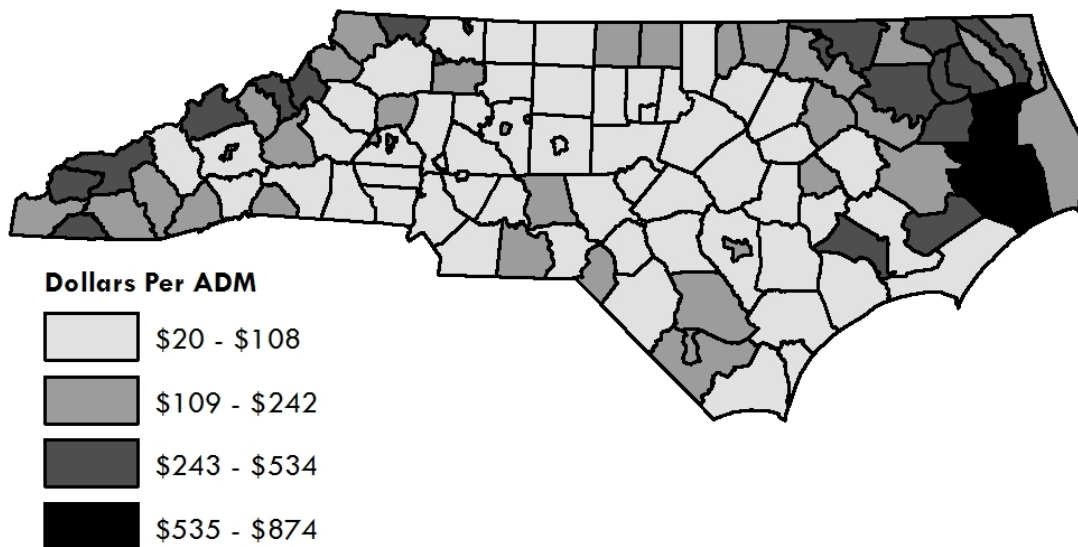
Central Office Administration Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Central Office Administration Allotment by LEA, FY 2014–15



LEA Central Office Allotment (PRC 002), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|------------------------|----------------|----------------------|----------------|-------------------------|----------------|
| 1 Tyrrell County | \$874 | 44 Watauga County | \$136 | 89 Nash-Rocky Mount | \$66 |
| 2 Hyde County | \$813 | 46 Pasquotank County | \$134 | 90 Brunswick County | \$64 |
| 3 Pamlico County | \$535 | 47 Macon County | \$130 | 91 Henderson County | \$61 |
| 4 Jones County | \$488 | 48 McDowell County | \$129 | 92 Catawba County | \$57 |
| 5 Graham County | \$423 | 49 Edgecombe County | \$127 | 93 Wayne County | \$57 |
| 6 Weldon City | \$404 | 50 Vance County | \$126 | 94 Rowan-Salisbury | \$56 |
| 7 Washington County | \$378 | 51 Dare County | \$125 | 95 Davidson County | \$55 |
| 8 Clay County | \$371 | 52 Alexander County | \$121 | 96 Randolph County | \$55 |
| 9 Gates County | \$359 | 53 Beaufort County | \$121 | 97 Chapel Hill-Carrboro | \$54 |
| 10 Alleghany County | \$344 | 54 Scotland County | \$120 | 98 Robeson County | \$54 |
| 11 Elkin City | \$312 | 55 Hickory City | \$118 | 99 Alamance-Burlington | \$50 |
| 12 Northampton County | \$301 | 56 Columbus County | \$117 | 100 Buncombe County | \$50 |
| 13 Perquimans County | \$299 | MEDIAN VALUE | \$116 | 101 Harnett County | \$49 |
| 14 Swain County | \$282 | 57 Asheville City | \$116 | 102 Iredell County | \$47 |
| 15 Avery County | \$280 | 58 Yadkin County | \$116 | 103 Pitt County | \$47 |
| 16 Chowan County | \$280 | 59 Stokes County | \$108 | 104 Gaston County | \$45 |
| 17 Mitchell County | \$272 | 60 Haywood County | \$107 | 105 Onslow County | \$44 |
| 18 Mount Airy City | \$266 | 61 Asheboro City | \$106 | 106 New Hanover County | \$44 |
| 19 Bertie County | \$257 | 62 Richmond County | \$103 | 107 Durham Public | \$40 |
| 20 Camden County | \$257 | 63 Davie County | \$96 | 108 Cumberland County | \$39 |
| 21 Madison County | \$250 | 64 Stanly County | \$95 | 109 Cabarrus County | \$35 |
| 22 Warren County | \$242 | 65 Lenoir County | \$94 | 110 Forsyth County | \$32 |
| 23 Yancey County | \$235 | 66 Rutherford County | \$94 | 111 Guilford County | \$32 |
| 24 Polk County | \$229 | 67 Kannapolis City | \$93 | 112 Johnston County | \$31 |
| 25 Caswell County | \$227 | 68 Orange County | \$90 | 113 Union County | \$26 |
| 26 Halifax County | \$208 | 69 Carteret County | \$86 | 114 Mecklenburg County | \$23 |
| 27 Hertford County | \$207 | 70 Granville County | \$84 | 115 Wake County | \$20 |
| 28 Whiteville City | \$207 | 71 Surry County | \$84 | | |
| 29 Thomasville City | \$190 | 72 Wilkes County | \$84 | | |
| 30 Ashe County | \$185 | 73 Chatham County | \$83 | | |
| 31 Transylvania County | \$180 | 74 Mooresville City | \$81 | | |
| 32 Bladen County | \$177 | 75 Franklin County | \$80 | | |
| 33 Cherokee County | \$176 | 76 Sampson County | \$80 | | |
| 34 Martin County | \$176 | 77 Hoke County | \$78 | | |
| 35 Greene County | \$175 | 78 Burke County | \$74 | | |
| 36 Anson County | \$162 | 79 Duplin County | \$73 | | |
| 37 Jackson County | \$161 | 80 Rockingham County | \$73 | | |
| 38 Roanoke Rapids City | \$159 | 81 Lee County | \$73 | | |
| MEAN VALUE | \$154 | 82 Caldwell County | \$71 | | |
| 39 Lexington City | \$153 | 83 Lincoln County | \$70 | | |
| 40 Clinton City | \$152 | 84 Cleveland County | \$70 | | |
| 41 Newton-Conover | \$146 | 85 Pender County | \$69 | | |
| 42 Montgomery County | \$146 | 86 Wilson County | \$69 | | |
| 43 Currituck County | \$140 | 87 Moore County | \$67 | | |
| 44 Person County | \$139 | 88 Craven County | \$66 | | |

Notes:

1. Funding for 002 is held harmless from changes in ADM.
2. Variability in per ADM is due to the economy of scale associated with central administration costs.

Non-Instructional Support Personnel (PRC 003)

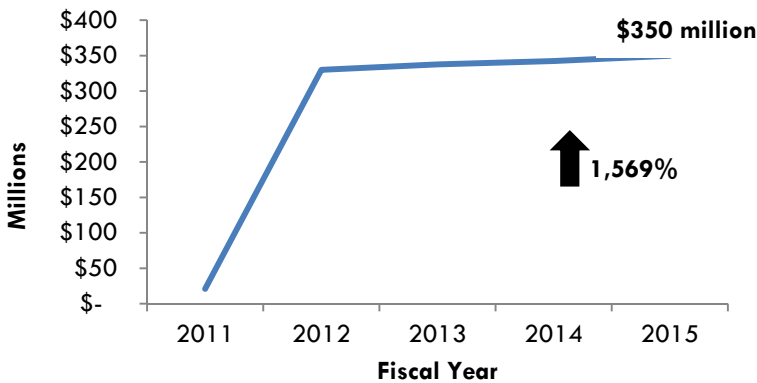
Dollars

Purpose: This allotment provides funding for non-instructional support personnel and associated benefits. These funds may be used at the central office or at individual schools for the following positions: clerical assistants, custodians, duty free period, liability insurance, substitutes, textbook commission clerical assistant.

Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received this allotment in FY 2014–15.

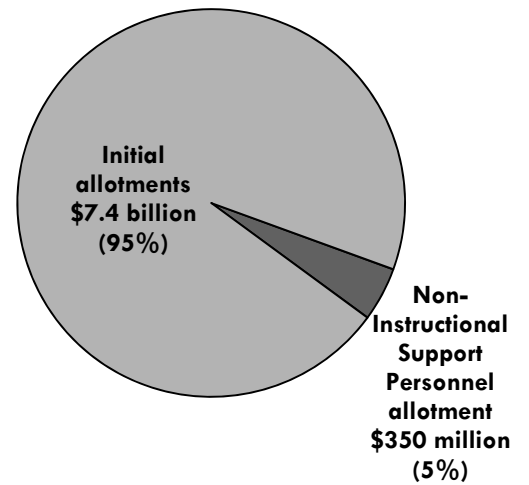
Allocation: Funds for this allotment are distributed on the basis of dollars per ADM. LEAs determine the assignment, the length of employment, and pay level in accordance with the North Carolina Public School Personnel State Salary Schedule. Every LEA with a member in the textbook commission receives a \$6,000 allotment for clerical assistants.

Non-Instructional Support Personnel , FY 2011–2015

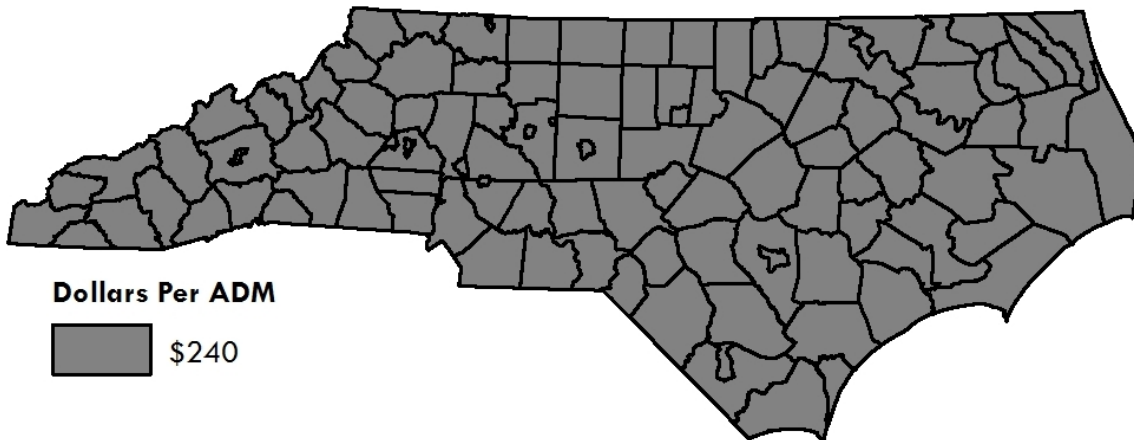


Note: In 2011, the NCGA used federal stabilization funds to supplant state funds.

Share of Initial Allotment, FY 2014–15



Non-Instructional Support Personnel LEA, FY 2014–15



Non-Instructional Support Personnel (PRC 003), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|
| 1 Alamance-Burlington | \$240 | 43 Graham County | \$240 | 85 Pitt County | \$240 |
| 2 Alexander County | \$240 | 44 Granville County | \$240 | 86 Polk County | \$240 |
| 3 Alleghany County | \$240 | 45 Greene County | \$240 | 87 Randolph County | \$240 |
| 4 Anson County | \$240 | 46 Guilford County | \$240 | 88 Richmond County | \$240 |
| 5 Ashe County | \$240 | 47 Halifax County | \$240 | 89 Roanoke Rapids City | \$240 |
| 6 Asheboro City | \$240 | 48 Harnett County | \$240 | 90 Robeson County | \$240 |
| 7 Asheville City | \$240 | 49 Haywood County | \$240 | 91 Rockingham County | \$240 |
| 8 Avery County | \$240 | 50 Henderson County | \$240 | 92 Rowan-Salisbury | \$240 |
| 9 Beaufort County | \$240 | 51 Hertford County | \$240 | 93 Rutherford County | \$240 |
| 10 Bertie County | \$240 | 52 Hickory City | \$240 | 94 Sampson County | \$240 |
| 11 Bladen County | \$240 | 53 Hoke County | \$240 | 95 Scotland County | \$240 |
| 12 Brunswick County | \$240 | 54 Hyde County | \$240 | 96 Stanly County | \$240 |
| 13 Buncombe County | \$240 | 55 Iredell County | \$240 | 97 Stokes County | \$240 |
| 14 Burke County | \$240 | 56 Jackson County | \$240 | 98 Surry County | \$240 |
| 15 Cabarrus County | \$240 | 57 Johnston County | \$240 | 99 Swain County | \$240 |
| 16 Caldwell County | \$240 | 58 Jones County | \$240 | 100 Thomasville City | \$240 |
| 17 Camden County | \$240 | 59 Kannapolis City | \$240 | 101 Transylvania County | \$240 |
| 18 Carteret County | \$240 | 60 Lee County | \$240 | 102 Tyrrell County | \$240 |
| 19 Caswell County | \$240 | 61 Lenoir County | \$240 | 103 Union County | \$240 |
| 20 Catawba County | \$240 | 62 Lexington City | \$240 | 104 Vance County | \$240 |
| 21 Chapel Hill-Carrboro | \$240 | 63 Lincoln County | \$240 | 105 Wake County | \$240 |
| 22 Chatham County | \$240 | 64 Macon County | \$240 | 106 Warren County | \$240 |
| 23 Cherokee County | \$240 | 65 Madison County | \$240 | 107 Washington County | \$240 |
| 24 Chowan County | \$240 | 66 Martin County | \$240 | 108 Watauga County | \$240 |
| 25 Clay County | \$240 | 67 McDowell County | \$240 | 109 Wayne County | \$240 |
| 26 Cleveland County | \$240 | 68 Mecklenburg County | \$240 | 110 Weldon City | \$240 |
| 27 Clinton City | \$240 | 69 Mitchell County | \$240 | 111 Whiteville City | \$240 |
| 28 Columbus County | \$240 | 70 Montgomery County | \$240 | 112 Wilkes County | \$240 |
| 29 Craven County | \$240 | 71 Moore County | \$240 | 113 Wilson County | \$240 |
| 30 Cumberland County | \$240 | 72 Mooresville City | \$240 | 114 Yadkin County | \$240 |
| 31 Currituck County | \$240 | 73 Mount Airy City | \$240 | 115 Yancey County | \$240 |
| 32 Dare County | \$240 | 74 Nash-Rocky Mount | \$240 | | |
| 33 Davidson County | \$240 | 75 New Hanover County | \$240 | | |
| 34 Davie County | \$240 | 76 Newton-Conover | \$240 | | |
| 35 Duplin County | \$240 | 77 Northampton County | \$240 | | |
| 36 Durham Public | \$240 | 78 Onslow County | \$240 | | |
| 37 Edgecombe County | \$240 | 79 Orange County | \$240 | | |
| 38 Elkin City | \$240 | 80 Pamlico County | \$240 | | |
| 39 Forsyth County | \$240 | 81 Pasquotank County | \$240 | | |
| 40 Franklin County | \$240 | 82 Pender County | \$240 | | |
| 41 Gaston County | \$240 | 83 Perquimans County | \$240 | | |
| 42 Gates County | \$240 | 84 Person County | \$240 | | |

Notes:

1. The funded amount of non-instructional support in 2011 appears low because the NCGA used federal stabilization to support Non-Instructional Support Personnel.

School Building Administration (PRC 005)

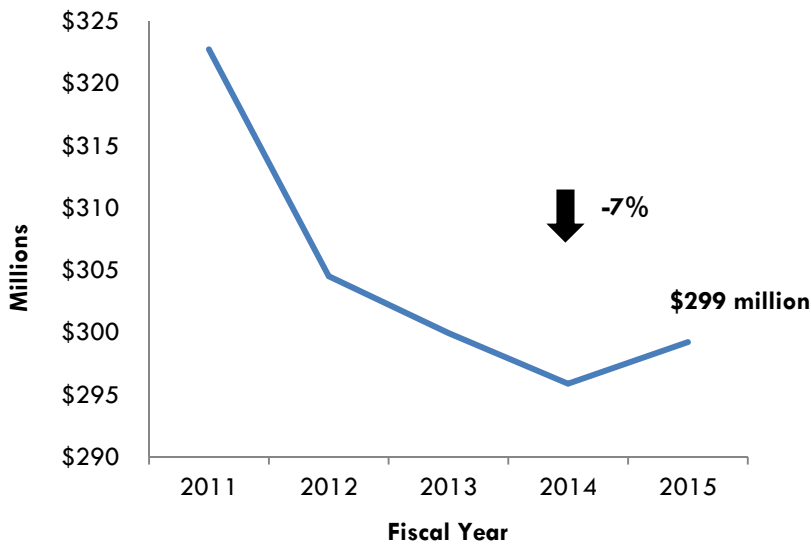
Positions

Purpose: This allotment provides funding that pays for the salaries, including benefits, of principals and assistant principals.

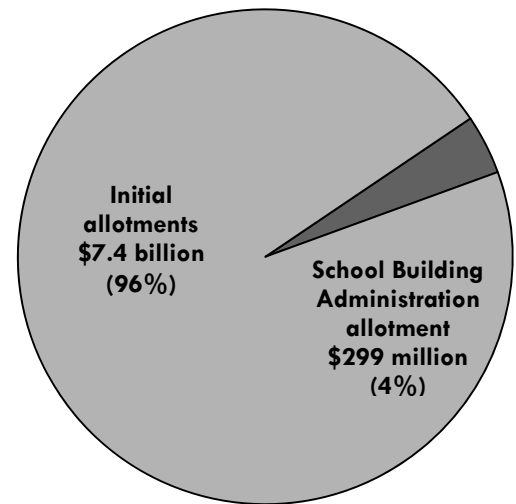
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received this allotment in FY 14–15.

Allocation: Each school with 100 or more students or seven or more full-time, state-allotted teachers and instructional support personnel (based on prior year 6th pay period) is entitled to twelve months of employment for a principal. The total months are then multiplied by the LEA’s average monthly salary. Schools are entitled to one month of employment for an assistant principal per 98.53 allotted ADM. Fractions of months are rounded up for small cities or LEAs with less than 3,000 students.

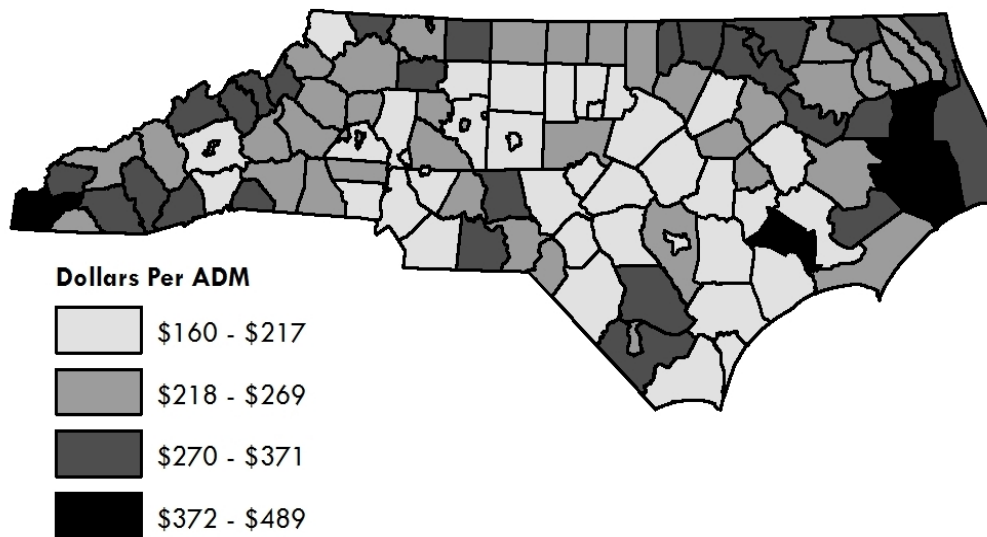
School Building Administration Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



School Business Administration by LEA, FY 2014–15



LEA School Business Administration Allotment (PRC 005), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|------------------------|----------------|----------------------|----------------|--------------------------|----------------|
| 1 Hyde County | \$489 | 45 Surry County | \$244 | 89 Henderson County | \$207 |
| 2 Tyrrell County | \$484 | 46 Richmond County | \$244 | 90 New Hanover | \$206 |
| 3 Jones County | \$454 | 47 Wilkes County | \$244 | 91 Catawba County | \$205 |
| 4 Cherokee County | \$429 | 48 Lincoln County | \$243 | 92 Durham Public | \$203 |
| 5 Weldon City | \$371 | 49 Caldwell County | \$243 | 93 Randolph County | \$203 |
| 6 Mitchell County | \$371 | 50 Granville County | \$243 | 94 Brunswick County | \$201 |
| 7 Avery County | \$354 | 51 Haywood County | \$241 | 95 Hoke County | \$201 |
| 8 Yancey County | \$351 | 52 Camden County | \$240 | 96 Duplin County | \$201 |
| 9 Polk County | \$337 | 53 Whiteville City | \$240 | 97 Forsyth County | \$200 |
| 10 Northampton County | \$332 | 54 Sampson County | \$238 | 98 Ashe County | \$200 |
| 11 Martin County | \$329 | 55 Burke County | \$238 | 99 Clinton City | \$200 |
| 12 Pamlico County | \$326 | 56 Watauga County | \$236 | 100 Wayne County | \$199 |
| 13 Halifax County | \$319 | 57 Franklin County | \$234 | 101 Davidson County | \$197 |
| 14 Stokes County | \$309 | MEDIAN VALUE | \$233 | 102 Chapel Hill-Carrboro | \$195 |
| 15 Washington County | \$307 | 58 Carteret County | \$233 | 103 Alamance-Burlington | \$189 |
| 16 Gates County | \$306 | 59 Perquimans County | \$233 | 104 Lee County | \$188 |
| 17 Alleghany County | \$303 | 60 Lexington City | \$233 | 105 Kannapolis City | \$188 |
| 18 Warren County | \$298 | 61 Rockingham County | \$231 | 106 Harnett County | \$188 |
| 19 Macon County | \$297 | 62 Cleveland County | \$229 | 107 Pitt County | \$187 |
| 20 Bladen County | \$296 | 63 McDowell County | \$228 | 108 Onslow County | \$182 |
| 21 Transylvania County | \$292 | 64 Swain County | \$227 | 109 Roanoke Rapids City | \$180 |
| 22 Columbus County | \$292 | 65 Chatham County | \$227 | 110 Mooresville City | \$177 |
| 23 Montgomery County | \$288 | 66 Davie County | \$224 | 111 Johnston County | \$173 |
| 24 Dare County | \$285 | 67 Rowan-Salisbury | \$221 | 112 Cabarrus County | \$171 |
| 25 Madison County | \$283 | 68 Beaufort County | \$220 | 113 Union County | \$169 |
| 26 Currituck County | \$283 | 69 Wilson County | \$220 | 114 Wake County | \$163 |
| 27 Vance County | \$280 | 70 Alexander County | \$220 | 115 Mecklenburg County | \$160 |
| 28 Yadkin County | \$280 | 71 Newton-Conover | \$220 | | |
| 29 Jackson County | \$280 | 72 Greene County | \$220 | | |
| 30 Anson County | \$277 | 73 Chowan County | \$219 | | |
| 31 Graham County | \$275 | 74 Robeson County | \$217 | | |
| 32 Bertie County | \$269 | 75 Pender County | \$216 | | |
| 33 Scotland County | \$265 | 76 Lenoir County | \$214 | | |
| 34 Hertford County | \$264 | 77 Moore County | \$214 | | |
| 35 Clay County | \$263 | 78 Nash-Rocky Mount | \$213 | | |
| 36 Stanly County | \$262 | 79 Gaston County | \$212 | | |
| 37 Elkin City | \$257 | 80 Thomasville City | \$212 | | |
| 38 Mount Airy City | \$254 | 81 Iredell County | \$212 | | |
| 39 Hickory City | \$250 | 82 Guilford County | \$210 | | |
| 40 Edgecombe County | \$250 | 83 Craven County | \$210 | | |
| 41 Pasquotank County | \$249 | 84 Buncombe County | \$209 | | |
| MEAN VALUE | \$248 | 85 Asheville City | \$208 | | |
| 42 Caswell County | \$247 | 86 Asheboro City | \$208 | | |
| 43 Person County | \$246 | 87 Cumberland County | \$207 | | |
| 44 Rutherford County | \$244 | 88 Orange County | \$207 | | |

Notes:

1. Variability in dollars per ADM is due to size of LEAs.

Instructional Support Personnel (PRC 007)

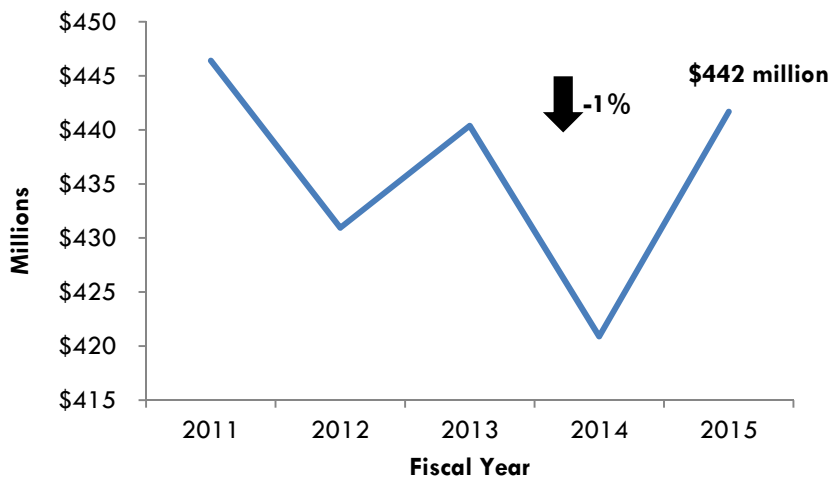
Positions

Purpose: This allotment provides funding for certified instructional support personnel to implement locally designed initiatives that provide services to students who are at risk of school failure as well as to the students' families. The positions are used for counselors, social workers, and other instructional support personnel that have a direct instructional relationship to students or teachers. This allotment is not intended to cover administrators, coordinators, supervisors or directors.

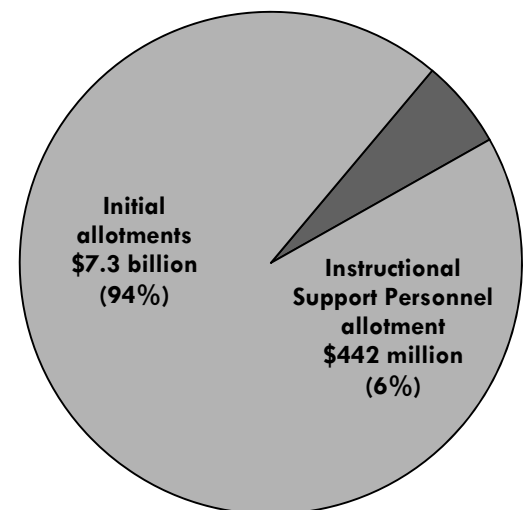
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received this allotment in FY 14–15.

Allocation: Positions in this allotment are granted on the basis of one per 218.55 allotted ADM. For city LEAs with an ADM of less than 3,000, all fractions are rounded up to the next whole position. This allotment contains a special provision that allows any portion of a position allotment to be transferred to dollars for contracted services directly related to school nursing and psychology.

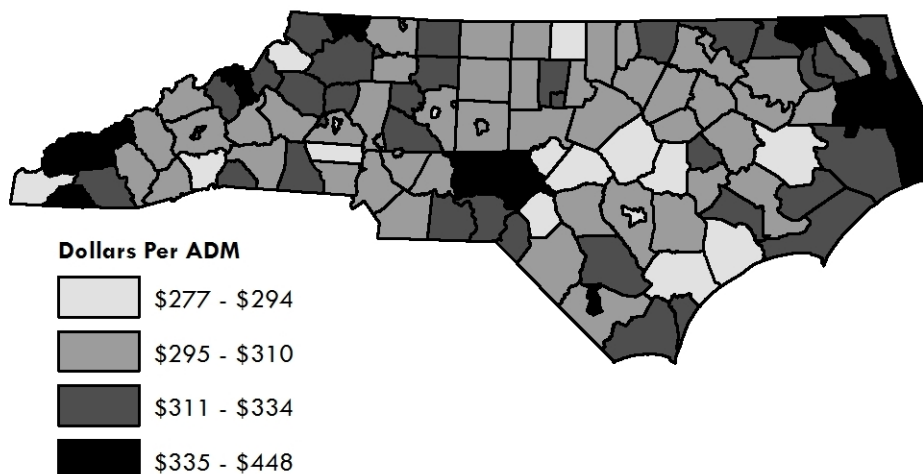
Instruction Support Personnel Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Instructional Support Personnel Allotment by LEA, FY 2014–15



Instructional Support Personnel Allotment (PRC 007), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|------------------------|----------------|-----------------------|----------------|
| 1 Tyrrell County | \$448 | 44 Stokes County | \$314 | 85 Granville County | \$298 |
| 2 Dare County | \$349 | 45 Rowan-Salisbury | \$313 | 86 Mount Airy City | \$298 |
| 3 Whiteville City | \$345 | 46 Hickory City | \$312 | 87 Union County | \$298 |
| 4 Clay County | \$343 | MEAN VALUE | \$310 | 88 Pitt County | \$298 |
| 5 Gates County | \$340 | 47 Haywood County | \$310 | 89 Wake County | \$297 |
| 6 Mitchell County | \$339 | 48 Rutherford County | \$310 | 90 Pasquotank County | \$297 |
| 7 Graham County | \$338 | 49 Alamance-Burlington | \$310 | 91 Buncombe County | \$297 |
| 8 Swain County | \$337 | 50 Surry County | \$309 | 92 Asheboro City | \$297 |
| 9 Moore County | \$336 | 51 Stanly County | \$308 | 93 Mecklenburg County | \$297 |
| 10 Alleghany County | \$336 | 52 Wilson County | \$308 | 94 Burke County | \$296 |
| 11 Camden County | \$336 | 53 Madison County | \$307 | 95 Asheville City | \$296 |
| 12 Montgomery County | \$336 | 54 Washington County | \$307 | 96 Kannapolis City | \$295 |
| 13 Carteret County | \$334 | 55 Catawba County | \$306 | 97 Franklin County | \$295 |
| 14 Jones County | \$333 | 56 Halifax County | \$306 | 98 Lenoir County | \$295 |
| 15 Davie County | \$331 | 57 Sampson County | \$306 | 99 Duplin County | \$295 |
| 16 Hyde County | \$330 | MEDIAN VALUE | \$305 | 100 Person County | \$294 |
| 17 Polk County | \$328 | 58 Guilford County | \$305 | 101 Hoke County | \$293 |
| 18 Caldwell County | \$328 | 59 Weldon City | \$305 | 102 Henderson County | \$293 |
| 19 Yancey County | \$327 | 60 Caswell County | \$305 | 103 Lexington City | \$292 |
| 20 Hertford County | \$327 | 61 Nash-Rocky Mount | \$304 | 104 Beaufort County | \$292 |
| 21 Wilkes County | \$325 | 62 Jackson County | \$304 | 105 Pender County | \$292 |
| 22 Chapel Hill-Carrboro | \$325 | 63 McDowell County | \$304 | 106 Lee County | \$290 |
| 23 Macon County | \$325 | 64 Cumberland County | \$304 | 107 Cherokee County | \$288 |
| 24 Cleveland County | \$325 | 65 Davidson County | \$303 | 108 Onslow County | \$288 |
| 25 Scotland County | \$324 | 66 Rockingham County | \$303 | 109 Clinton City | \$286 |
| 26 Forsyth County | \$323 | 67 Columbus County | \$303 | 110 Wayne County | \$285 |
| 27 Elkin City | \$323 | 68 Thomasville City | \$302 | 111 Johnston County | \$284 |
| 28 Northampton County | \$322 | 69 Roanoke Rapids City | \$302 | 112 Lincoln County | \$283 |
| 29 Anson County | \$322 | 70 Randolph County | \$302 | 113 Harnett County | \$281 |
| 30 Greene County | \$321 | 71 Yadkin County | \$302 | 114 Newton-Conover | \$277 |
| 31 Pamlico County | \$320 | 72 Cabarrus County | \$301 | 115 Watauga County | \$277 |
| 32 Brunswick County | \$320 | 73 Chatham County | \$301 | | |
| 33 Currituck County | \$319 | 74 Vance County | \$300 | | |
| 34 Bladen County | \$318 | 75 Martin County | \$300 | | |
| 35 Warren County | \$318 | 76 Bertie County | \$300 | | |
| 36 New Hanover County | \$318 | 77 Gaston County | \$300 | | |
| 37 Avery County | \$317 | 78 Robeson County | \$299 | | |
| 38 Orange County | \$316 | 79 Mooresville City | \$299 | | |
| 39 Alexander County | \$316 | 80 Craven County | \$299 | | |
| 40 Richmond County | \$316 | 81 Durham Public | \$299 | | |
| 41 Ashe County | \$315 | 82 Transylvania County | \$298 | | |
| 42 Perquimans County | \$315 | 83 Edgecombe County | \$298 | | |
| 43 Chowan County | \$314 | 84 Iredell County | \$298 | | |

Notes:

1. The variability in dollars per ADM is a result of the Instructional Support Position Salary Schedule.

Driver Training (PRC 012)

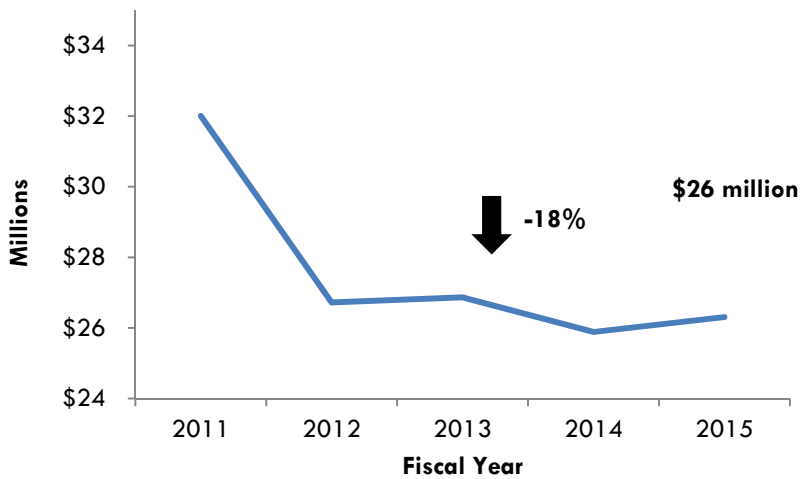
Dollars

Purpose: This allotment provides funding for the expenses related to installing and maintaining a course of training in the operation of motor vehicles. Each LEA must serve all students enrolled in a public or private high school (including charters) as well as those who receive instruction through a home school program within the LEA boundary and have not previously enrolled in the program.

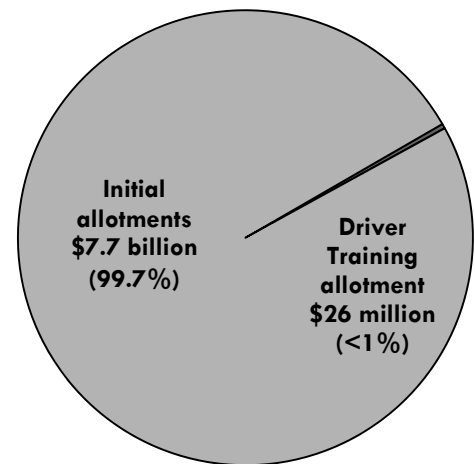
Eligibility: Each LEA is entitled to funding based on ninth grade ADM including private and federal schools. All 115 LEAs received this allotment in FY 14–15.

Allocation: All available funds are distributed to LEAs based on dollar per total ninth grade allotted ADM; this includes private, federal and charter schools.

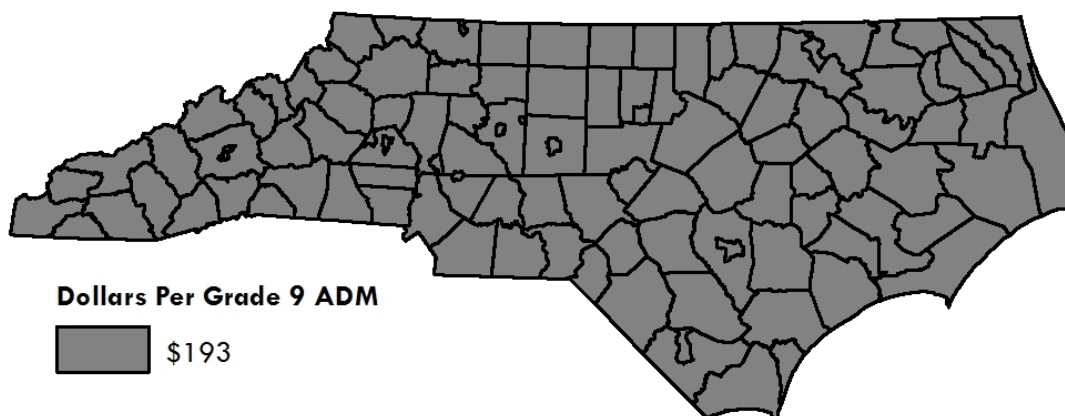
Driver Training Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Driver Training Allotment by LEA, FY 2014–15



Driver Training Allotment (PRC 012), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|
| 1 Alamance-Burlington | \$193 | 43 Graham County | \$193 | 85 Pitt County | \$193 |
| 2 Alexander County | \$193 | 44 Granville County | \$193 | 86 Polk County | \$193 |
| 3 Alleghany County | \$193 | 45 Greene County | \$193 | 87 Randolph County | \$193 |
| 4 Anson County | \$193 | 46 Guilford County | \$193 | 88 Richmond County | \$193 |
| 5 Ashe County | \$193 | 47 Halifax County | \$193 | 89 Roanoke Rapids City | \$193 |
| 6 Asheboro City | \$193 | 48 Harnett County | \$193 | 90 Robeson County | \$193 |
| 7 Asheville City | \$193 | 49 Haywood County | \$193 | 91 Rockingham County | \$193 |
| 8 Avery County | \$193 | 50 Henderson County | \$193 | 92 Rowan-Salisbury | \$193 |
| 9 Beaufort County | \$193 | 51 Hertford County | \$193 | 93 Rutherford County | \$193 |
| 10 Bertie County | \$193 | 52 Hickory City | \$193 | 94 Sampson County | \$193 |
| 11 Bladen County | \$193 | 53 Hoke County | \$193 | 95 Scotland County | \$193 |
| 12 Brunswick County | \$193 | 54 Hyde County | \$193 | 96 Stanly County | \$193 |
| 13 Buncombe County | \$193 | 55 Iredell County | \$193 | 97 Stokes County | \$193 |
| 14 Burke County | \$193 | 56 Jackson County | \$193 | 98 Surry County | \$193 |
| 15 Cabarrus County | \$193 | 57 Johnston County | \$193 | 99 Swain County | \$193 |
| 16 Caldwell County | \$193 | 58 Jones County | \$193 | 100 Thomasville City | \$193 |
| 17 Camden County | \$193 | 59 Kannapolis City | \$193 | 101 Transylvania County | \$193 |
| 18 Carteret County | \$193 | 60 Lee County | \$193 | 102 Tyrrell County | \$193 |
| 19 Caswell County | \$193 | 61 Lenoir County | \$193 | 103 Union County | \$193 |
| 20 Catawba County | \$193 | 62 Lexington City | \$193 | 104 Vance County | \$193 |
| 21 Chapel Hill-Carrboro | \$193 | 63 Lincoln County | \$193 | 105 Wake County | \$193 |
| 22 Chatham County | \$193 | 64 Macon County | \$193 | 106 Warren County | \$193 |
| 23 Cherokee County | \$193 | 65 Madison County | \$193 | 107 Washington County | \$193 |
| 24 Chowan County | \$193 | 66 Martin County | \$193 | 108 Watauga County | \$193 |
| 25 Clay County | \$193 | 67 McDowell County | \$193 | 109 Wayne County | \$193 |
| 26 Cleveland County | \$193 | 68 Mecklenburg County | \$193 | 110 Weldon City | \$193 |
| 27 Clinton City | \$193 | 69 Mitchell County | \$193 | 111 Whiteville City | \$193 |
| 28 Columbus County | \$193 | 70 Montgomery County | \$193 | 112 Wilkes County | \$193 |
| 29 Craven County | \$193 | 71 Moore County | \$193 | 113 Wilson County | \$193 |
| 30 Cumberland County | \$193 | 72 Mooresville City | \$193 | 114 Yadkin County | \$193 |
| 31 Currituck County | \$193 | 73 Mount Airy City | \$193 | 115 Yancey County | \$193 |
| 32 Dare County | \$193 | 74 Nash-Rocky Mount | \$193 | | |
| 33 Davidson County | \$193 | 75 New Hanover County | \$193 | | |
| 34 Davie County | \$193 | 76 Newton-Conover | \$193 | | |
| 35 Duplin County | \$193 | 77 Northampton County | \$193 | | |
| 36 Durham Public | \$193 | 78 Onslow County | \$193 | | |
| 37 Edgecombe County | \$193 | 79 Orange County | \$193 | | |
| 38 Elkin City | \$193 | 80 Pamlico County | \$193 | | |
| 39 Forsyth County | \$193 | 81 Pasquotank County | \$193 | | |
| 40 Franklin County | \$193 | 82 Pender County | \$193 | | |
| 41 Gaston County | \$193 | 83 Perquimans County | \$193 | | |
| 42 Gates County | \$193 | 84 Person County | \$193 | | |

Notes:

Career Technical Education (PRC 013)

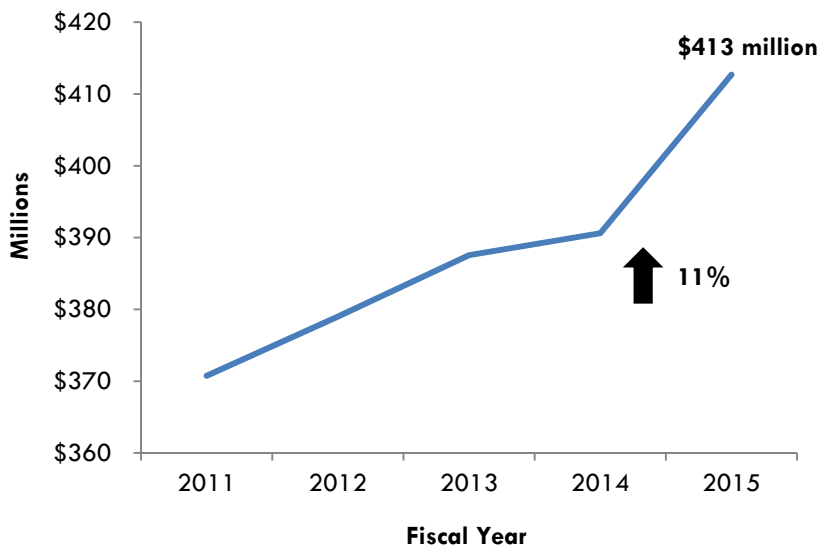
Positions

Purpose: This allotment provides funding for months of employment that help to more fully develop the academic, career, and technical skills of secondary students who elect to enroll in Career Technical Education programs.

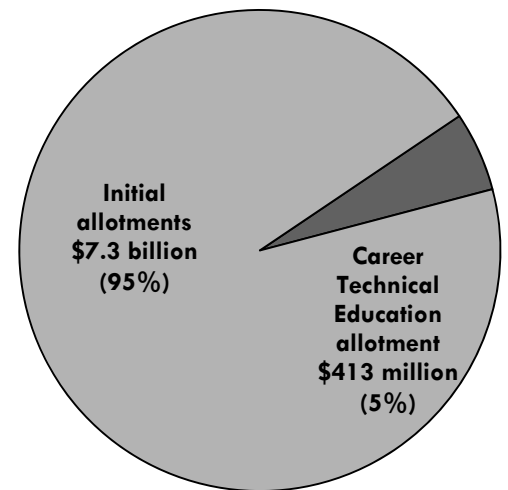
Eligibility: Each LEA is entitled to months of employment funding. All 115 LEAs received this allotment in FY 14–15.

Allocation: Each LEA receives a base of 50 months. The remaining months are allotted based on allotted ADM in grades 8-12. Months of employment are rounded to the nearest whole month. For city LEAs with less than 3,000 ADM, all fractions of a month are rounded up to the nearest whole month. The position allotments include salary and benefits.

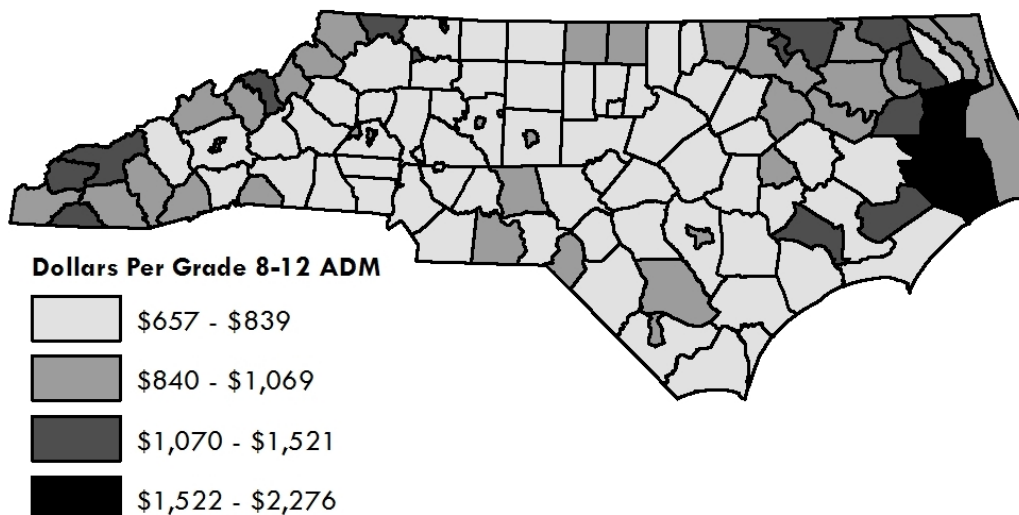
Career Technical Education Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Career Technical Education Allotment by LEA, FY 2014–15



Career Technical Education Allotment (PRC 013), FY 2014–15

| Per 8-12 ADM | | Per 8-12 ADM | | Per 8-12 ADM | |
|-------------------|---------------------|--------------|---------------------|----------------------|--------------|
| LEA Name | | LEA Name | | LEA Name | |
| 1 | Hyde County | \$2,276 | 42 | Currituck County | \$887 |
| 2 | Tyrrell County | \$1,726 | 43 | Montgomery County | \$885 |
| 3 | Jones County | \$1,521 | 44 | Watauga County | \$884 |
| 4 | Graham County | \$1,457 | 45 | Bertie County | \$883 |
| 5 | Weldon City | \$1,395 | 46 | Hickory City | \$878 |
| 6 | Clay County | \$1,311 | 47 | Asheville City | \$866 |
| 7 | Elkin City | \$1,277 | 48 | Edgecombe County | \$864 |
| 8 | Mount Airy City | \$1,215 | 49 | Jackson County | \$861 |
| 9 | Perquimans County | \$1,210 | 50 | Macon County | \$855 |
| 10 | Gates County | \$1,179 | 51 | Scotland County | \$851 |
| 11 | Pamlico County | \$1,165 | 52 | Asheboro City | \$845 |
| 12 | Alleghany County | \$1,151 | 53 | Columbus County | \$839 |
| 13 | Swain County | \$1,135 | 54 | Mooreville City | \$839 |
| 14 | Mitchell County | \$1,133 | 55 | Yadkin County | \$838 |
| 15 | Northampton County | \$1,131 | 56 | Kannapolis City | \$836 |
| 16 | Washington County | \$1,105 | 57 | Alexander County | \$833 |
| 17 | Thomasville City | \$1,069 | MEDIAN VALUE | | \$826 |
| 18 | Camden County | \$1,056 | 58 | Stokes County | \$826 |
| 19 | Avery County | \$1,048 | 59 | Orange County | \$821 |
| 20 | Warren County | \$1,031 | 60 | Pasquotank County | \$815 |
| 21 | Polk County | \$1,011 | 61 | McDowell County | \$809 |
| 22 | Lexington City | \$1,005 | 62 | Hoke County | \$806 |
| 23 | Whiteville City | \$996 | 63 | Beaufort County | \$801 |
| 24 | Madison County | \$995 | 64 | Lenoir County | \$799 |
| 25 | Martin County | \$994 | 65 | Stanly County | \$789 |
| 26 | Clinton City | \$990 | 66 | Rutherford County | \$788 |
| 27 | Ashe County | \$980 | 67 | Vance County | \$785 |
| 28 | Caswell County | \$976 | 68 | Wilkes County | \$785 |
| 29 | Roanoke Rapids City | \$968 | 69 | Chatham County | \$784 |
| 30 | Yancey County | \$961 | 70 | Pender County | \$782 |
| 31 | Cherokee County | \$952 | 71 | Chapel Hill-Carrboro | \$782 |
| 32 | Transylvania County | \$945 | 72 | Rockingham County | \$779 |
| 33 | Halifax County | \$940 | 73 | Richmond County | \$778 |
| 34 | Chowan County | \$934 | 74 | Caldwell County | \$777 |
| 35 | Greene County | \$920 | 75 | Franklin County | \$770 |
| 36 | Person County | \$919 | 76 | Carteret County | \$764 |
| 37 | Bladen County | \$905 | 77 | Sampson County | \$762 |
| 38 | Hertford County | \$905 | 78 | Surry County | \$759 |
| 39 | Anson County | \$896 | 79 | Davie County | \$757 |
| 40 | Dare County | \$894 | 80 | Burke County | \$751 |
| 41 | Newton-Conover | \$893 | 81 | Nash-Rocky Mount | \$748 |
| MEAN VALUE | | \$890 | 82 | Moore County | \$745 |
| | | | 83 | Lee County | \$741 |
| | | | 84 | Cleveland County | \$741 |
| | | | 85 | Craven County | \$740 |
| | | | 86 | Brunswick County | \$738 |
| | | | 87 | Catawba County | \$736 |
| | | | 88 | Haywood County | \$735 |
| | | | 89 | Alamance-Burlington | \$735 |
| | | | 90 | Granville County | \$732 |
| | | | 91 | Duplin County | \$731 |
| | | | 92 | Gaston County | \$731 |
| | | | 93 | Henderson County | \$731 |
| | | | 94 | Lincoln County | \$729 |
| | | | 95 | Wayne County | \$728 |
| | | | 96 | Davidson County | \$728 |
| | | | 97 | Randolph County | \$724 |
| | | | 98 | Iredell County | \$721 |
| | | | 99 | Wilson County | \$715 |
| | | | 100 | Rowan-Salisbury | \$711 |
| | | | 101 | New Hanover County | \$710 |
| | | | 102 | Pitt County | \$706 |
| | | | 103 | Buncombe County | \$701 |
| | | | 104 | Onslow County | \$701 |
| | | | 105 | Guilford County | \$698 |
| | | | 106 | Robeson County | \$698 |
| | | | 107 | Durham Public | \$697 |
| | | | 108 | Union County | \$697 |
| | | | 109 | Mecklenburg County | \$695 |
| | | | 110 | Harnett County | \$694 |
| | | | 111 | Cabarrus County | \$685 |
| | | | 112 | Wake County | \$679 |
| | | | 113 | Johnston County | \$679 |
| | | | 114 | Cumberland County | \$676 |
| | | | 115 | Forsyth County | \$657 |

Notes:

1. The wide variability in dollars per ADM is a result of receiving a base of 50 months of employment and position rounding for LEAs with fewer than 3,000 ADM.

Career Technical Education – Program Support (PRC 014)

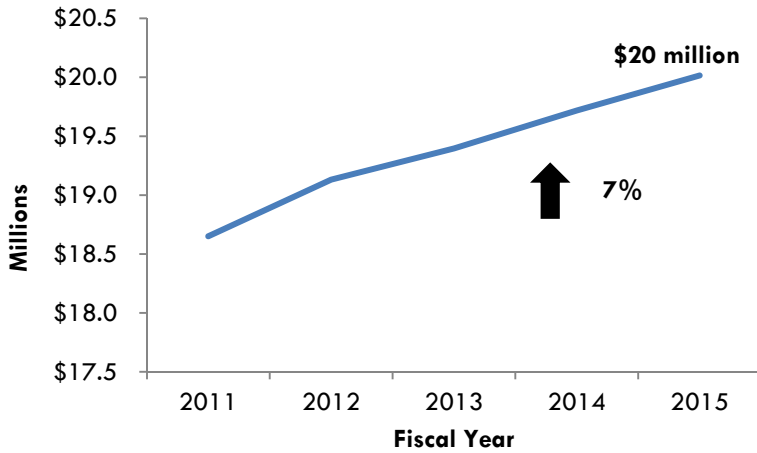
Dollars

Purpose: This allotment provides funding to assist LEAs in expanding, improving, modernizing, and developing quality Career Technical education programs.

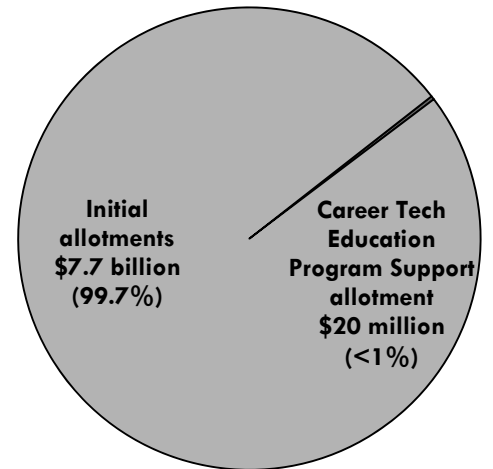
Eligibility: Each LEA is entitled to funding based on ADM in grades 8-12.

Allocation: Each LEA is eligible for a base amount of \$10,000. Remaining funds are allotted based on allotted ADM in grades 8-12.

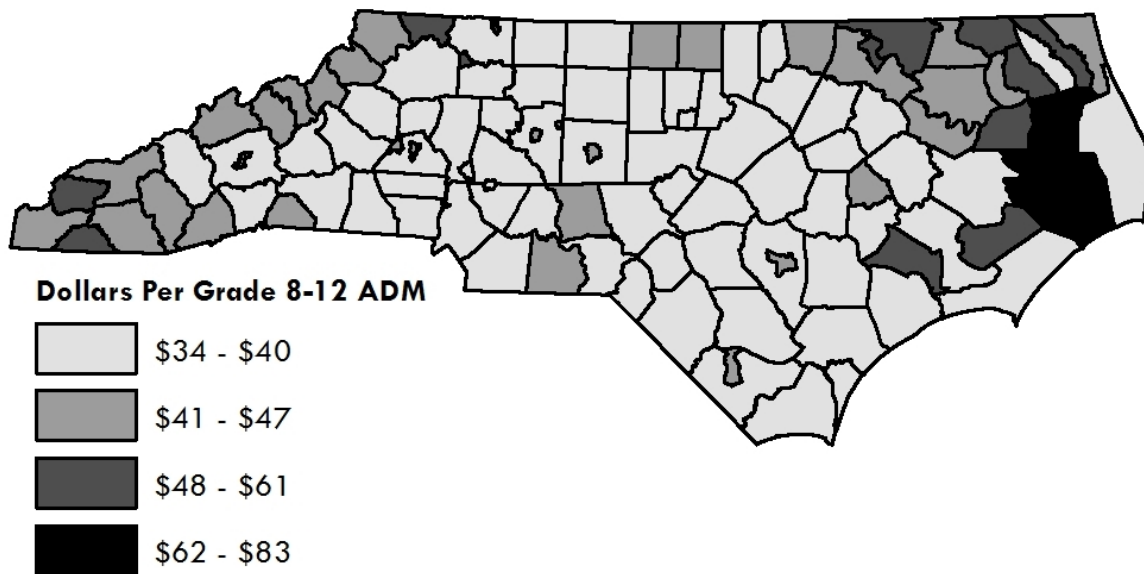
Career Technical Education – Program Support, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Career Technical Education – Program Support by LEA, FY 2014–15



Career Technical Education – Program Support Allotment (PRC 014), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| 1 Tyrrell County | \$83 | 43 Asheville City | \$40 | 85 Brunswick County | \$36 |
| 2 Hyde County | \$81 | 44 Hickory City | \$40 | 86 Rockingham County | \$36 |
| 3 Jones County | \$61 | 45 Macon County | \$40 | 87 Moore County | \$36 |
| 4 Weldon City | \$57 | 46 Watauga County | \$40 | 88 Burke County | \$36 |
| 5 Graham County | \$55 | 47 Asheboro City | \$40 | 89 Henderson County | \$36 |
| 6 Elkin City | \$55 | 48 Person County | \$40 | 90 Craven County | \$36 |
| 7 Clay County | \$54 | 49 Bladen County | \$40 | 91 Cleveland County | \$36 |
| 8 Pamlico County | \$51 | 50 Dare County | \$39 | 92 Nash-Rocky Mount | \$36 |
| 9 Alleghany County | \$51 | 51 Kannapolis City | \$39 | 93 Catawba County | \$35 |
| 10 Perquimans County | \$49 | 52 Pasquotank County | \$39 | 94 Wayne County | \$35 |
| 11 Gates County | \$49 | 53 Alexander County | \$39 | 95 Randolph County | \$35 |
| 12 Northampton County | \$49 | MEDIAN VALUE | \$38 | 96 Rowan-Salisbury | \$35 |
| 13 Washington County | \$49 | 54 Yadkin County | \$38 | 97 Harnett County | \$35 |
| 14 Mount Airy City | \$48 | 55 Scotland County | \$38 | 98 Davidson County | \$35 |
| 15 Camden County | \$47 | 56 Mooresville City | \$38 | 99 Robeson County | \$35 |
| 16 Mitchell County | \$47 | 57 Edgecombe County | \$38 | 100 Iredell County | \$35 |
| 17 Swain County | \$46 | 58 Columbus County | \$38 | 101 Alamance-Burlington | \$35 |
| 18 Chowan County | \$46 | 59 McDowell County | \$38 | 102 Onslow County | \$35 |
| 19 Avery County | \$46 | 60 Davie County | \$38 | 103 Pitt County | \$35 |
| 20 Thomasville City | \$46 | 61 Vance County | \$38 | 104 New Hanover County | \$35 |
| 21 Yancey County | \$45 | 62 Beaufort County | \$38 | 105 Buncombe County | \$35 |
| 22 Whiteville City | \$45 | 63 Stokes County | \$38 | 106 Cabarrus County | \$35 |
| 23 Polk County | \$45 | 64 Haywood County | \$37 | 107 Gaston County | \$35 |
| 24 Warren County | \$45 | 65 Richmond County | \$37 | 108 Durham Public | \$35 |
| 25 Bertie County | \$44 | 66 Hoke County | \$37 | 109 Johnston County | \$35 |
| 26 Lexington City | \$44 | 67 Orange County | \$37 | 110 Union County | \$35 |
| 27 Caswell County | \$44 | 68 Chatham County | \$37 | 111 Cumberland County | \$34 |
| 28 Madison County | \$43 | 69 Stanly County | \$37 | 112 Forsyth County | \$34 |
| 29 Clinton City | \$43 | 70 Sampson County | \$37 | 113 Guilford County | \$34 |
| 30 Halifax County | \$43 | 71 Franklin County | \$37 | 114 Mecklenburg County | \$34 |
| 31 Hertford County | \$43 | 72 Rutherford County | \$37 | 115 Wake County | \$34 |
| 32 Ashe County | \$42 | 73 Granville County | \$37 | | |
| 33 Roanoke Rapids City | \$42 | 74 Surry County | \$37 | | |
| 34 Martin County | \$42 | 75 Carteret County | \$37 | | |
| 35 Newton-Conover | \$42 | 76 Lenoir County | \$37 | | |
| 36 Greene County | \$42 | 77 Duplin County | \$37 | | |
| MEAN VALUE | \$41 | 78 Pender County | \$37 | | |
| 37 Cherokee County | \$41 | 79 Lee County | \$37 | | |
| 38 Anson County | \$41 | 80 Wilkes County | \$37 | | |
| 39 Transylvania County | \$41 | 81 Lincoln County | \$36 | | |
| 40 Jackson County | \$41 | 82 Wilson County | \$36 | | |
| 41 Currituck County | \$40 | 83 Chapel Hill-Carrboro | \$36 | | |
| 42 Montgomery County | \$40 | 84 Caldwell County | \$36 | | |

Notes:

1. The wide variability in dollars per ADM is a result of receiving a base of \$10,000.

Small County Supplemental Funding (PRC 019)

Dollars

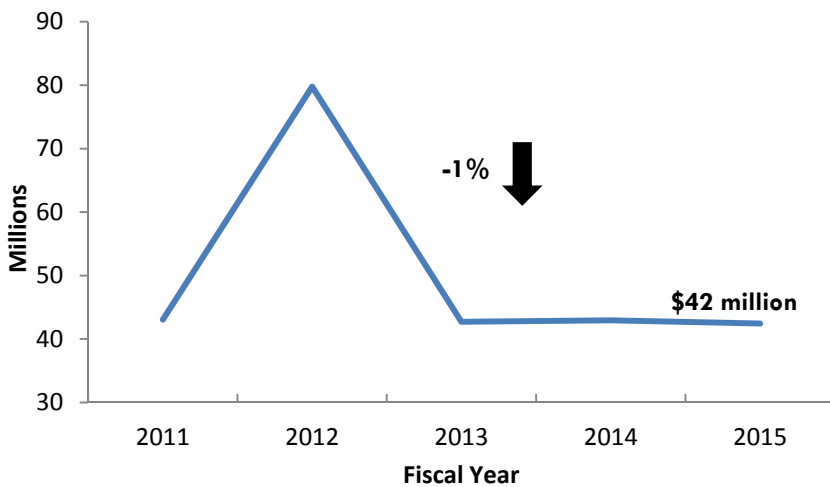
Purpose: The purpose of this allotment is to provide additional funds to special, small school systems.

Eligibility: County LEAs that have less than 3,239 ADM are entitled to this funding. Also, county LEAs with ADMs between 3,239 and 4,080 whose adjusted property tax base per student is below the state average adjusted property tax base per student are entitled to this funding. Twenty-seven LEAs received this allotment in FY 14–15.

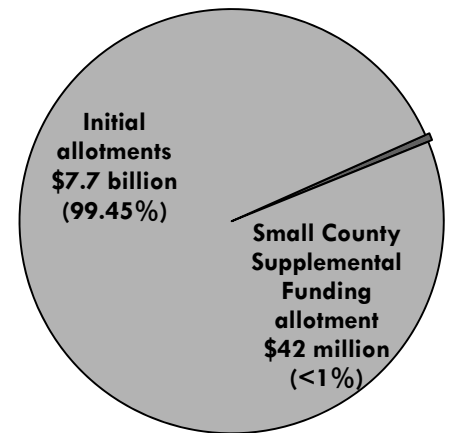
Allocation: The allotment is based on ADM according to the chart below:

| ADM < | Allotment |
|-------|-------------|
| 600 | \$1,710,000 |
| 1,300 | \$1,820,000 |
| 1,700 | \$1,548,700 |
| 2,000 | \$1,600,000 |
| 2,300 | \$1,560,000 |
| 2,600 | \$1,470,000 |
| 2,800 | \$1,498,000 |
| 3,200 | \$1,548,000 |

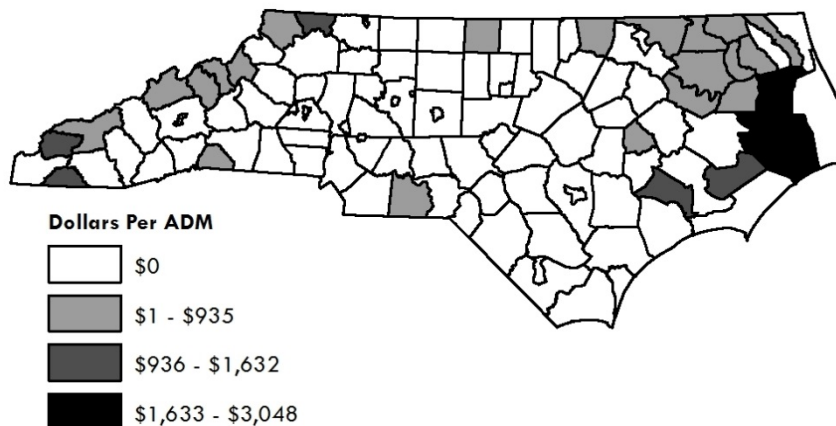
Small County Supplemental Funding Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Small County Supplemental Funding Allotment by LEA, FY 2014–15



Small County Supplemental Funding Allotment (PRC 019), FY 2014–15

| LEA Name | Per ADM | | | | | | |
|-------------------------|----------------|-----------------------|-----|-------------------------|-----|--|--|
| 1 Tyrrell County | \$3,048 | 42 Chatham County | n/a | 86 Onslow County | n/a | | |
| 2 Hyde County | \$2,879 | 43 Cherokee County | n/a | 87 Orange County | n/a | | |
| 3 Jones County | \$1,632 | 44 Cleveland County | n/a | 88 Pasquotank County | n/a | | |
| 4 Graham County | \$1,513 | 45 Clinton City | n/a | 89 Pender County | n/a | | |
| 5 Pamlico County | \$1,429 | 46 Columbus County | n/a | 90 Person County | n/a | | |
| 6 Clay County | \$1,141 | 47 Craven County | n/a | 91 Pitt County | n/a | | |
| 7 Alleghany County | \$1,064 | 48 Cumberland County | n/a | 92 Randolph County | n/a | | |
| MEAN VALUE | \$959 | 49 Currituck County | n/a | 93 Richmond County | n/a | | |
| 8 Gates County | \$934 | 50 Dare County | n/a | 94 Roanoke Rapids City | n/a | | |
| 9 Washington County | \$935 | 51 Davidson County | n/a | 95 Robeson County | n/a | | |
| 10 Perquimans County | \$889 | 52 Davie County | n/a | 96 Rockingham County | n/a | | |
| 11 Camden County | \$832 | 53 Duplin County | n/a | 97 Rowan-Salisbury | n/a | | |
| 12 Mitchell County | \$810 | 54 Durham Public | n/a | 98 Rutherford County | n/a | | |
| 13 Northampton County | \$765 | 55 Edgecombe County | n/a | 99 Sampson County | n/a | | |
| MEDIAN VALUE | \$755 | 56 Elkin City | n/a | 100 Scotland County | n/a | | |
| 14 Swain County | \$755 | 57 Forsyth County | n/a | 101 Stanly County | n/a | | |
| 15 Avery County | \$721 | 58 Franklin County | n/a | 102 Stokes County | n/a | | |
| 16 Chowan County | \$698 | 59 Gaston County | n/a | 103 Surry County | n/a | | |
| 17 Polk County | \$686 | 60 Granville County | n/a | 104 Thomasville City | n/a | | |
| 18 Yancey County | \$636 | 61 Guilford County | n/a | 105 Transylvania County | n/a | | |
| 19 Warren County | \$618 | 62 Halifax County | n/a | 106 Union County | n/a | | |
| 20 Madison County | \$585 | 63 Harnett County | n/a | 107 Vance County | n/a | | |
| 21 Bertie County | \$566 | 64 Haywood County | n/a | 108 Wake County | n/a | | |
| 22 Caswell County | \$542 | 65 Henderson County | n/a | 109 Watauga County | n/a | | |
| 23 Hertford County | \$501 | 66 Hickory City | n/a | 110 Wayne County | n/a | | |
| 24 Greene County | \$492 | 67 Hoke County | n/a | 111 Weldon City | n/a | | |
| 25 Ashe County | \$486 | 68 Iredell County | n/a | 112 Whiteville City | n/a | | |
| 26 Martin County | \$390 | 69 Jackson County | n/a | 113 Wilkes County | n/a | | |
| 27 Anson County | \$358 | 70 Johnston County | n/a | 114 Wilson County | n/a | | |
| 28 Alamance-Burlington | n/a | 71 Kannapolis City | n/a | 115 Yadkin County | n/a | | |
| 29 Alexander County | n/a | 72 Lee County | n/a | | | | |
| 30 Asheboro City | n/a | 73 Lenoir County | n/a | | | | |
| 31 Asheville City | n/a | 74 Lexington City | n/a | | | | |
| 32 Beaufort County | n/a | 75 Lincoln County | n/a | | | | |
| 33 Bladen County | n/a | 76 Macon County | n/a | | | | |
| 34 Brunswick County | n/a | 77 McDowell County | n/a | | | | |
| 35 Buncombe County | n/a | 78 Mecklenburg County | n/a | | | | |
| 36 Burke County | n/a | 79 Montgomery County | n/a | | | | |
| 37 Cabarrus County | n/a | 80 Moore County | n/a | | | | |
| 38 Caldwell County | n/a | 81 Mooresville City | n/a | | | | |
| 39 Carteret County | n/a | 82 Mount Airy City | n/a | | | | |
| 40 Catawba County | n/a | 83 Nash-Rocky Mount | n/a | | | | |
| 41 Chapel Hill-Carrboro | n/a | 84 New Hanover County | n/a | | | | |
| | | 85 Newton-Conover | n/a | | | | |

Notes:

1. The mean and median values for this chart reflect those measures based only on counties that received this allotment. Therefore, the mean is the average amount of the 27 LEAs that received the funding, not for all 115 LEAs.

2. Values of n/a indicate LEAs that were ineligible for small county funding.

Disadvantaged Students Supplemental Funding (024)

Dollars

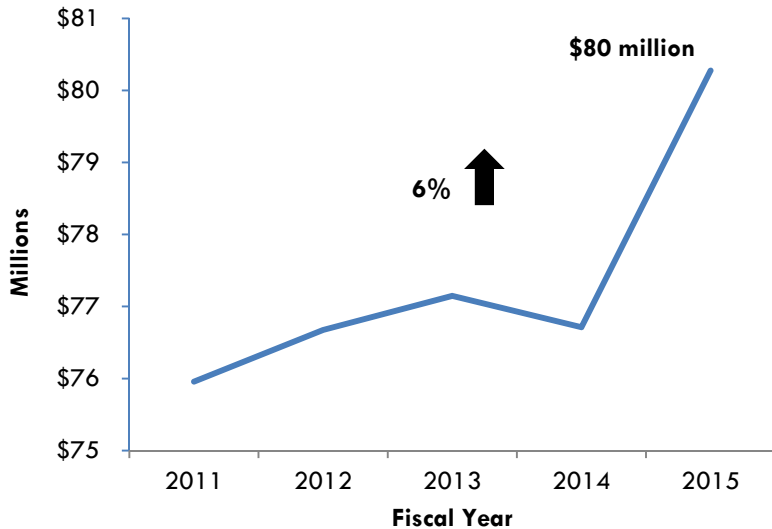
Purpose: This allotment is to address the capacity needs of local school administrative units to meet the needs of disadvantaged students.

Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

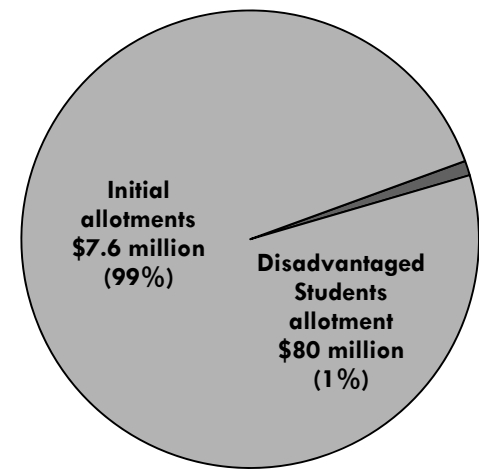
Allocation: The goal of this allotment is to provide dollar equivalents for teaching positions in districts with disadvantaged students. The Department of Public Instruction calculates this amount by looking at the 5-year average of students that are testing below grade level. A particular LEA or district’s 5-year average score is compared to the state-wide average and then ranked compared to other districts to then make determinations about teacher-to-student ratios, which in turn determine how much funding LEAs receive for this allotment.

Funds in this allotment can be used for instructional positions or instructional support positions, intensive in-school or after school remediation, the purchase of diagnostic software and progress-monitoring tools, or providing funds for teacher bonuses and supplements (only 35% can be used for this last purpose).

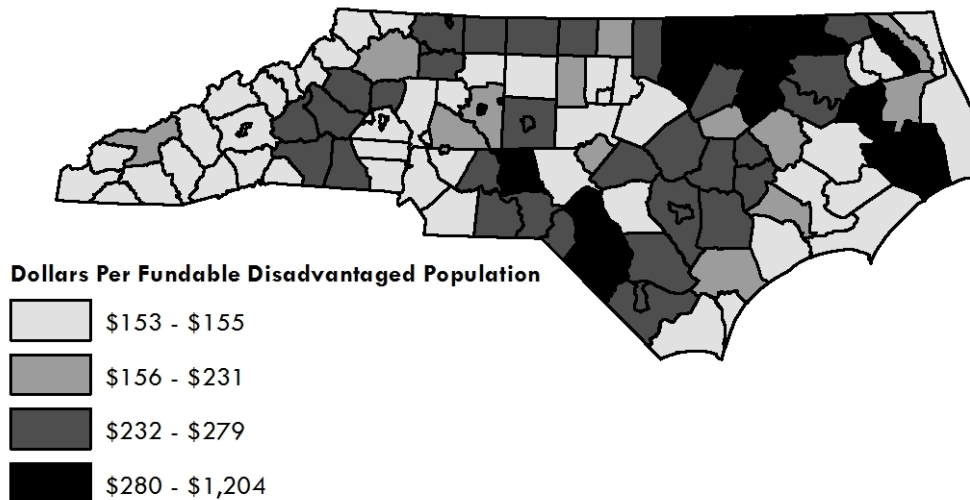
Disadvantaged Students Supplemental Funding, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Disadvantaged Students Supplemental Funding by LEA, FY 2014–15



Disadvantaged Students Supplemental Funding Allotment per Eligible ADM (PRC 024), FY 2014–15

| LEA Name | Per Fundable ADM |
|------------------------|------------------|
| 1 Northampton County | \$1,204 |
| 2 Edgecombe County | \$1,117 |
| 3 Halifax County | \$1,115 |
| 4 Warren County | \$1,040 |
| 5 Washington County | \$1,022 |
| 6 Thomasville City | \$995 |
| 7 Vance County | \$988 |
| 8 Pasquotank County | \$985 |
| 9 Montgomery County | \$980 |
| 10 Hertford County | \$974 |
| 11 Franklin County | \$967 |
| 12 Hyde County | \$952 |
| 13 Hoke County | \$873 |
| 14 Robeson County | \$872 |
| 15 Lexington City | \$872 |
| 16 Weldon City | \$872 |
| MEAN VALUE | \$318 |
| 17 Gates County | \$279 |
| 18 Greene County | \$278 |
| 19 Clinton City | \$278 |
| 20 Elkin City | \$278 |
| 21 Yadkin County | \$278 |
| 22 Anson County | \$278 |
| 23 Richmond County | \$278 |
| 24 Roanoke Rapids City | \$278 |
| 25 Martin County | \$278 |
| 26 Nash-Rocky Mount | \$278 |
| 27 Alexander County | \$278 |
| 28 Mount Airy City | \$278 |
| 29 Wayne County | \$278 |
| 30 Rockingham County | \$278 |
| 31 Columbus County | \$278 |
| 32 Surry County | \$278 |
| 33 Lenoir County | \$278 |
| 34 McDowell County | \$278 |
| 35 Bertie County | \$278 |
| 36 Cleveland County | \$278 |
| 37 Granville County | \$278 |
| 38 Harnett County | \$278 |
| 39 Stanly County | \$278 |
| 40 Bladen County | \$278 |
| 41 Sampson County | \$278 |
| 42 Randolph County | \$278 |
| 43 Caldwell County | \$278 |

| | |
|------------------------|--------------|
| 44 Scotland County | \$278 |
| 45 Johnston County | \$278 |
| 46 Duplin County | \$278 |
| 47 Burke County | \$278 |
| 48 Whiteville City | \$278 |
| 49 Rutherford County | \$278 |
| 50 Stokes County | \$278 |
| 51 Caswell County | \$278 |
| 52 Asheboro City | \$277 |
| 53 Camden County | \$231 |
| 54 Tyrrell County | \$231 |
| MEDIAN VALUE | \$230 |
| 55 Wilkes County | \$230 |
| 56 Person County | \$230 |
| 57 Lee County | \$230 |
| 58 Rowan-Salisbury | \$230 |
| 59 Davidson County | \$230 |
| 60 Alamance-Burlington | \$230 |
| 61 Pender County | \$230 |
| 62 Wilson County | \$230 |
| 63 Pitt County | \$230 |
| 64 Kannapolis City | \$230 |
| 65 Swain County | \$230 |
| 66 Jones County | \$229 |
| 67 Graham County | \$155 |
| 68 Polk County | \$155 |
| 69 Mitchell County | \$155 |
| 70 Transylvania County | \$155 |
| 71 Perquimans County | \$155 |
| 72 Dare County | \$155 |
| 73 Haywood County | \$155 |
| 74 Watauga County | \$155 |
| 75 Hickory City | \$154 |
| 76 Beaufort County | \$154 |
| 77 Catawba County | \$154 |
| 78 Jackson County | \$154 |
| 79 Currituck County | \$154 |
| 80 Chowan County | \$154 |
| 81 Lincoln County | \$154 |
| 82 Union County | \$154 |
| 83 Gaston County | \$154 |
| 84 Henderson County | \$154 |
| 85 Forsyth County | \$154 |
| 86 Moore County | \$154 |
| 87 Guilford County | \$154 |
| 88 Brunswick County | \$154 |
| 89 Mecklenburg County | \$154 |

| | |
|--------------------------|-------|
| 90 Craven County | \$154 |
| 91 Wake County | \$154 |
| 92 Asheville City | \$154 |
| 93 Cumberland County | \$154 |
| 94 New Hanover County | \$154 |
| 95 Durham Public | \$154 |
| 96 Alleghany County | \$154 |
| 97 Pamlico County | \$154 |
| 98 Onslow County | \$154 |
| 99 Yancey County | \$154 |
| 100 Clay County | \$154 |
| 101 Iredell County | \$154 |
| 102 Cabarrus County | \$154 |
| 103 Buncombe County | \$154 |
| 104 Mooresville City | \$154 |
| 105 Chapel Hill-Carrboro | \$154 |
| 106 Orange County | \$154 |
| 107 Carteret County | \$154 |
| 108 Macon County | \$154 |
| 109 Newton-Conover | \$154 |
| 110 Chatham County | \$154 |
| 111 Cherokee County | \$154 |
| 112 Davie County | \$154 |
| 113 Ashe County | \$154 |
| 114 Madison County | \$154 |
| 115 Avery County | \$153 |

Notes:

1. Fundable ADM is calculated by establishing 5-year average of a district's percentage of students testing below grade level. This percentage is then subtracted from a 5-year state average of students performing below grade level. The resulting number is then multiplied by a district's total ADM and that number is the fundable ADM.

2. The variability is due to a 16-county hold harmless policy.

Teacher Assistants (PRC 027)

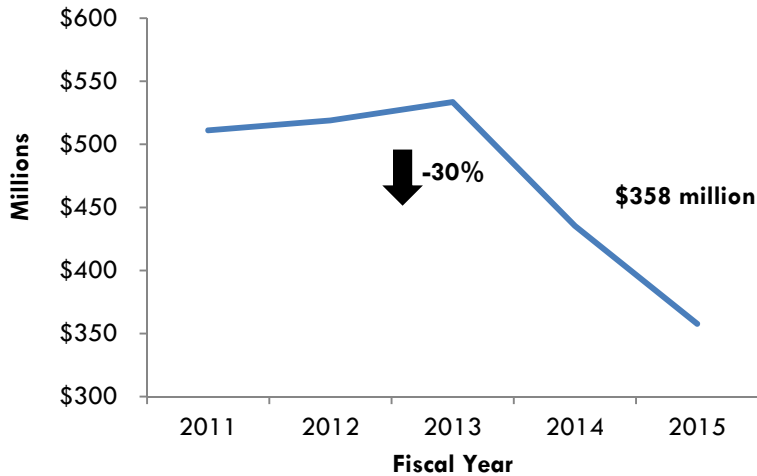
Dollars

Purpose: The purpose of this allotment is to provide funding for the salaries and benefits of regular and self-contained teacher assistants.

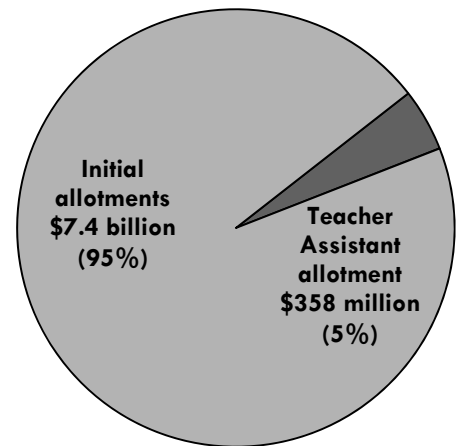
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Funds are allotted based on allotted ADM in grades K-3. Benefits are included.

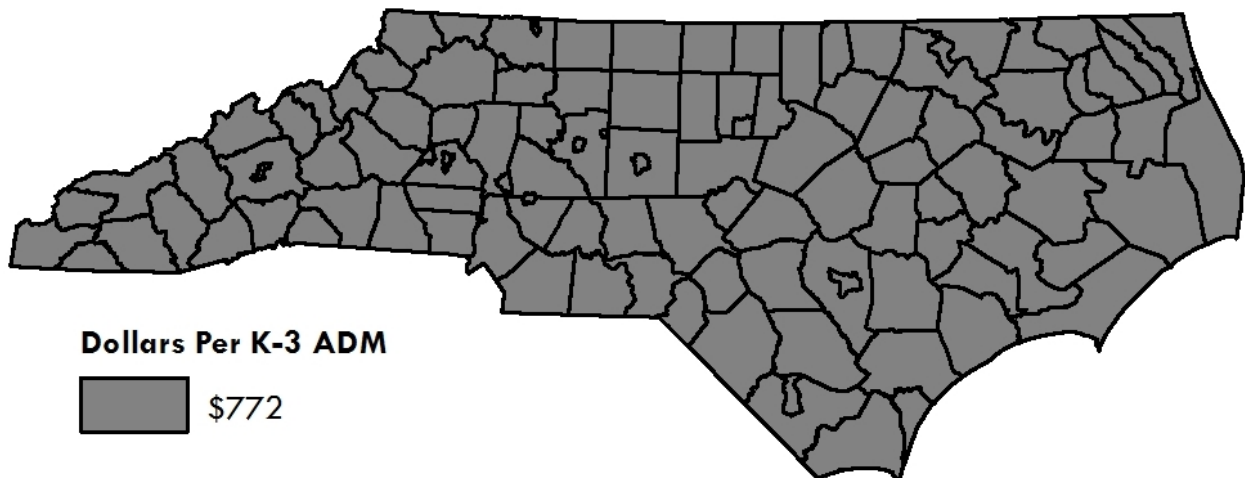
Teacher Assistant Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Teacher Assistant Allotment by LEA, FY 2014–15



LEA Teacher Assistant Allotment (PRC 027), FY 2014–15

| LEA Name | Per K-3 ADM | LEA Name | Per K-3 ADM | LEA Name | Per K-3 ADM |
|-------------------------|--------------------|-----------------------|--------------------|-------------------------|--------------------|
| 1 Alamance-Burlington | \$772 | 43 Graham County | \$772 | 85 Pitt County | \$772 |
| 2 Alexander County | \$772 | 44 Granville County | \$772 | 86 Polk County | \$772 |
| 3 Alleghany County | \$772 | 45 Greene County | \$772 | 87 Randolph County | \$772 |
| 4 Anson County | \$772 | 46 Guilford County | \$772 | 88 Richmond County | \$772 |
| 5 Ashe County | \$772 | 47 Halifax County | \$772 | 89 Roanoke Rapids City | \$772 |
| 6 Asheboro City | \$772 | 48 Harnett County | \$772 | 90 Robeson County | \$772 |
| 7 Asheville City | \$772 | 49 Haywood County | \$772 | 91 Rockingham County | \$772 |
| 8 Avery County | \$772 | 50 Henderson County | \$772 | 92 Rowan-Salisbury | \$772 |
| 9 Beaufort County | \$772 | 51 Hertford County | \$772 | 93 Rutherford County | \$772 |
| 10 Bertie County | \$772 | 52 Hickory City | \$772 | 94 Sampson County | \$772 |
| 11 Bladen County | \$772 | 53 Hoke County | \$772 | 95 Scotland County | \$772 |
| 12 Brunswick County | \$772 | 54 Hyde County | \$772 | 96 Stanly County | \$772 |
| 13 Buncombe County | \$772 | 55 Iredell County | \$772 | 97 Stokes County | \$772 |
| 14 Burke County | \$772 | 56 Jackson County | \$772 | 98 Surry County | \$772 |
| 15 Cabarrus County | \$772 | 57 Johnston County | \$772 | 99 Swain County | \$772 |
| 16 Caldwell County | \$772 | 58 Jones County | \$772 | 100 Thomasville City | \$772 |
| 17 Camden County | \$772 | 59 Kannapolis City | \$772 | 101 Transylvania County | \$772 |
| 18 Carteret County | \$772 | 60 Lee County | \$772 | 102 Tyrrell County | \$772 |
| 19 Caswell County | \$772 | 61 Lenoir County | \$772 | 103 Union County | \$772 |
| 20 Catawba County | \$772 | 62 Lexington City | \$772 | 104 Vance County | \$772 |
| 21 Chapel Hill-Carrboro | \$772 | 63 Lincoln County | \$772 | 105 Wake County | \$772 |
| 22 Chatham County | \$772 | 64 Macon County | \$772 | 106 Warren County | \$772 |
| 23 Cherokee County | \$772 | 65 Madison County | \$772 | 107 Washington County | \$772 |
| 24 Chowan County | \$772 | 66 Martin County | \$772 | 108 Watauga County | \$772 |
| 25 Clay County | \$772 | 67 McDowell County | \$772 | 109 Wayne County | \$772 |
| 26 Cleveland County | \$772 | 68 Mecklenburg County | \$772 | 110 Weldon City | \$772 |
| 27 Clinton City | \$772 | 69 Mitchell County | \$772 | 111 Whiteville City | \$772 |
| 28 Columbus County | \$772 | 70 Montgomery County | \$772 | 112 Wilkes County | \$772 |
| 29 Craven County | \$772 | 71 Moore County | \$772 | 113 Wilson County | \$772 |
| 30 Cumberland County | \$772 | 72 Mooresville City | \$772 | 114 Yadkin County | \$772 |
| 31 Currituck County | \$772 | 73 Mount Airy City | \$772 | 115 Yancey County | \$772 |
| 32 Dare County | \$772 | 74 Nash-Rocky Mount | \$772 | | |
| 33 Davidson County | \$772 | 75 New Hanover County | \$772 | | |
| 34 Davie County | \$772 | 76 Newton-Conover | \$772 | | |
| 35 Duplin County | \$772 | 77 Northampton County | \$772 | | |
| 36 Durham Public | \$772 | 78 Onslow County | \$772 | | |
| 37 Edgecombe County | \$772 | 79 Orange County | \$772 | | |
| 38 Elkin City | \$772 | 80 Pamlico County | \$772 | | |
| 39 Forsyth County | \$772 | 81 Pasquotank County | \$772 | | |
| 40 Franklin County | \$772 | 82 Pender County | \$772 | | |
| 41 Gaston County | \$772 | 83 Perquimans County | \$772 | | |
| 42 Gates County | \$772 | 84 Person County | \$772 | | |

Notes: The formula no long provides a dollar amount per K-3 ADM. Allotted amounts for Fiscal Year 2016–17 are based on teacher assistant-to-class ratios.

Low Wealth County Supplemental Funding (PRC 031)

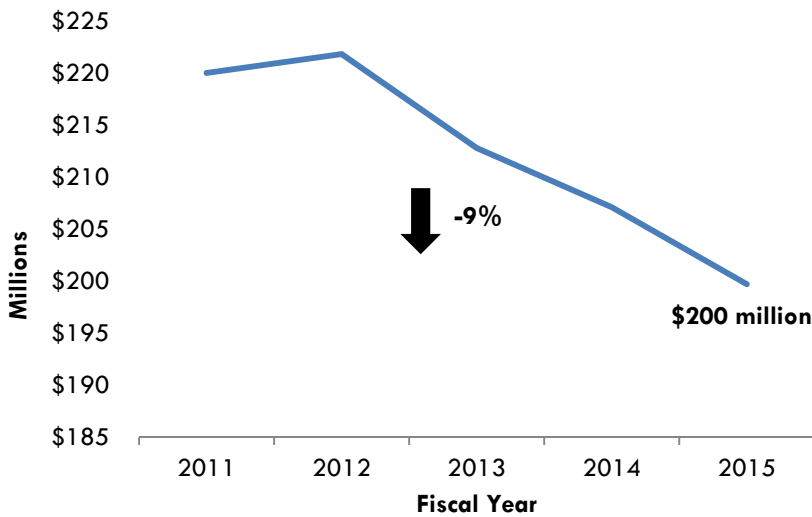
Dollars

Purpose: The purpose of this allotment is to provide supplemental funds to 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 their instructional programs and student achievement.

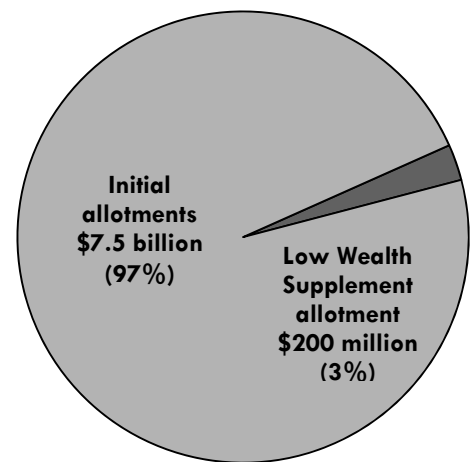
Eligibility: Eligible LEAs are those located in counties in which the calculated county wealth (per the legislated formula) is less than 100% of the state average. In 2014–15, there were 78 LEAs that received this allotment.

Allocation: The overall wealth of the county is considered when calculating this number. It includes looking at the anticipated total county revenue based on sales taxes, fines, and forfeitures as well as property values. The tax base per square mile or density is considered. Per capita income is taken into account. Finally, effort in terms of whether a county is meeting a minimum effort to generate revenue or fund public schools is compared to the state average effort.

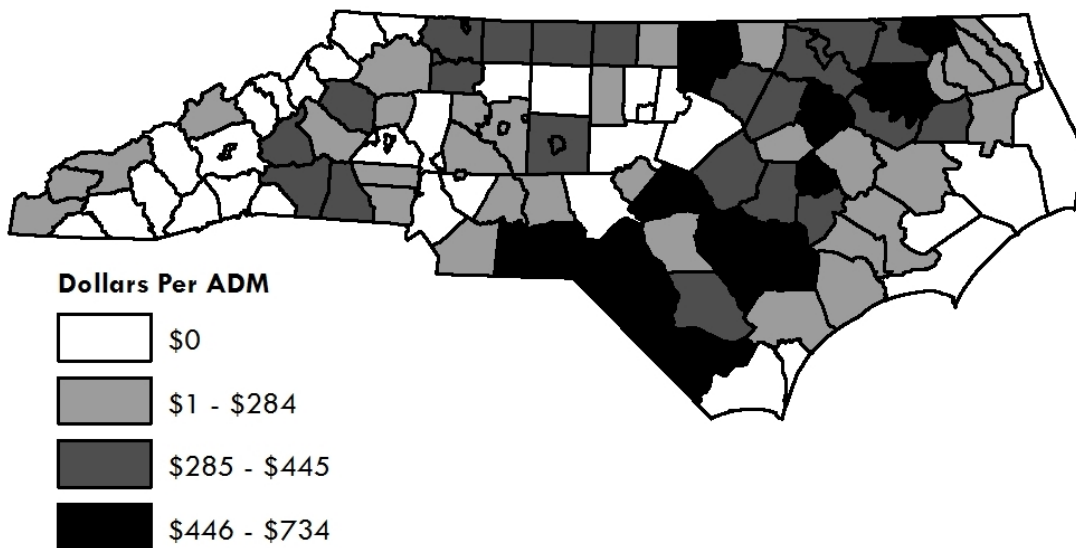
Low Wealth County Supplemental Funding Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Low Wealth County Supplemental Funding Allotment by LEA, FY 2014–15



Low Wealth County Supplemental Funding Allotment (PRC 031), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|------------------------|--------------|------------------------|--------------|---|---------|
| 1 Robeson County | \$734 | MEAN VALUE | \$305 | 85 Cabarrus County | n/a |
| 2 Greene County | \$633 | 43 Cleveland County | \$300 | 86 Carteret County | n/a |
| 3 Columbus County | \$604 | 44 Burke County | \$284 | 87 Catawba County | n/a |
| 4 Whiteville City | \$604 | 45 Stanly County | \$276 | 88 Chapel Hill-Carrboro | n/a |
| 5 Anson County | \$586 | 46 Wilkes County | \$257 | 89 Chatham County | n/a |
| 6 Scotland County | \$562 | 47 Alexander County | \$249 | 90 Clay County | n/a |
| 7 Richmond County | \$557 | 48 Wilson County | \$247 | 91 Currituck County | n/a |
| 8 Edgecombe County | \$533 | 49 Pitt County | \$238 | 92 Dare County | n/a |
| 9 Clinton City | \$525 | 50 Pasquotank County | \$234 | 93 Durham Public | n/a |
| 10 Sampson County | \$525 | 51 Montgomery County | \$234 | 94 Forsyth County | n/a |
| 11 Duplin County | \$522 | 52 Lee County | \$225 | 95 Guilford County | n/a |
| 12 Bertie County | \$519 | 53 Rowan-Salisbury | \$208 | 96 Haywood County | n/a |
| 13 Vance County | \$513 | 54 Pender County | \$192 | 97 Henderson County | n/a |
| 14 Hoke County | \$498 | 55 Tyrrell County | \$192 | 98 Hickory City | n/a |
| 15 Gates County | \$489 | 56 Camden County | \$186 | 99 Hyde County | n/a |
| 16 Harnett County | \$475 | 57 Alamance-Burlington | \$175 | 100 Iredell County | n/a |
| 17 Granville County | \$473 | 58 Davidson County | \$167 | 101 Jackson County | n/a |
| 18 Hertford County | \$445 | 59 Thomasville City | \$167 | 102 Macon County | n/a |
| 19 Caldwell County | \$435 | 60 Lexington City | \$167 | 103 Mecklenburg County | n/a |
| 20 Franklin County | \$404 | 61 Person County | \$144 | 104 Mitchell County | n/a |
| 21 Washington County | \$402 | 62 Warren County | \$111 | 105 Moore County | n/a |
| 22 Northampton County | \$390 | 63 Gaston County | \$103 | 106 Mooresville City | n/a |
| 23 Lenoir County | \$383 | 64 Jones County | \$103 | 107 New Hanover County | n/a |
| 24 Halifax County | \$379 | 65 Cherokee County | \$96 | 108 Newton-Conover | n/a |
| 25 Roanoke Rapids City | \$379 | 66 Union County | \$88 | 109 Orange County | n/a |
| 26 Weldon City | \$379 | 67 Beaufort County | \$87 | 110 Pamlico County | n/a |
| 27 Randolph County | \$371 | 68 Chowan County | \$86 | 111 Polk County | n/a |
| 28 Asheboro City | \$371 | 69 Madison County | \$85 | 112 Transylvania County | n/a |
| 29 Bladen County | \$369 | 70 Perquimans County | \$82 | 113 Wake County | n/a |
| 30 Rutherford County | \$369 | 71 Swain County | \$72 | 114 Watauga County | n/a |
| 31 Martin County | \$368 | 72 Davie County | \$63 | 115 Yancey County | n/a |
| 32 Wayne County | \$366 | 73 Kannapolis City | \$49 | | |
| 33 Yadkin County | \$359 | 74 Onslow County | \$42 | Notes: | |
| 34 Rockingham County | \$346 | 75 Cumberland County | \$35 | 1. The mean and median value | |
| 35 Caswell County | \$341 | 76 Lincoln County | \$21 | calculations are based on the 78 counties | |
| 36 McDowell County | \$339 | 77 Craven County | \$18 | that received this allotment. | |
| 37 Nash-Rocky Mount | \$329 | 78 Graham County | \$9 | 2. Values of n/a indicate LEAs that were | |
| 38 Johnston County | \$329 | 79 Alleghany County | n/a | ineligible for low wealth funding. | |
| 39 Stokes County | \$326 | 80 Ashe County | n/a | | |
| MEDIAN VALUE | \$323 | 81 Asheville City | n/a | | |
| 40 Elkin City | \$320 | 82 Avery County | n/a | | |
| 41 Surry County | \$320 | 83 Brunswick County | n/a | | |
| 42 Mount Airy City | \$320 | 84 Buncombe County | n/a | | |

**Children with Disabilities
(PRC 032)**

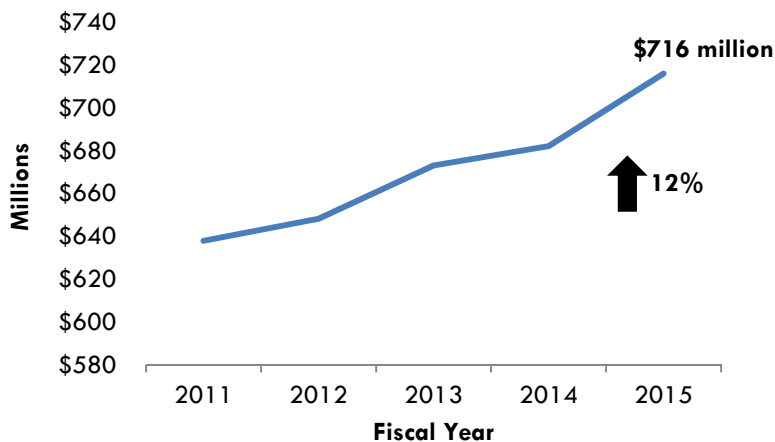
Dollars

Purpose: This allotment provides funding for the special educational needs and related services of Children with Disabilities. These funds are to be used for: Children with Disabilities, Preschool Handicapped State Funding, Group Homes, Foster Homes or Similar Facilities.

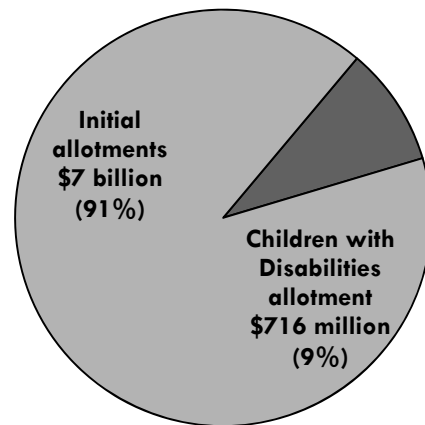
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Calculations for each of the three groups mentioned in the purpose section are calculated separately and then combined into one allotment. The Children with Disabilities fund is calculated by using the lesser of the April 1 child count OR an overall 12.5% cap of allotted ADM number and multiplying this by the dollar per child count funding factor. The Preschool Handicapped fund is provided using a base amount given to all LEAs, which is equal to the average salary of a classroom teacher plus benefits.

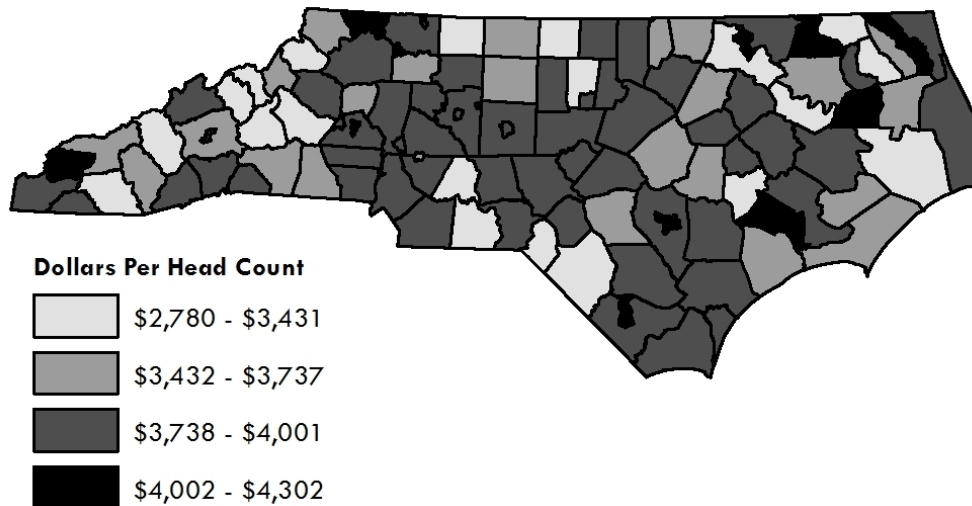
Children with Disabilities, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Children with Disabilities Allotment by LEA, FY 2014–15



Children with Disabilities Allotment (PRC 032), FY 2014–15

| LEA Name | Per Headcount | LEA Name | Per Headcount | LEA Name | Per Headcount |
|-------------------------|---------------|------------------------|----------------|-----------------------|---------------|
| 1 Weldon City | \$4,302 | 44 Iredell County | \$3,900 | 85 Wayne County | \$3,599 |
| 2 Elkin City | \$4,280 | 45 Catawba County | \$3,900 | 86 Jackson County | \$3,599 |
| 3 Jones County | \$4,168 | 46 Duplin County | \$3,895 | 87 Swain County | \$3,597 |
| 4 Alleghany County | \$4,122 | 47 Lee County | \$3,893 | 88 Onslow County | \$3,587 |
| 5 Washington County | \$4,121 | 48 Davidson County | \$3,890 | 89 Buncombe County | \$3,579 |
| 6 Clinton City | \$4,110 | 49 Gaston County | \$3,888 | 90 Ashe County | \$3,564 |
| 7 Graham County | \$4,074 | 50 Cabarrus County | \$3,887 | 91 Avery County | \$3,556 |
| 8 Whiteville City | \$4,064 | 51 Alamance-Burlington | \$3,886 | 92 Pamlico County | \$3,545 |
| 9 Thomasville City | \$4,053 | 52 Brunswick County | \$3,885 | 93 Cleveland County | \$3,542 |
| 10 Camden County | \$4,039 | 53 Union County | \$3,883 | 94 Rockingham County | \$3,526 |
| 11 Hertford County | \$4,028 | 54 New Hanover County | \$3,881 | 95 Johnston County | \$3,464 |
| 12 Newton-Conover | \$4,017 | 55 Caldwell County | \$3,875 | 96 Caswell County | \$3,431 |
| 13 Currituck County | \$4,001 | 56 Forsyth County | \$3,875 | 97 Lenoir County | \$3,426 |
| 14 Northampton County | \$3,999 | 57 Moore County | \$3,873 | 98 McDowell County | \$3,421 |
| 15 Bladen County | \$3,981 | MEDIAN VALUE | \$3,869 | 99 Halifax County | \$3,406 |
| 16 Greene County | \$3,976 | 58 Mecklenburg County | \$3,869 | 100 Yancey County | \$3,395 |
| 17 Asheville City | \$3,973 | 59 Wake County | \$3,869 | 101 Haywood County | \$3,391 |
| 18 Hickory City | \$3,971 | 60 Craven County | \$3,868 | 102 Gates County | \$3,369 |
| 19 Mooresville City | \$3,968 | 61 Pitt County | \$3,867 | 103 Robeson County | \$3,361 |
| 20 Dare County | \$3,967 | 62 Chatham County | \$3,856 | 104 Orange County | \$3,357 |
| 21 Montgomery County | \$3,966 | 63 Durham Public | \$3,855 | 105 Anson County | \$3,350 |
| 22 Asheboro City | \$3,957 | 64 Polk County | \$3,852 | 106 Perquimans County | \$3,320 |
| 23 Lexington City | \$3,955 | 65 Cherokee County | \$3,811 | 107 Martin County | \$3,278 |
| 24 Person County | \$3,947 | 66 Beaufort County | \$3,799 | 108 Hyde County | \$3,277 |
| 25 Chowan County | \$3,945 | 67 Clay County | \$3,796 | 109 Mitchell County | \$3,271 |
| 26 Granville County | \$3,935 | 68 Roanoke Rapids City | \$3,796 | 110 Burke County | \$3,187 |
| 27 Transylvania County | \$3,935 | 69 Madison County | \$3,788 | 111 Scotland County | \$3,138 |
| 28 Sampson County | \$3,933 | 70 Mount Airy City | \$3,787 | 112 Macon County | \$3,129 |
| 29 Franklin County | \$3,929 | 71 Wilkes County | \$3,759 | 113 Watauga County | \$3,026 |
| 30 Edgecombe County | \$3,927 | 72 Cumberland County | \$3,737 | 114 Stanly County | \$2,931 |
| 31 Richmond County | \$3,923 | MEAN VALUE | \$3,751 | 115 Stokes County | \$2,780 |
| 32 Hoke County | \$3,922 | 73 Rutherford County | \$3,695 | | |
| 33 Wilson County | \$3,920 | 74 Pasquotank County | \$3,678 | | |
| 34 Davie County | \$3,918 | 75 Tyrrell County | \$3,673 | | |
| 35 Lincoln County | \$3,913 | 76 Kannapolis City | \$3,663 | | |
| 36 Pender County | \$3,911 | 77 Bertie County | \$3,661 | | |
| 37 Surry County | \$3,907 | 78 Carteret County | \$3,661 | | |
| 38 Rowan-Salisbury | \$3,906 | 79 Yadkin County | \$3,653 | | |
| 39 Harnett County | \$3,905 | 80 Nash-Rocky Mount | \$3,643 | | |
| 40 Chapel Hill-Carrboro | \$3,904 | 81 Guilford County | \$3,634 | | |
| 41 Randolph County | \$3,903 | 82 Alexander County | \$3,633 | | |
| 42 Henderson County | \$3,901 | 83 Vance County | \$3,621 | | |
| 43 Columbus County | \$3,901 | 84 Warren County | \$3,601 | | |

Notes:

Academically or Intellectually Gifted (AIG) (PRC 034)

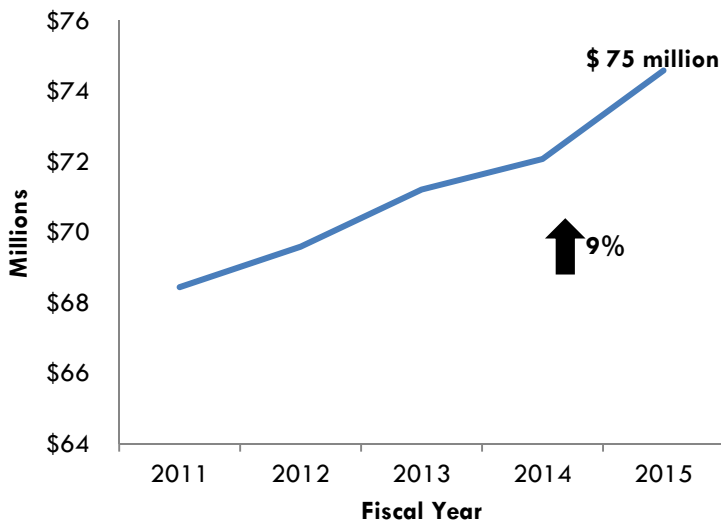
Dollars

Purpose: The purpose of this allotment is to support academically or intellectually gifted students and may be used only (i) for academically or intellectually gifted students, (ii) to implement the plan developed under G.S. 115C-150.71 (iii) for children with special needs; or (iv) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan development under G.S. 115C.

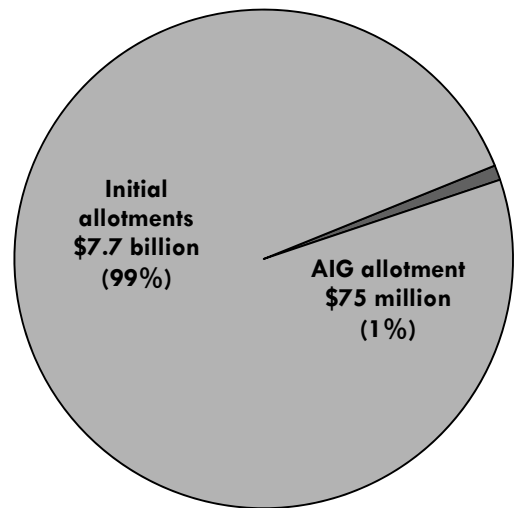
Eligibility: Each LEA is entitled to this allocation. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Each LEA receives dollars per child for four percent (4%) of their allotted ADM regardless of the number of children identified as academically or intellectually gifted in the LEA. The base amount is established in legislation and changed annually. In FY 2014-2015 the base amount was \$1,280.77.

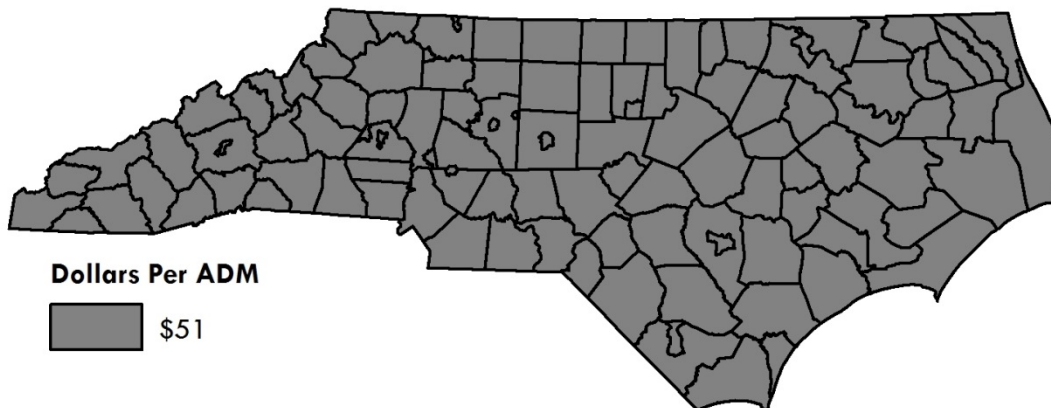
Academically or Intellectually Gifted Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Academically or Intellectually Gifted Allotment by LEA, FY 2014–15



LEA Academically or Intellectually Gifted Allotment (PRC 034), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|
| 1 Alamance-Burlington | \$51 | 43 Graham County | \$51 | 85 Pitt County | \$51 |
| 2 Alexander County | \$51 | 44 Granville County | \$51 | 86 Polk County | \$51 |
| 3 Alleghany County | \$51 | 45 Greene County | \$51 | 87 Randolph County | \$51 |
| 4 Anson County | \$51 | 46 Guilford County | \$51 | 88 Richmond County | \$51 |
| 5 Ashe County | \$51 | 47 Halifax County | \$51 | 89 Roanoke Rapids City | \$51 |
| 6 Asheboro City | \$51 | 48 Harnett County | \$51 | 90 Robeson County | \$51 |
| 7 Asheville City | \$51 | 49 Haywood County | \$51 | 91 Rockingham County | \$51 |
| 8 Avery County | \$51 | 50 Henderson County | \$51 | 92 Rowan-Salisbury | \$51 |
| 9 Beaufort County | \$51 | 51 Hertford County | \$51 | 93 Rutherford County | \$51 |
| 10 Bertie County | \$51 | 52 Hickory City | \$51 | 94 Sampson County | \$51 |
| 11 Bladen County | \$51 | 53 Hoke County | \$51 | 95 Scotland County | \$51 |
| 12 Brunswick County | \$51 | 54 Hyde County | \$51 | 96 Stanly County | \$51 |
| 13 Buncombe County | \$51 | 55 Iredell County | \$51 | 97 Stokes County | \$51 |
| 14 Burke County | \$51 | 56 Jackson County | \$51 | 98 Surry County | \$51 |
| 15 Cabarrus County | \$51 | 57 Johnston County | \$51 | 99 Swain County | \$51 |
| 16 Caldwell County | \$51 | 58 Jones County | \$51 | 100 Thomasville City | \$51 |
| 17 Camden County | \$51 | 59 Kannapolis City | \$51 | 101 Transylvania County | \$51 |
| 18 Carteret County | \$51 | 60 Lee County | \$51 | 102 Tyrrell County | \$51 |
| 19 Caswell County | \$51 | 61 Lenoir County | \$51 | 103 Union County | \$51 |
| 20 Catawba County | \$51 | 62 Lexington City | \$51 | 104 Vance County | \$51 |
| 21 Chapel Hill-Carrboro | \$51 | 63 Lincoln County | \$51 | 105 Wake County | \$51 |
| 22 Chatham County | \$51 | 64 Macon County | \$51 | 106 Warren County | \$51 |
| 23 Cherokee County | \$51 | 65 Madison County | \$51 | 107 Washington County | \$51 |
| 24 Chowan County | \$51 | 66 Martin County | \$51 | 108 Watauga County | \$51 |
| 25 Clay County | \$51 | 67 McDowell County | \$51 | 109 Wayne County | \$51 |
| 26 Cleveland County | \$51 | 68 Mecklenburg County | \$51 | 110 Weldon City | \$51 |
| 27 Clinton City | \$51 | 69 Mitchell County | \$51 | 111 Whiteville City | \$51 |
| 28 Columbus County | \$51 | 70 Montgomery County | \$51 | 112 Wilkes County | \$51 |
| 29 Craven County | \$51 | 71 Moore County | \$51 | 113 Wilson County | \$51 |
| 30 Cumberland County | \$51 | 72 Mooresville City | \$51 | 114 Yadkin County | \$51 |
| 31 Currituck County | \$51 | 73 Mount Airy City | \$51 | 115 Yancey County | \$51 |
| 32 Dare County | \$51 | 74 Nash-Rocky Mount | \$51 | | |
| 33 Davidson County | \$51 | 75 New Hanover County | \$51 | | |
| 34 Davie County | \$51 | 76 Newton-Conover | \$51 | | |
| 35 Duplin County | \$51 | 77 Northampton County | \$51 | | |
| 36 Durham Public | \$51 | 78 Onslow County | \$51 | | |
| 37 Edgecombe County | \$51 | 79 Orange County | \$51 | | |
| 38 Elkin City | \$51 | 80 Pamlico County | \$51 | | |
| 39 Forsyth County | \$51 | 81 Pasquotank County | \$51 | | |
| 40 Franklin County | \$51 | 82 Pender County | \$51 | | |
| 41 Gaston County | \$51 | 83 Perquimans County | \$51 | | |
| 42 Gates County | \$51 | 84 Person County | \$51 | | |

Notes:

1. Each LEA receives \$1,280.77 dollars per child for four percent (4%) of their allotted ADM regardless of the number of children identified as academically or intellectually gifted in the LEA. This equates to \$51 per ADM for each LEA.

**Limited English Proficiency PRC
(054)**

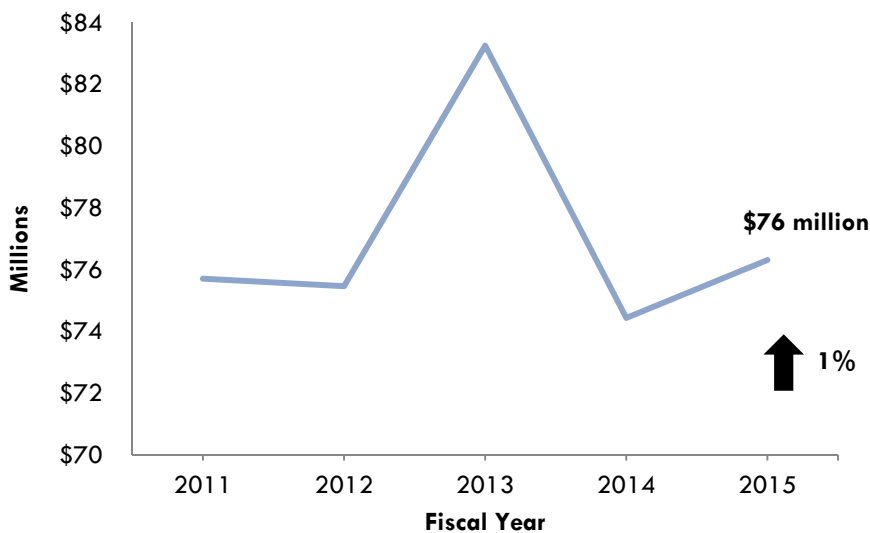
Dollars

Purpose: This allotment provides additional funding to LEAs and charter schools that have students who have limited proficiency in English.

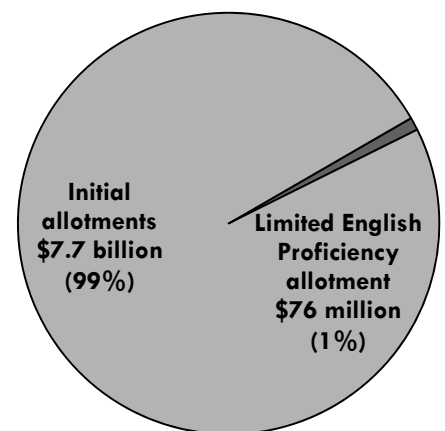
Eligibility: LEAs and charter schools must have at least 20 students with limited English proficiency (based on 3-year weighted average headcount), or at least 2.5 % of the ADM of the LEA/charter school. Funding is provided for up to 10.6%. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Each LEA receives a minimum of 1 teacher assistant position. Remaining funds are distributed based on 1) weighted head counts (50%) and; 2) concentration of students (50%).

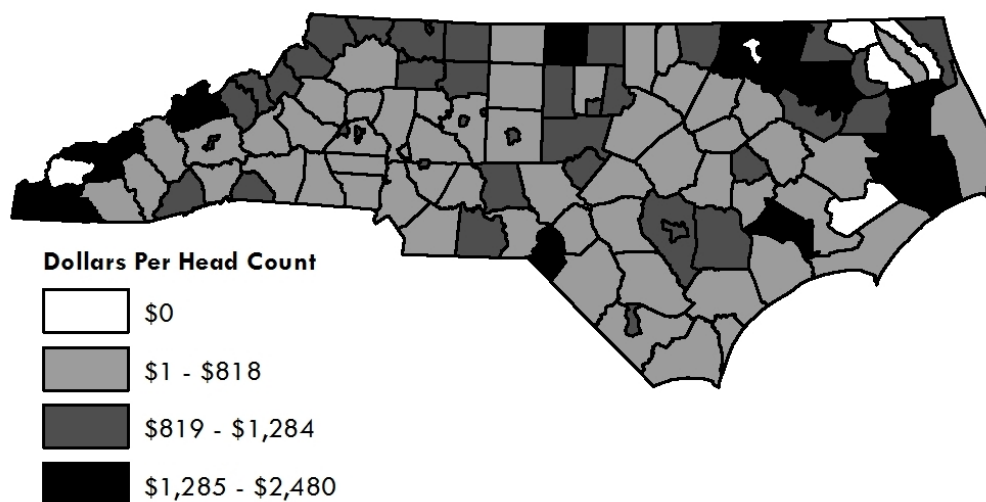
Limited English Proficiency Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Limited English Proficiency Allotment by LEA, FY 2014–15



Limited English Proficiency Allotment (PRC 054), FY 2014–15

| LEA Name | | Per Head Count | LEA Name | | Per Head Count | LEA Name | | Per Head Count |
|-----------------|---------------------|-----------------------|---------------------|----------------------|-----------------------|---|--------------------|-----------------------|
| 1 | Swain County | \$2,480 | MEAN VALUE | | \$900 | 85 | Cabarrus County | \$687 |
| 2 | Cherokee County | \$1,844 | 44 | Roanoke Rapids City | \$878 | 86 | Wake County | \$686 |
| 3 | Clay County | \$1,719 | 45 | Durham Public | \$872 | 87 | Robeson County | \$684 |
| 4 | Tyrrell County | \$1,616 | 46 | Alamance-Burlington | \$869 | 88 | Davie County | \$683 |
| 5 | Caswell County | \$1,615 | 47 | Chapel Hill-Carrboro | \$867 | 89 | Lenoir County | \$679 |
| 6 | Halifax County | \$1,597 | 48 | Surry County | \$867 | 90 | Rockingham County | \$675 |
| 7 | Jones County | \$1,564 | 49 | Avery County | \$856 | 91 | Carteret County | \$673 |
| 8 | Scotland County | \$1,533 | 50 | Ashe County | \$856 | 92 | Craven County | \$668 |
| 9 | Bertie County | \$1,520 | 51 | Forsyth County | \$852 | 93 | Pender County | \$663 |
| 10 | Madison County | \$1,485 | 52 | Person County | \$850 | 94 | Wilkes County | \$656 |
| 11 | Hyde County | \$1,452 | 53 | Yadkin County | \$849 | 95 | Nash-Rocky Mount | \$654 |
| 12 | Northampton County | \$1,346 | MEDIAN VALUE | | \$818 | 96 | Haywood County | \$645 |
| 13 | Currituck County | \$1,284 | 54 | Vance County | \$818 | 97 | Iredell County | \$639 |
| 14 | Chowan County | \$1,115 | 55 | Mecklenburg County | \$818 | 98 | Caldwell County | \$638 |
| 15 | Lexington City | \$1,103 | 56 | Bladen County | \$808 | 99 | Moore County | \$629 |
| 16 | Asheboro City | \$1,095 | 57 | Macon County | \$802 | 100 | Lincoln County | \$622 |
| 17 | Hertford County | \$1,082 | 58 | Henderson County | \$802 | 101 | Union County | \$621 |
| 18 | Polk County | \$1,073 | 59 | Alexander County | \$764 | 102 | Gaston County | \$619 |
| 19 | Washington County | \$1,070 | 60 | Johnston County | \$760 | 103 | Brunswick County | \$612 |
| 20 | Elkin City | \$1,069 | 61 | Jackson County | \$760 | 104 | Pitt County | \$593 |
| 21 | Greene County | \$1,066 | 62 | Columbus County | \$751 | 105 | New Hanover County | \$592 |
| 22 | Martin County | \$1,051 | 63 | Edgecombe County | \$751 | 106 | Cleveland County | \$577 |
| 23 | Newton-Conover | \$1,049 | 64 | Burke County | \$749 | 107 | Onslow County | \$541 |
| 24 | Thomasville City | \$1,023 | 65 | Hoke County | \$736 | 108 | Davidson County | \$534 |
| 25 | Alleghany County | \$1,008 | 66 | Guilford County | \$733 | 109 | Cumberland County | \$505 |
| 26 | Duplin County | \$994 | 67 | Pasquotank County | \$732 | 110 | Weldon City | n/a |
| 27 | Warren County | \$992 | 68 | Granville County | \$730 | 111 | Camden County | n/a |
| 28 | Montgomery County | \$974 | 69 | Dare County | \$730 | 112 | Gates County | n/a |
| 29 | Sampson County | \$966 | 70 | Beaufort County | \$726 | 113 | Pamlico County | n/a |
| 30 | Anson County | \$962 | 71 | Rowan-Salisbury | \$726 | 114 | Graham County | n/a |
| 31 | Hickory City | \$954 | 72 | Wayne County | \$724 | 115 | Perquimans County | n/a |
| 32 | Stokes County | \$954 | 73 | Richmond County | \$723 | Notes: | | |
| 33 | Yancey County | \$950 | 74 | Stanly County | \$722 | 1. Based on criteria established in the allotment policy, six LEAs, indicated by n/a, were ineligible to receive LEP funding in FY 2014–15. | | |
| 34 | Chatham County | \$946 | 75 | Catawba County | \$719 | | | |
| 35 | Mount Airy City | \$937 | 76 | Randolph County | \$711 | | | |
| 36 | Mitchell County | \$937 | 77 | Wilson County | \$710 | | | |
| 37 | Whiteville City | \$934 | 78 | McDowell County | \$703 | | | |
| 38 | Clinton City | \$922 | 79 | Buncombe County | \$694 | | | |
| 39 | Lee County | \$919 | 80 | Orange County | \$693 | | | |
| 40 | Transylvania County | \$917 | 81 | Harnett County | \$693 | | | |
| 41 | Kannapolis City | \$912 | 82 | Franklin County | \$693 | | | |
| 42 | Asheville City | \$906 | 83 | Rutherford County | \$691 | | | |
| 43 | Watauga County | \$904 | 84 | 2Mooresville City | \$690 | | | |

Transportation of Pupils (PRC 056)

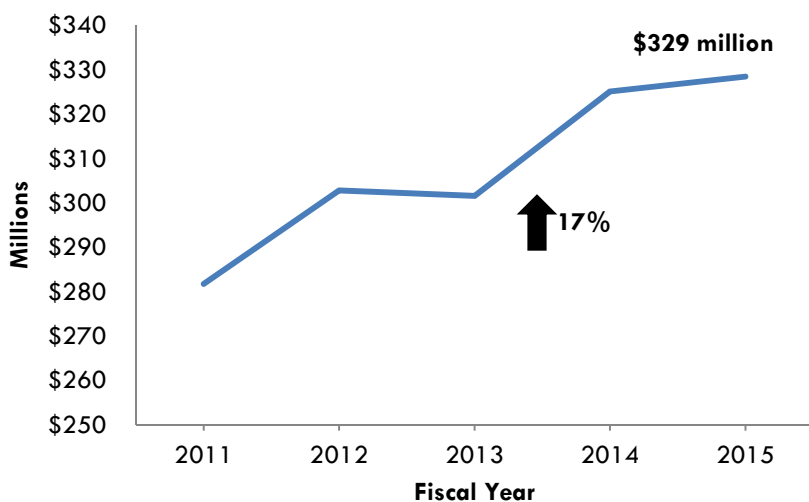
Dollars

Purpose: This allotment provides funding for all transportation-related expenses for “yellow bus” use for eligible school age (K-12) students for travel to and from school and between schools. Expenses related to this allotment may include items such as contract transportation, transportation personnel (other than Director, Supervisor, and Coordinator), bus drivers’ salaries, benefits, fuel and other costs determined in the Uniform Chart of Accounts. This also includes expenses for contract transportation when a LEA finds it impracticable to furnish transportation by yellow bus for eligible school age kids (K-12).

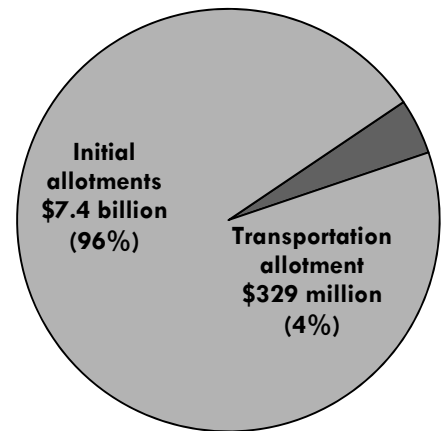
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: This allocation is calculated based on the following factors: pupils transported, total eligible operating expenditures (local and state funds); and number of buses operated. The initial allotment contains a portion of the projected planning allotment and the final allotment occurs by December 1.

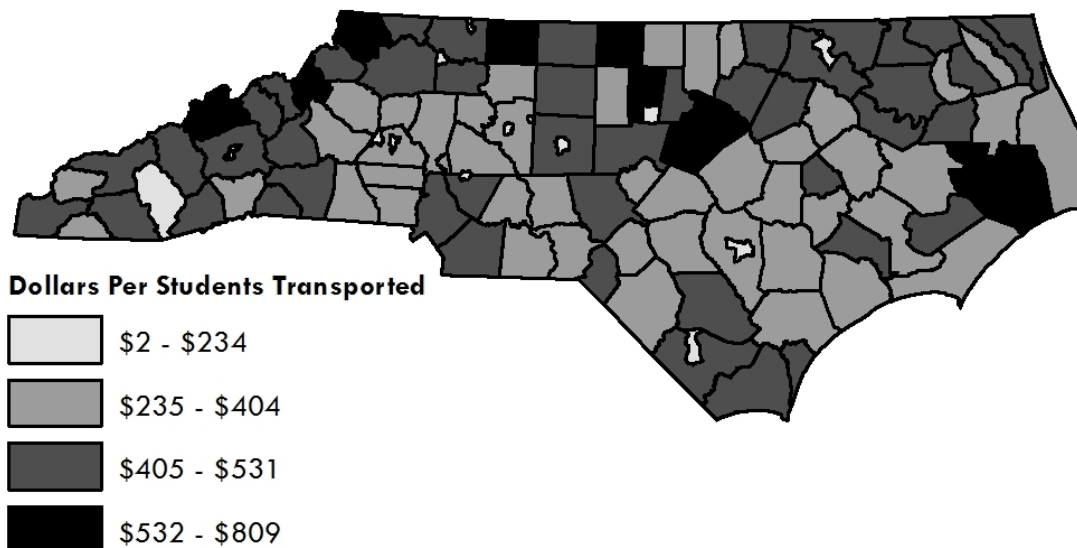
Transportation of Pupils Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Transportation of Pupils Allotment by LEA, FY 2014–15



Transportation of Pupils Allotment (PRC 056), FY 2014–15

| LEA Name | Per Pupil Transported |
|------------------------|-----------------------|
| 1 Orange County | \$809 |
| 2 Ashe County | \$677 |
| 3 Avery County | \$650 |
| 4 Madison County | \$598 |
| 5 Hyde County | \$595 |
| 6 Caswell County | \$569 |
| 7 Wake County | \$551 |
| 8 Stokes County | \$547 |
| 9 Watauga County | \$531 |
| 10 Warren County | \$530 |
| 11 Swain County | \$514 |
| 12 Halifax County | \$513 |
| 13 Guilford County | \$512 |
| 14 Durham Public | \$509 |
| 15 Currituck County | \$508 |
| 16 Macon County | \$508 |
| 17 Gates County | \$502 |
| 18 Bladen County | \$495 |
| 19 Transylvania County | \$494 |
| 20 Surry County | \$493 |
| 21 Bertie County | \$493 |
| 22 Yancey County | \$491 |
| 23 Hertford County | \$479 |
| 24 Brunswick County | \$477 |
| 25 Alleghany County | \$473 |
| 26 Jones County | \$473 |
| 27 Mecklenburg County | \$466 |
| 28 Wilkes County | \$463 |
| 29 Union County | \$461 |
| 30 Rutherford County | \$458 |
| 31 Mitchell County | \$457 |
| 32 Moore County | \$457 |
| 33 Pamlico County | \$454 |
| 34 Yadkin County | \$446 |
| 35 Columbus County | \$443 |
| 36 Haywood County | \$442 |
| 37 Camden County | \$442 |
| 38 Cherokee County | \$442 |
| 39 Polk County | \$440 |
| 40 Perquimans County | \$440 |
| 41 Greene County | \$432 |
| 42 McDowell County | \$430 |
| 43 Chatham County | \$427 |

| LEA Name | Per Pupil Transported |
|-----------------------|-----------------------|
| 44 Randolph County | \$425 |
| 45 Franklin County | \$421 |
| 46 Cabarrus County | \$419 |
| 47 Buncombe County | \$418 |
| 48 Rockingham County | \$418 |
| 49 Nash-Rocky Mount | \$415 |
| 50 Scotland County | \$414 |
| 51 Washington County | \$411 |
| 52 Martin County | \$410 |
| 53 Northampton County | \$409 |
| 54 New Hanover County | \$406 |
| 55 Clay County | \$404 |
| 56 Davidson County | \$403 |
| MEDIAN VALUE | \$396 |
| 57 Person County | \$396 |
| 58 Sampson County | \$396 |
| 59 Pender County | \$394 |
| 60 Forsyth County | \$393 |
| 61 Richmond County | \$389 |
| 62 Dare County | \$387 |
| 63 Johnston County | \$386 |
| MEAN VALUE | \$386 |
| 64 Chowan County | \$384 |
| 65 Anson County | \$383 |
| 66 Pasquotank County | \$381 |
| 67 Davie County | \$381 |
| 68 Beaufort County | \$380 |
| 69 Graham County | \$380 |
| 70 Granville County | \$379 |
| 71 Montgomery County | \$377 |
| 72 Pitt County | \$363 |
| 73 Alexander County | \$362 |
| 74 Tyrrell County | \$360 |
| 75 Iredell County | \$360 |
| 76 Rowan-Salisbury | \$359 |
| 77 Edgecombe County | \$358 |
| 78 Catawba County | \$357 |
| 79 Cleveland County | \$354 |
| 80 Stanly County | \$350 |
| 81 Cumberland County | \$349 |
| 82 Wilson County | \$345 |
| 83 Onslow County | \$343 |
| 84 Hoke County | \$340 |

| LEA Name | Per Pupil Transported |
|--------------------------|-----------------------|
| 85 Burke County | \$339 |
| 86 Henderson County | \$335 |
| 87 Carteret County | \$334 |
| 88 Harnett County | \$325 |
| 89 Duplin County | \$325 |
| 90 Lincoln County | \$324 |
| 91 Vance County | \$322 |
| 92 Robeson County | \$320 |
| 93 Wayne County | \$310 |
| 94 Craven County | \$307 |
| 95 Caldwell County | \$299 |
| 96 Gaston County | \$292 |
| 97 Lenoir County | \$287 |
| 98 Alamance-Burlington | \$284 |
| 99 Lee County | \$269 |
| 100 Mooresville City | \$247 |
| 101 Roanoke Rapids City | \$234 |
| 102 Hickory City | \$220 |
| 103 Chapel Hill-Carrboro | \$202 |
| 104 Newton-Conover | \$195 |
| 105 Whiteville City | \$191 |
| 106 Kannapolis City | \$179 |
| 107 Lexington City | \$166 |
| 108 Clinton City | \$164 |
| 109 Weldon City | \$151 |
| 110 Asheboro City | \$120 |
| 111 Thomasville City | \$106 |
| 112 Asheville City | \$105 |
| 113 Mount Airy City | \$34 |
| 114 Jackson County | \$3 |
| 115 Elkin City | \$2 |

Notes:

1. Initial transportation allotments to Jackson County and Elkin City were made in error and later corrected through the revision process. The figures in the table represent initial allotment amounts prior to revision.

Classroom Material/Instructional Supplies/Equipment (PRC 061)

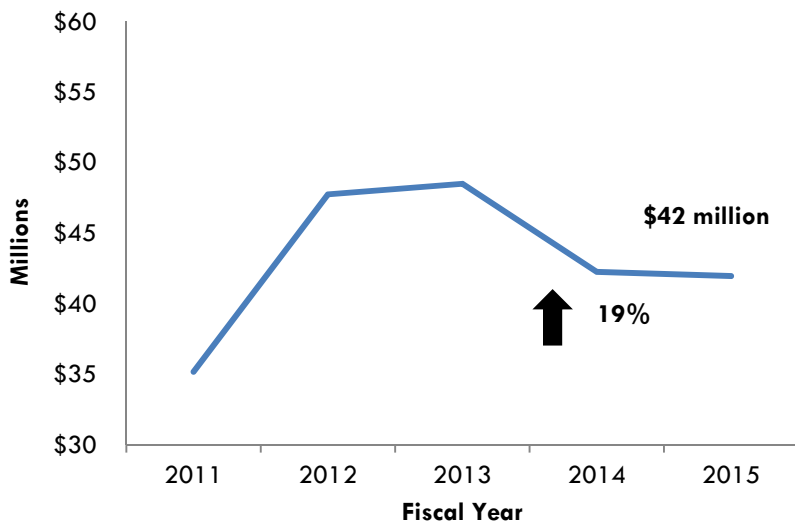
Dollars

Purpose: This allotment provides funds for instructional materials and supplies, instructional equipment, and testing support.

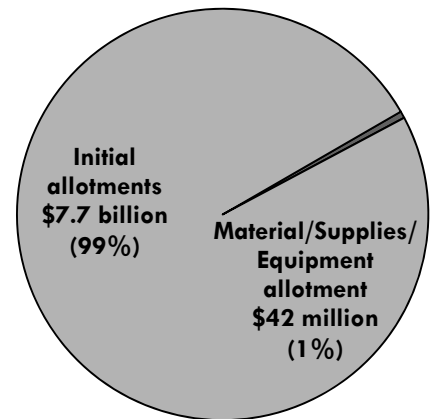
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Funds for Instructional Materials, Supplies, and Equipment are distributed based on allotted ADM. Funds for each student to take the Preliminary Scholastic Aptitude Test (PSAT) are allotted based on ADM in grades 8 and 9.

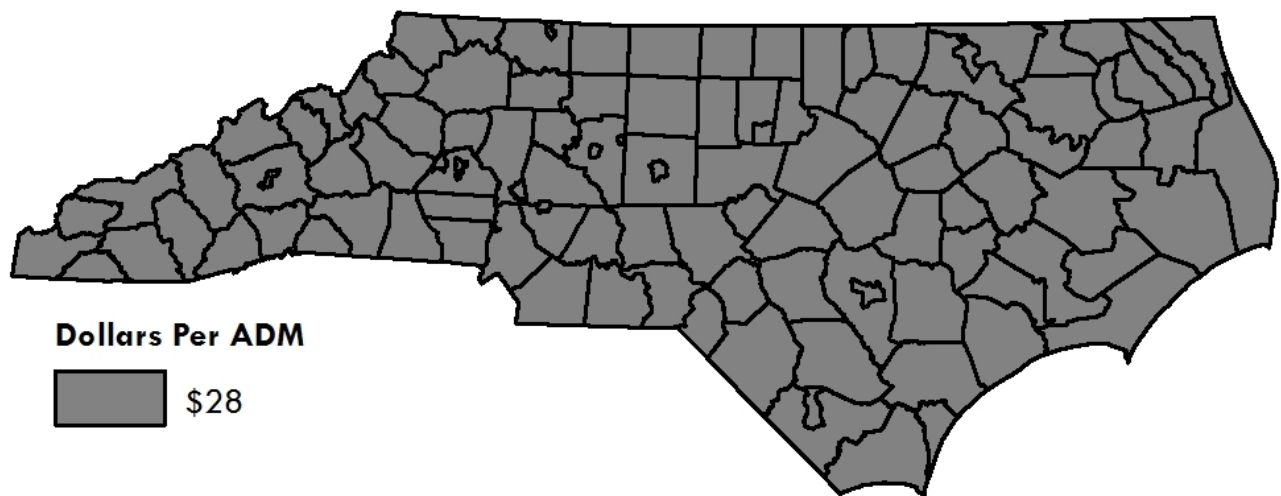
Classroom Material/Instructional Supplies/Equipment Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Classroom Material/Instructional Supplies/Equipment Allotment by LEA, FY 2014–15



Classroom Material/Instructional Supplies/Equipment Allotment (PRC 061), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|
| 1 Alamance-Burlington | \$28 | 43 Graham County | \$28 | 85 Pitt County | \$28 |
| 2 Alexander County | \$28 | 44 Granville County | \$28 | 86 Polk County | \$28 |
| 3 Alleghany County | \$28 | 45 Greene County | \$28 | 87 Randolph County | \$28 |
| 4 Anson County | \$28 | 46 Guilford County | \$28 | 88 Richmond County | \$28 |
| 5 Ashe County | \$28 | 47 Halifax County | \$28 | 89 Roanoke Rapids City | \$28 |
| 6 Asheboro City | \$28 | 48 Harnett County | \$28 | 90 Robeson County | \$28 |
| 7 Asheville City | \$28 | 49 Haywood County | \$28 | 91 Rockingham County | \$28 |
| 8 Avery County | \$28 | 50 Henderson County | \$28 | 92 Rowan-Salisbury | \$28 |
| 9 Beaufort County | \$28 | 51 Hertford County | \$28 | 93 Rutherford County | \$28 |
| 10 Bertie County | \$28 | 52 Hickory City | \$28 | 94 Sampson County | \$28 |
| 11 Bladen County | \$28 | 53 Hoke County | \$28 | 95 Scotland County | \$28 |
| 12 Brunswick County | \$28 | 54 Hyde County | \$28 | 96 Stanly County | \$28 |
| 13 Buncombe County | \$28 | 55 Iredell County | \$28 | 97 Stokes County | \$28 |
| 14 Burke County | \$28 | 56 Jackson County | \$28 | 98 Surry County | \$28 |
| 15 Cabarrus County | \$28 | 57 Johnston County | \$28 | 99 Swain County | \$28 |
| 16 Caldwell County | \$28 | 58 Jones County | \$28 | 100 Thomasville City | \$28 |
| 17 Camden County | \$28 | 59 Kannapolis City | \$28 | 101 Transylvania County | \$28 |
| 18 Carteret County | \$28 | 60 Lee County | \$28 | 102 Tyrrell County | \$28 |
| 19 Caswell County | \$28 | 61 Lenoir County | \$28 | 103 Union County | \$28 |
| 20 Catawba County | \$28 | 62 Lexington City | \$28 | 104 Vance County | \$28 |
| 21 Chapel Hill-Carrboro | \$28 | 63 Lincoln County | \$28 | 105 Wake County | \$28 |
| 22 Chatham County | \$28 | 64 Macon County | \$28 | 106 Warren County | \$28 |
| 23 Cherokee County | \$28 | 65 Madison County | \$28 | 107 Washington County | \$28 |
| 24 Chowan County | \$28 | 66 Martin County | \$28 | 108 Watauga County | \$28 |
| 25 Clay County | \$28 | 67 McDowell County | \$28 | 109 Wayne County | \$28 |
| 26 Cleveland County | \$28 | 68 Mecklenburg County | \$28 | 110 Weldon City | \$28 |
| 27 Clinton City | \$28 | 69 Mitchell County | \$28 | 111 Whiteville City | \$28 |
| 28 Columbus County | \$28 | 70 Montgomery County | \$28 | 112 Wilkes County | \$28 |
| 29 Craven County | \$28 | 71 Moore County | \$28 | 113 Wilson County | \$28 |
| 30 Cumberland County | \$28 | 72 Mooresville City | \$28 | 114 Yadkin County | \$28 |
| 31 Currituck County | \$28 | 73 Mount Airy City | \$28 | 115 Yancey County | \$28 |
| 32 Dare County | \$28 | 74 Nash-Rocky Mount | \$28 | | |
| 33 Davidson County | \$28 | 75 New Hanover County | \$28 | Notes: | |
| 34 Davie County | \$28 | 76 Newton-Conover | \$28 | | |
| 35 Duplin County | \$28 | 77 Northampton County | \$28 | | |
| 36 Durham Public | \$28 | 78 Onslow County | \$28 | | |
| 37 Edgecombe County | \$28 | 79 Orange County | \$28 | | |
| 38 Elkin City | \$28 | 80 Pamlico County | \$28 | | |
| 39 Forsyth County | \$28 | 81 Pasquotank County | \$28 | | |
| 40 Franklin County | \$28 | 82 Pender County | \$28 | | |
| 41 Gaston County | \$28 | 83 Perquimans County | \$28 | | |
| 42 Gates County | \$28 | 84 Person County | \$28 | | |

At-Risk (PRC 069)

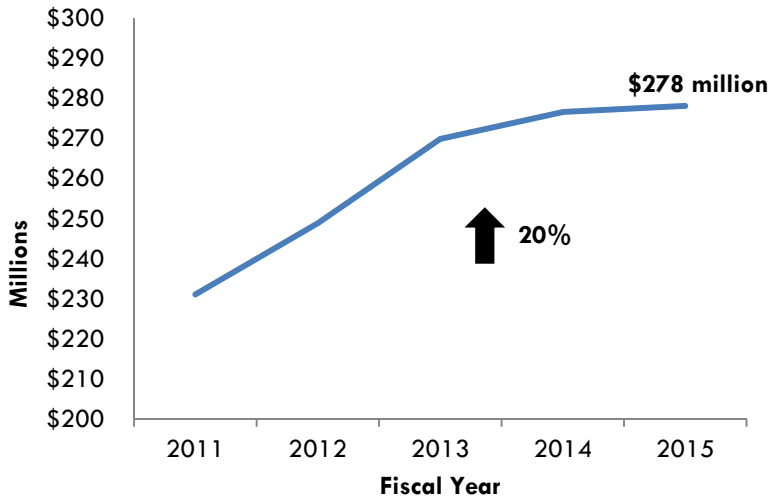
Dollars

Purpose: This allocation is meant to provide funding to identify students likely to drop out and to provide special alternative instructional programs for these at-risk students. It also provides funds for summer school instruction and transportation, remediation, alcohol and drug prevention, early intervention, safe schools, and preschool screening. These funds may not be used to supplant dropout prevention programs funded from other state or federal sources. It is the intent of the General Assembly that each LEA has a School Safety Officer at each high school.

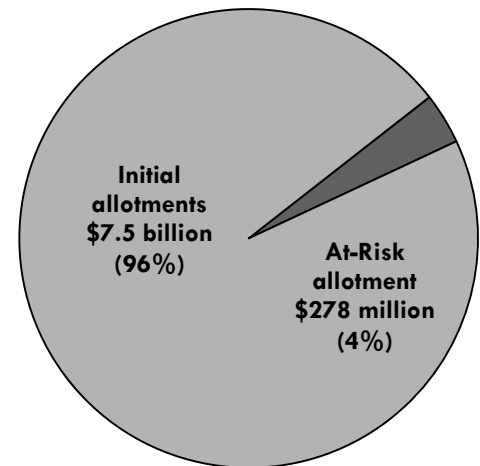
Eligibility: Each LEA is entitled to funding for this allotment. To remain eligible for funds appropriated for the At-Risk/Alternative Schools allotment, local school administrative units must submit a report to the State Board of Education by October 31 of each year detailing the expenditure of the funds and the impact of these funds on student achievement.

Allocation: Each school receives a dollar amount equivalent to a School Safety Officer (SSO) based on the number of high schools in the LEA that receive a principal allotment. Funds are then allotted for students in treatment programs in accordance with SB 1356. Fifty percent of the remaining funds are distributed based on the number of children in poverty. The remaining funds are distributed based on allotted ADM. Each LEA receives a minimum of the dollar amount equivalent of two teachers and two instructional support personnel (including benefits). No funds will be allotted on a competitive grant basis.

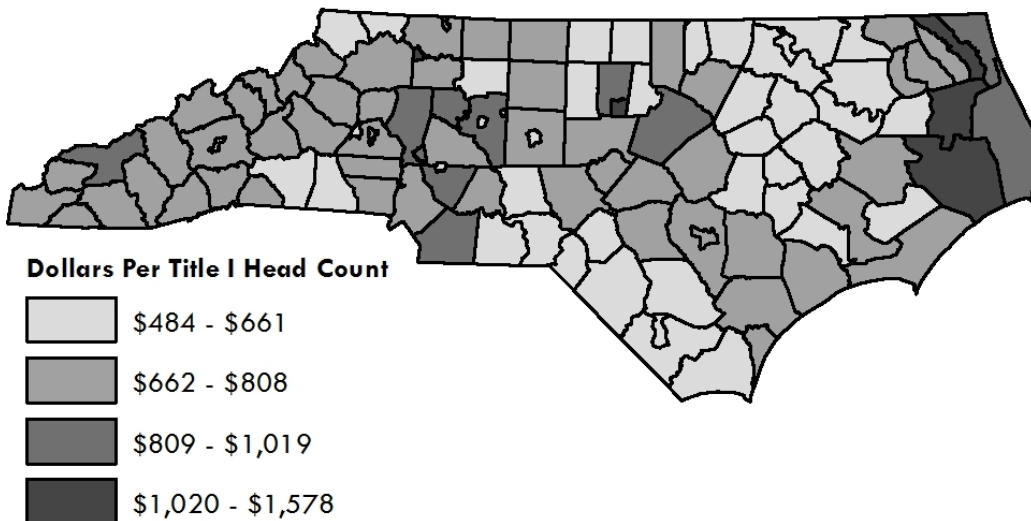
At-Risk Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



At-Risk Allotment by LEA, FY 2014–15



At-Risk Allotment (PRC 069), FY 2014–15

| LEA Name | Per Head Count | LEA Name | Per Head Count | LEA Name | Per Head Count |
|------------------------|-----------------------|------------------------|-----------------------|--------------------------|-----------------------|
| 1 Hyde County | \$547 | 43 Forsyth County | \$217 | 85 Catawba County | \$191 |
| 2 Tyrrell County | \$512 | 44 Perquimans County | \$216 | 86 Granville County | \$191 |
| 3 Northampton County | \$335 | 45 Sampson County | \$215 | 87 Buncombe County | \$191 |
| 4 Weldon City | \$335 | 46 Ashe County | \$215 | 88 Rowan-Salisbury | \$188 |
| 5 Halifax County | \$323 | 47 Nash-Rocky Mount | \$213 | 89 Moore County | \$188 |
| 6 Washington County | \$293 | 48 Caswell County | \$211 | 90 Pender County | \$188 |
| 7 Thomasville City | \$278 | 49 Duplin County | \$211 | 91 Henderson County | \$187 |
| 8 Cherokee County | \$270 | 50 Brunswick County | \$210 | 92 Carteret County | \$186 |
| 9 Hertford County | \$265 | 51 Pitt County | \$209 | 93 Randolph County | \$186 |
| 10 Robeson County | \$262 | 52 Durham Public | \$209 | 94 Lincoln County | \$183 |
| 11 Vance County | \$262 | 53 Beaufort County | \$208 | 95 Cumberland County | \$183 |
| 12 Edgecombe County | \$261 | 54 Pasquotank County | \$208 | 96 Chatham County | \$180 |
| 13 Jones County | \$258 | MEDIAN VALUE | \$207 | 97 Johnston County | \$179 |
| 14 Warren County | \$256 | 55 Chowan County | \$207 | 98 Alexander County | \$179 |
| 15 Scotland County | \$251 | 56 Polk County | \$207 | 99 Dare County | \$178 |
| 16 Martin County | \$251 | 57 Asheboro City | \$207 | 100 Swain County | \$177 |
| 17 Whiteville City | \$249 | 58 Newton-Conover | \$207 | 101 Mecklenburg County | \$177 |
| 18 Lexington City | \$247 | 59 Hoke County | \$207 | 102 Iredell County | \$176 |
| 19 Bertie County | \$247 | 60 Yancey County | \$207 | 103 Watauga County | \$175 |
| 20 Macon County | \$246 | 61 McDowell County | \$207 | 104 New Hanover County | \$173 |
| 21 Jackson County | \$245 | 62 Asheville City | \$206 | 105 Davie County | \$169 |
| 22 Pamlico County | \$244 | 63 Stanly County | \$205 | 106 Currituck County | \$169 |
| 23 Montgomery County | \$243 | 64 Kannapolis City | \$204 | 107 Onslow County | \$168 |
| 24 Graham County | \$239 | 65 Gates County | \$202 | 108 Davidson County | \$166 |
| 25 Columbus County | \$236 | 66 Wilkes County | \$202 | 109 Orange County | \$163 |
| 26 Greene County | \$235 | 67 Caldwell County | \$201 | 110 Cabarrus County | \$153 |
| 27 Yadkin County | \$235 | 68 Surry County | \$200 | 111 Camden County | \$149 |
| 28 Bladen County | \$231 | 69 Alamance-Burlington | \$200 | 112 Mooresville City | \$149 |
| 29 Anson County | \$231 | 70 Gaston County | \$199 | 113 Union County | \$148 |
| 30 Elkin City | \$230 | 71 Lee County | \$198 | 114 Wake County | \$146 |
| 31 Alleghany County | \$230 | 72 Avery County | \$198 | 115 Chapel Hill-Carrboro | \$140 |
| 32 Lenoir County | \$229 | 73 Roanoke Rapids City | \$198 | | |
| 33 Cleveland County | \$225 | 74 Stokes County | \$198 | | |
| 34 Transylvania County | \$225 | 75 Mount Airy City | \$197 | | |
| 35 Wilson County | \$225 | 76 Haywood County | \$197 | | |
| 36 Richmond County | \$224 | 77 Person County | \$197 | | |
| 37 Mitchell County | \$224 | 78 Rockingham County | \$197 | | |
| 38 Wayne County | \$223 | 79 Guilford County | \$196 | | |
| 39 Madison County | \$222 | 80 Craven County | \$195 | | |
| 40 Hickory City | \$220 | 81 Burke County | \$195 | | |
| 41 Rutherford County | \$220 | 82 Franklin County | \$194 | | |
| 42 Clay County | \$218 | 83 Clinton City | \$193 | | |
| MEAN VALUE | \$217 | 84 Harnett County | \$193 | | |

Notes:

1. The head count is estimated based on 2012 census poverty data.

Textbooks¹ (PRC 130)

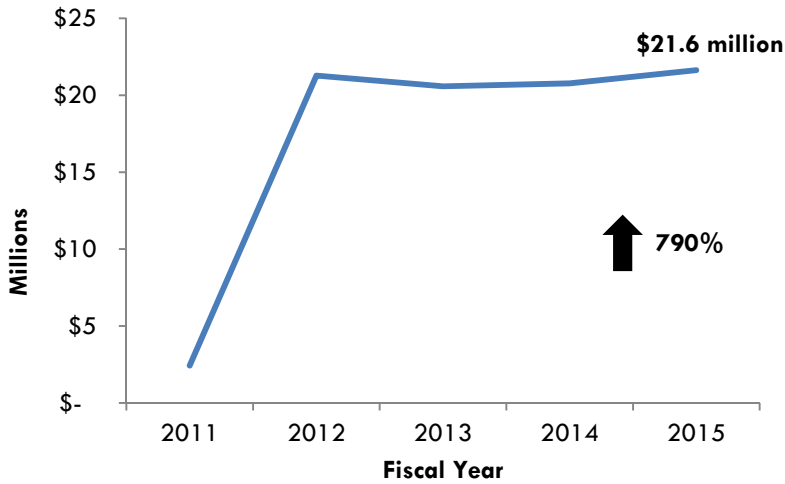
Dollars

Purpose: This allotment provides funding for state-adopted textbooks. LEAs should also use their state textbook funds to provide, from the state-adopted list, textbooks for visually impaired students.

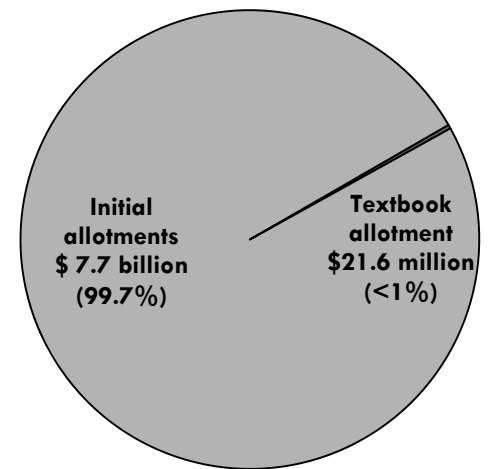
Eligibility: Each LEA is entitled to this allotment. All 115 LEAs received the allotment in FY 2014–15.

Allocation: Funds for textbooks are distributed based on allotted ADM in grades K-12.

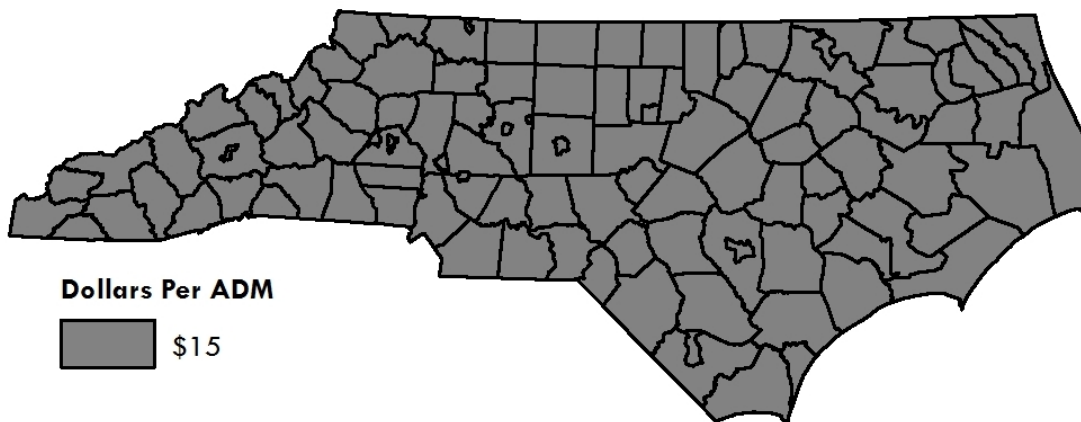
Textbook Allotment, FY 2011–2015



Share of Initial Allotment, FY 2014–15



Textbook Allotment by LEA, FY 2014–15



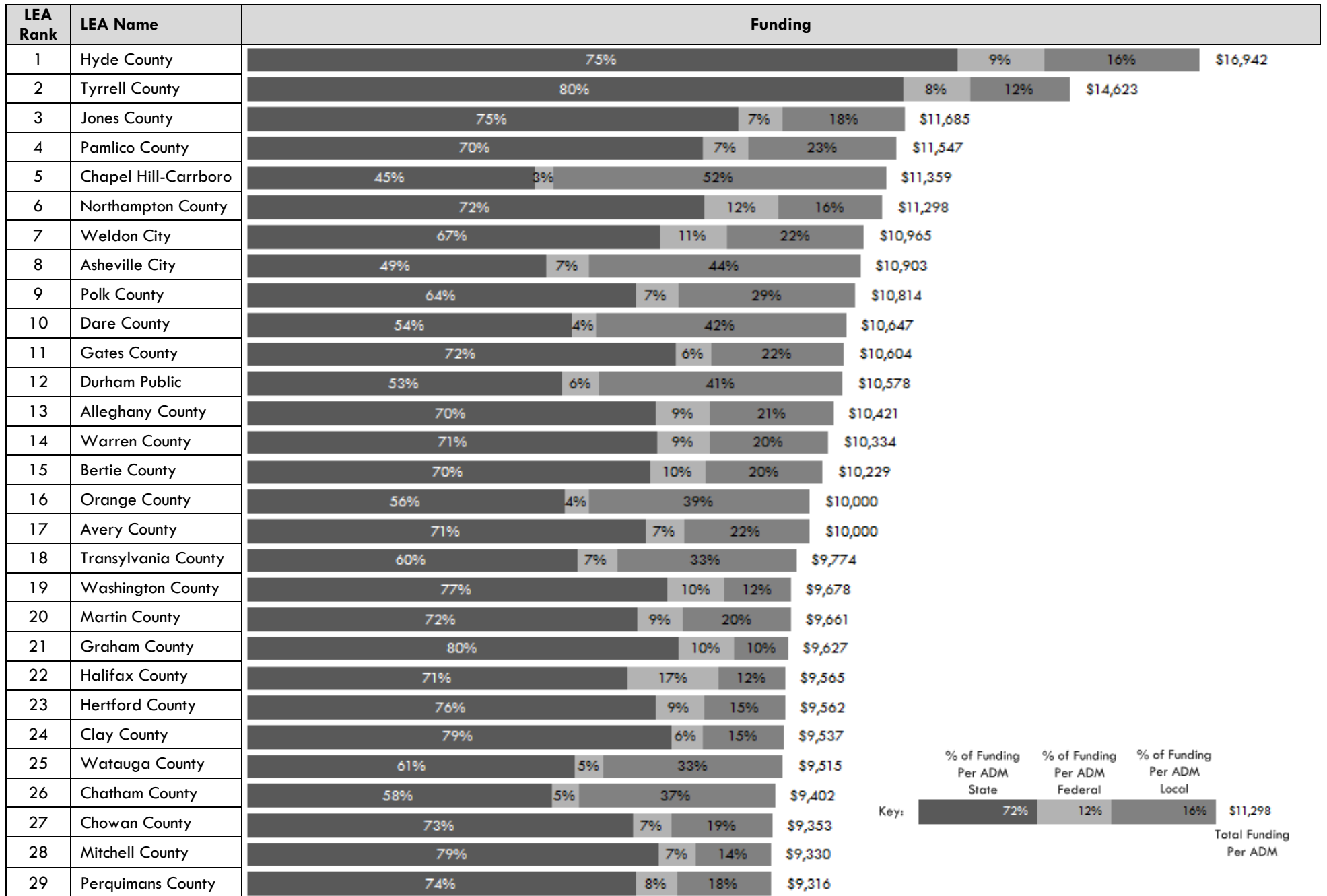
¹ In 2016 the Textbook allotment was renamed Textbook and Digital Resources.

Textbook Allotment (PRC 130), FY 2014–15

| LEA Name | Per ADM | LEA Name | Per ADM | LEA Name | Per ADM |
|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|
| 1 Alamance-Burlington | \$15 | 43 Graham County | \$15 | 85 Pitt County | \$15 |
| 2 Alexander County | \$15 | 44 Granville County | \$15 | 86 Polk County | \$15 |
| 3 Alleghany County | \$15 | 45 Greene County | \$15 | 87 Randolph County | \$15 |
| 4 Anson County | \$15 | 46 Guilford County | \$15 | 88 Richmond County | \$15 |
| 5 Ashe County | \$15 | 47 Halifax County | \$15 | 89 Roanoke Rapids City | \$15 |
| 6 Asheboro City | \$15 | 48 Harnett County | \$15 | 90 Robeson County | \$15 |
| 7 Asheville City | \$15 | 49 Haywood County | \$15 | 91 Rockingham County | \$15 |
| 8 Avery County | \$15 | 50 Henderson County | \$15 | 92 Rowan-Salisbury | \$15 |
| 9 Beaufort County | \$15 | 51 Hertford County | \$15 | 93 Rutherford County | \$15 |
| 10 Bertie County | \$15 | 52 Hickory City | \$15 | 94 Sampson County | \$15 |
| 11 Bladen County | \$15 | 53 Hoke County | \$15 | 95 Scotland County | \$15 |
| 12 Brunswick County | \$15 | 54 Hyde County | \$15 | 96 Stanly County | \$15 |
| 13 Buncombe County | \$15 | 55 Iredell County | \$15 | 97 Stokes County | \$15 |
| 14 Burke County | \$15 | 56 Jackson County | \$15 | 98 Surry County | \$15 |
| 15 Cabarrus County | \$15 | 57 Johnston County | \$15 | 99 Swain County | \$15 |
| 16 Caldwell County | \$15 | 58 Jones County | \$15 | 100 Thomasville City | \$15 |
| 17 Camden County | \$15 | 59 Kannapolis City | \$15 | 101 Transylvania County | \$15 |
| 18 Carteret County | \$15 | 60 Lee County | \$15 | 102 Tyrrell County | \$15 |
| 19 Caswell County | \$15 | 61 Lenoir County | \$15 | 103 Union County | \$15 |
| 20 Catawba County | \$15 | 62 Lexington City | \$15 | 104 Vance County | \$15 |
| 21 Chapel Hill-Carrboro | \$15 | 63 Lincoln County | \$15 | 105 Wake County | \$15 |
| 22 Chatham County | \$15 | 64 Macon County | \$15 | 106 Warren County | \$15 |
| 23 Cherokee County | \$15 | 65 Madison County | \$15 | 107 Washington County | \$15 |
| 24 Chowan County | \$15 | 66 Martin County | \$15 | 108 Watauga County | \$15 |
| 25 Clay County | \$15 | 67 McDowell County | \$15 | 109 Wayne County | \$15 |
| 26 Cleveland County | \$15 | 68 Mecklenburg County | \$15 | 110 Weldon City | \$15 |
| 27 Clinton City | \$15 | 69 Mitchell County | \$15 | 111 Whiteville City | \$15 |
| 28 Columbus County | \$15 | 70 Montgomery County | \$15 | 112 Wilkes County | \$15 |
| 29 Craven County | \$15 | 71 Moore County | \$15 | 113 Wilson County | \$15 |
| 30 Cumberland County | \$15 | 72 Mooresville City | \$15 | 114 Yadkin County | \$15 |
| 31 Currituck County | \$15 | 73 Mount Airy City | \$15 | 115 Yancey County | \$15 |
| 32 Dare County | \$15 | 74 Nash-Rocky Mount | \$15 | | |
| 33 Davidson County | \$15 | 75 New Hanover County | \$15 | | |
| 34 Davie County | \$15 | 76 Newton-Conover | \$15 | | |
| 35 Duplin County | \$15 | 77 Northampton County | \$15 | | |
| 36 Durham Public | \$15 | 78 Onslow County | \$15 | | |
| 37 Edgecombe County | \$15 | 79 Orange County | \$15 | | |
| 38 Elkin City | \$15 | 80 Pamlico County | \$15 | | |
| 39 Forsyth County | \$15 | 81 Pasquotank County | \$15 | | |
| 40 Franklin County | \$15 | 82 Pender County | \$15 | | |
| 41 Gaston County | \$15 | 83 Perquimans County | \$15 | | |
| 42 Gates County | \$15 | 84 Person County | \$15 | | |

Notes:

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source



*CORRECTION: In an earlier version of this report, the Key to the bar chart mistakenly inverted the labels for Federal and Local funding sources.

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA Rank | LEA Name | Funding | | | |
|----------|--------------------|---------|-----|-----|---------|
| 30 | Anson County | 76% | 9% | 15% | \$9,299 |
| 31 | Madison County | 74% | 7% | 19% | \$9,284 |
| 32 | Scotland County | 71% | 9% | 20% | \$9,265 |
| 33 | Greene County | 78% | 11% | 11% | \$9,233 |
| 34 | Thomasville City | 65% | 14% | 21% | \$9,200 |
| 35 | Vance County | 74% | 10% | 15% | \$9,160 |
| 36 | Cherokee County | 67% | 10% | 23% | \$9,153 |
| 37 | Yancey County | 72% | 10% | 17% | \$9,062 |
| 38 | Ashe County | 73% | 8% | 20% | \$9,054 |
| 39 | Lexington City | 67% | 10% | 23% | \$8,941 |
| 40 | Elkin City | 70% | 5% | 24% | \$8,923 |
| 41 | Caswell County | 78% | 7% | 15% | \$8,915 |
| 42 | Carteret County | 62% | 6% | 32% | \$8,913 |
| 43 | Macon County | 67% | 8% | 25% | \$8,896 |
| 44 | Swain County | 77% | 7% | 16% | \$8,876 |
| 45 | Brunswick County | 61% | 7% | 32% | \$8,837 |
| 46 | Jackson County | 66% | 8% | 26% | \$8,835 |
| 47 | Montgomery County | 72% | 9% | 19% | \$8,803 |
| 48 | Mount Airy City | 68% | 7% | 24% | \$8,792 |
| 49 | Bladen County | 71% | 10% | 19% | \$8,779 |
| 50 | Currituck County | 64% | 5% | 30% | \$8,742 |
| 51 | Person County | 67% | 6% | 27% | \$8,717 |
| 52 | Mecklenburg County | 59% | 6% | 35% | \$8,707 |
| 53 | Guilford County | 61% | 7% | 32% | \$8,702 |
| 54 | New Hanover Co. | 61% | 6% | 33% | \$8,697 |
| 55 | Camden County | 79% | 8% | 17% | \$8,602 |
| 56 | Whiteville City | 74% | 12% | 15% | \$8,575 |
| 57 | Stokes County | 73% | 6% | 21% | \$8,531 |
| 58 | Edgecombe County | 75% | 10% | 15% | \$8,497 |

Key:

% of Funding
Per ADM
State

72%

% of Funding
Per ADM
Federal

12%

% of Funding
Per ADM
Local

16%

\$11,298
Total Funding
Per ADM

*CORRECTION: In an earlier version of this report, the Key to the bar chart mistakenly inverted the labels for Federal and Local funding sources.

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA Rank | LEA | Funding | | | |
|----------|---------------------|---------|-----|-----|---------|
| 59 | Newton-Conover | 62% | 7% | 31% | \$8,482 |
| 60 | Forsyth County | 65% | 8% | 27% | \$8,477 |
| 61 | Clinton City | 68% | 9% | 23% | \$8,427 |
| 62 | Pasquotank County | 70% | 8% | 22% | \$8,415 |
| 63 | Beaufort County | 67% | 9% | 24% | \$8,408 |
| 64 | Rutherford County | 70% | 9% | 21% | \$8,398 |
| 65 | Cleveland County | 70% | 8% | 22% | \$8,377 |
| 66 | Haywood County | 65% | 8% | 27% | \$8,331 |
| 67 | Caldwell County | 73% | 6% | 21% | \$8,275 |
| 68 | Granville County | 70% | 6% | 24% | \$8,246 |
| 69 | Mooreville City | 61% | 4% | 35% | \$8,238 |
| 70 | Franklin County | 72% | 6% | 22% | \$8,225 |
| 71 | Asheboro City | 68% | 9% | 23% | \$8,217 |
| 72 | Yadkin County | 74% | 8% | 18% | \$8,215 |
| 73 | Columbus County | 78% | 11% | 12% | \$8,176 |
| 74 | Buncombe County | 65% | 7% | 28% | \$8,127 |
| 75 | Kannapolis City | 66% | 8% | 26% | \$8,118 |
| 76 | McDowell County | 73% | 7% | 19% | \$8,087 |
| 77 | Roanoke Rapids City | 71% | 8% | 21% | \$8,056 |
| 78 | Robeson County | 79% | 12% | 9% | \$8,034 |
| 79 | Rockingham County | 72% | 8% | 20% | \$8,031 |
| 80 | Lenoir County | 75% | 9% | 16% | \$8,015 |
| 81 | Nash-Rocky Mount | 71% | 8% | 21% | \$8,013 |
| 82 | Henderson County | 68% | 8% | 25% | \$8,009 |
| 83 | Moore County | 66% | 7% | 27% | \$8,008 |
| 84 | Wake County | 65% | 5% | 30% | \$8,000 |
| 85 | Rowan-Salisbury | 69% | 7% | 24% | \$7,998 |
| 86 | Surry County | 74% | 7% | 19% | \$7,986 |
| 87 | Pitt County | 69% | 9% | 22% | \$7,903 |

Key:

% of Funding
Per ADM
State

% of Funding
Per ADM
Federal

% of Funding
Per ADM
Local

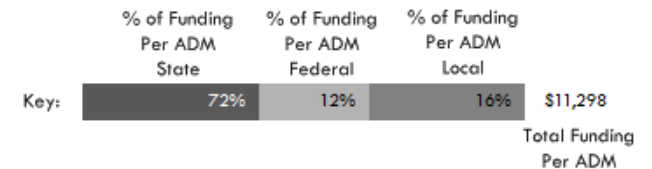
\$11,298

Total Funding
Per ADM

*CORRECTION: In an earlier version of this report, the Key to the bar chart mistakenly inverted the labels for Federal and Local funding sources.

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA Rank | LEA | Funding | | | |
|----------|---------------------|---------|----|-----|---------|
| 88 | Sampson County | 76% | 8% | 16% | \$7,837 |
| 89 | Cabarrus County | 65% | 5% | 30% | \$7,829 |
| 90 | Wilson County | 68% | 8% | 23% | \$7,826 |
| 91 | Richmond County | 77% | 9% | 13% | \$7,824 |
| 92 | Union County | 65% | 4% | 31% | \$7,822 |
| 93 | Johnston County | 71% | 6% | 23% | \$7,796 |
| 94 | Duplin County | 77% | 8% | 16% | \$7,789 |
| 95 | Davie County | 71% | 6% | 24% | \$7,786 |
| 96 | Pender County | 70% | 7% | 23% | \$7,784 |
| 97 | Hickory City | 69% | 9% | 22% | \$7,782 |
| 98 | Wilkes County | 73% | 8% | 19% | \$7,736 |
| 99 | Burke County | 74% | 8% | 18% | \$7,724 |
| 100 | Stanly County | 75% | 7% | 18% | \$7,716 |
| 101 | Alexander County | 74% | 7% | 19% | \$7,683 |
| 102 | Catawba County | 70% | 7% | 23% | \$7,671 |
| 103 | Lee County | 71% | 7% | 22% | \$7,654 |
| 104 | Wayne County | 76% | 9% | 15% | \$7,594 |
| 105 | Alamance-Burlington | 70% | 8% | 22% | \$7,560 |
| 106 | Hoke County | 79% | 8% | 12% | \$7,524 |
| 107 | Gaston County | 70% | 8% | 23% | \$7,501 |
| 108 | Lincoln County | 70% | 6% | 23% | \$7,477 |
| 109 | Iredell County | 68% | 6% | 26% | \$7,439 |
| 110 | Cumberland County | 69% | 7% | 24% | \$7,397 |
| 111 | Craven County | 71% | 7% | 22% | \$7,388 |
| 112 | Harnett County | 75% | 7% | 18% | \$7,378 |
| 113 | Randolph County | 74% | 7% | 19% | \$7,351 |
| 114 | Davidson County | 74% | 6% | 20% | \$7,171 |
| 115 | Onslow County | 73% | 6% | 21% | \$6,973 |



*CORRECTION: In an earlier version of this report, the Key to the bar chart mistakenly inverted the labels for Federal and Local funding sources.

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA # | LEA Name | Allotted ADM | All Funding Sources | | State Funding | | Federal Funding | | Local Funding | |
|-------|----------------------|--------------|---------------------|------|---------------|------|-----------------|------|---------------|------|
| | | | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank |
| 480 | Hyde County | 594 | 16,942 | 1 | 12,627 | 1 | 1,542 | 2 | 2,774 | 16 |
| 890 | Tyrrell County | 561 | 14,623 | 2 | 11,675 | 2 | 1,182 | 6 | 1,766 | 64 |
| 520 | Jones County | 1,115 | 11,685 | 3 | 8,732 | 3 | 799 | 27 | 2,154 | 35 |
| 690 | Pamlico County | 1,274 | 11,547 | 4 | 8,115 | 5 | 803 | 26 | 2,629 | 18 |
| 681 | Chapel Hill-Carrboro | 12,353 | 11,359 | 5 | 5,120 | 110 | 320 | 114 | 5,919 | 1 |
| 660 | Northampton County | 2,040 | 11,298 | 6 | 8,139 | 4 | 1,311 | 3 | 1,849 | 52 |
| 422 | Weldon City | 1,050 | 10,965 | 7 | 7,336 | 10 | 1,193 | 5 | 2,436 | 20 |
| 111 | Asheville City | 4,327 | 10,903 | 8 | 5,326 | 97 | 756 | 32 | 4,821 | 2 |
| 750 | Polk County | 2,275 | 10,814 | 9 | 6,909 | 23 | 766 | 30 | 3,139 | 9 |
| 280 | Dare County | 5,029 | 10,647 | 10 | 5,785 | 66 | 412 | 109 | 4,451 | 3 |
| 370 | Gates County | 1,659 | 10,604 | 11 | 7,620 | 7 | 625 | 60 | 2,359 | 23 |
| 320 | Durham Public | 33,907 | 10,578 | 12 | 5,592 | 77 | 678 | 44 | 4,308 | 4 |
| 30 | Alleghany County | 1,456 | 10,421 | 13 | 7,274 | 13 | 953 | 13 | 2,194 | 32 |
| 930 | Warren County | 2,379 | 10,334 | 14 | 7,302 | 12 | 928 | 15 | 2,104 | 38 |
| 80 | Bertie County | 2,645 | 10,229 | 15 | 7,180 | 16 | 972 | 11 | 2,077 | 40 |
| 680 | Orange County | 7,698 | 10,000 | 16 | 5,638 | 74 | 443 | 105 | 3,920 | 5 |
| 60 | Avery County | 2,164 | 10,000 | 17 | 7,089 | 17 | 679 | 43 | 2,232 | 30 |
| 880 | Transylvania County | 3,534 | 9,774 | 18 | 5,874 | 57 | 704 | 39 | 3,197 | 7 |
| 940 | Washington County | 1,711 | 9,678 | 19 | 7,480 | 9 | 1,001 | 8 | 1,197 | 107 |
| 580 | Martin County | 3,407 | 9,661 | 20 | 6,937 | 20 | 824 | 25 | 1,900 | 50 |
| 380 | Graham County | 1,203 | 9,627 | 21 | 7,668 | 6 | 988 | 10 | 971 | 112 |
| 420 | Halifax County | 3,267 | 9,565 | 22 | 6,768 | 28 | 1,612 | 1 | 1,184 | 108 |
| 460 | Hertford County | 3,091 | 9,562 | 23 | 7,258 | 14 | 880 | 20 | 1,424 | 92 |
| 220 | Clay County | 1,357 | 9,537 | 24 | 7,539 | 8 | 557 | 79 | 1,442 | 91 |
| 950 | Watauga County | 4,386 | 9,515 | 25 | 5,834 | 60 | 504 | 96 | 3,178 | 8 |
| 190 | Chatham County | 8,372 | 9,402 | 26 | 5,411 | 91 | 481 | 99 | 3,511 | 6 |
| 210 | Chowan County | 2,235 | 9,353 | 27 | 6,872 | 24 | 668 | 49 | 1,813 | 58 |
| 610 | Mitchell County | 1,976 | 9,330 | 28 | 7,331 | 11 | 656 | 53 | 1,343 | 99 |
| 720 | Perquimans County | 1,800 | 9,316 | 29 | 6,920 | 21 | 720 | 37 | 1,676 | 76 |
| 40 | Anson County | 3,609 | 9,299 | 30 | 7,037 | 18 | 840 | 23 | 1,422 | 93 |
| 570 | Madison County | 2,512 | 9,284 | 31 | 6,909 | 22 | 616 | 63 | 1,758 | 65 |

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA # | LEA Name | Allotted ADM | All Funding Sources | | State Funding | | Federal Funding | | Local Funding | |
|-------|--------------------|--------------|---------------------|------|---------------|------|-----------------|------|---------------|------|
| | | | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank |
| 830 | Scotland County | 6,069 | 9,265 | 32 | 6,563 | 31 | 833 | 24 | 1,869 | 51 |
| 400 | Greene County | 3,146 | 9,233 | 33 | 7,240 | 15 | 1,013 | 7 | 980 | 111 |
| 292 | Thomasville City | 2,348 | 9,200 | 34 | 5,982 | 47 | 1,243 | 4 | 1,975 | 44 |
| 910 | Vance County | 6,588 | 9,160 | 35 | 6,792 | 27 | 959 | 12 | 1,410 | 94 |
| 200 | Cherokee County | 3,320 | 9,153 | 36 | 6,155 | 40 | 901 | 18 | 2,097 | 39 |
| 995 | Yancey County | 2,313 | 9,062 | 37 | 6,568 | 30 | 920 | 16 | 1,574 | 83 |
| 50 | Ashe County | 3,187 | 9,054 | 38 | 6,574 | 29 | 685 | 42 | 1,795 | 61 |
| 291 | Lexington City | 3,089 | 8,941 | 39 | 6,009 | 44 | 897 | 19 | 2,035 | 41 |
| 861 | Elkin City | 1,246 | 8,923 | 40 | 6,267 | 37 | 471 | 100 | 2,184 | 33 |
| 170 | Caswell County | 2,762 | 8,915 | 41 | 6,975 | 19 | 645 | 56 | 1,294 | 100 |
| 160 | Carteret County | 8,471 | 8,913 | 42 | 5,501 | 82 | 578 | 75 | 2,834 | 13 |
| 560 | Macon County | 4,354 | 8,896 | 43 | 5,998 | 46 | 677 | 45 | 2,221 | 31 |
| 870 | Swain County | 2,067 | 8,876 | 44 | 6,867 | 25 | 627 | 58 | 1,382 | 96 |
| 100 | Brunswick County | 12,571 | 8,837 | 45 | 5,427 | 87 | 595 | 70 | 2,815 | 14 |
| 500 | Jackson County | 3,719 | 8,835 | 46 | 5,835 | 59 | 674 | 46 | 2,327 | 26 |
| 620 | Montgomery County | 4,161 | 8,803 | 47 | 6,364 | 32 | 796 | 28 | 1,643 | 79 |
| 862 | Mount Airy City | 1,703 | 8,792 | 48 | 6,016 | 43 | 657 | 52 | 2,119 | 37 |
| 90 | Bladen County | 4,743 | 8,779 | 49 | 6,192 | 39 | 915 | 17 | 1,671 | 77 |
| 270 | Currituck County | 3,922 | 8,742 | 50 | 5,631 | 75 | 451 | 103 | 2,661 | 17 |
| 730 | Person County | 4,622 | 8,717 | 51 | 5,798 | 63 | 566 | 78 | 2,353 | 24 |
| 600 | Mecklenburg County | 144,618 | 8,707 | 52 | 5,126 | 108 | 535 | 87 | 3,045 | 10 |
| 410 | Guilford County | 72,202 | 8,702 | 53 | 5,329 | 96 | 590 | 72 | 2,783 | 15 |
| 650 | New Hanover County | 25,852 | 8,697 | 54 | 5,313 | 98 | 487 | 98 | 2,897 | 11 |
| 150 | Camden County | 1,923 | 8,602 | 55 | 6,821 | 26 | 300 | 115 | 1,481 | 85 |
| 241 | Whiteville City | 2,259 | 8,575 | 56 | 6,313 | 36 | 991 | 9 | 1,271 | 104 |
| 850 | Stokes County | 6,558 | 8,531 | 57 | 6,194 | 38 | 529 | 88 | 1,808 | 59 |
| 330 | Edgecombe County | 6,133 | 8,497 | 58 | 6,334 | 34 | 874 | 21 | 1,288 | 102 |
| 182 | Newton-Conover | 3,179 | 8,482 | 59 | 5,272 | 102 | 594 | 71 | 2,616 | 19 |
| 340 | Forsyth County | 53,701 | 8,477 | 60 | 5,489 | 83 | 674 | 47 | 2,315 | 27 |
| 821 | Clinton City | 3,055 | 8,427 | 61 | 5,710 | 68 | 773 | 29 | 1,943 | 46 |
| 700 | Pasquotank County | 5,678 | 8,415 | 62 | 5,917 | 54 | 661 | 51 | 1,837 | 54 |

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA # | LEA Name | Allotted ADM | All Funding Sources | | State Funding | | Federal Funding | | Local Funding | |
|-------|---------------------|--------------|---------------------|------|---------------|------|-----------------|------|---------------|------|
| | | | Per ADM | Rank | Per ADM | Rank | Per ADM | Rank | Per ADM | Rank |
| 70 | Beaufort County | 7,038 | 8,408 | 63 | 5,659 | 73 | 745 | 34 | 2,004 | 42 |
| 810 | Rutherford County | 8,543 | 8,398 | 64 | 5,903 | 55 | 763 | 31 | 1,732 | 71 |
| 230 | Cleveland County | 15,103 | 8,377 | 65 | 5,858 | 58 | 691 | 41 | 1,827 | 56 |
| 440 | Haywood County | 7,536 | 8,331 | 66 | 5,417 | 89 | 625 | 61 | 2,290 | 29 |
| 140 | Caldwell County | 12,195 | 8,275 | 67 | 6,009 | 45 | 522 | 92 | 1,744 | 69 |
| 390 | Granville County | 8,174 | 8,246 | 68 | 5,797 | 64 | 512 | 95 | 1,938 | 47 |
| 491 | Mooresville City | 6,039 | 8,238 | 69 | 5,005 | 115 | 360 | 112 | 2,873 | 12 |
| 350 | Franklin County | 8,780 | 8,225 | 70 | 5,892 | 56 | 502 | 97 | 1,831 | 55 |
| 761 | Asheboro City | 4,762 | 8,217 | 71 | 5,593 | 76 | 721 | 35 | 1,902 | 49 |
| 990 | Yadkin County | 5,484 | 8,215 | 72 | 6,101 | 41 | 649 | 55 | 1,464 | 87 |
| 240 | Columbus County | 6,132 | 8,176 | 73 | 6,347 | 33 | 868 | 22 | 961 | 113 |
| 110 | Buncombe County | 25,640 | 8,127 | 74 | 5,265 | 103 | 555 | 81 | 2,307 | 28 |
| 132 | Kannapolis City | 5,423 | 8,118 | 75 | 5,379 | 92 | 619 | 62 | 2,120 | 36 |
| 590 | McDowell County | 6,403 | 8,087 | 76 | 5,927 | 53 | 583 | 73 | 1,577 | 82 |
| 421 | Roanoke Rapids City | 3,035 | 8,056 | 77 | 5,722 | 67 | 608 | 68 | 1,726 | 72 |
| 780 | Robeson County | 23,570 | 8,034 | 78 | 6,326 | 35 | 952 | 14 | 755 | 115 |
| 790 | Rockingham County | 13,159 | 8,031 | 79 | 5,809 | 61 | 611 | 64 | 1,611 | 81 |
| 540 | Lenoir County | 9,193 | 8,015 | 80 | 5,981 | 48 | 753 | 33 | 1,280 | 103 |
| 640 | Nash-Rocky Mount | 16,112 | 8,013 | 81 | 5,686 | 71 | 671 | 48 | 1,657 | 78 |
| 450 | Henderson County | 13,650 | 8,009 | 82 | 5,413 | 90 | 602 | 69 | 1,994 | 43 |
| 630 | Moore County | 12,986 | 8,008 | 83 | 5,289 | 100 | 554 | 82 | 2,165 | 34 |
| 920 | Wake County | 156,207 | 8,000 | 84 | 5,188 | 107 | 382 | 110 | 2,431 | 21 |
| 800 | Rowan-Salisbury | 19,837 | 7,998 | 85 | 5,511 | 81 | 553 | 83 | 1,934 | 48 |
| 860 | Surry County | 8,398 | 7,986 | 86 | 5,935 | 52 | 566 | 77 | 1,484 | 84 |
| 740 | Pitt County | 23,881 | 7,903 | 87 | 5,440 | 86 | 707 | 38 | 1,755 | 66 |
| 820 | Sampson County | 8,613 | 7,837 | 88 | 5,976 | 49 | 645 | 57 | 1,216 | 105 |
| 130 | Cabarrus County | 30,519 | 7,829 | 89 | 5,120 | 109 | 371 | 111 | 2,338 | 25 |
| 980 | Wilson County | 12,497 | 7,826 | 90 | 5,341 | 95 | 665 | 50 | 1,820 | 57 |
| 770 | Richmond County | 7,703 | 7,824 | 91 | 6,049 | 42 | 720 | 36 | 1,056 | 110 |
| 900 | Union County | 42,105 | 7,822 | 92 | 5,083 | 112 | 334 | 113 | 2,405 | 22 |

Appendix B: Ranking and Comparison of LEA Funding Per ADM by Source

| LEA # | LEA Name | Allotted ADM | All Funding Sources | | State Funding | | Federal Funding | | Local Funding | |
|-------|---------------------|--------------|---------------------|------|---------------|------|-----------------|------|---------------|------|
| | | | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank | \$ Per ADM | Rank |
| 510 | Johnston County | 34,096 | 7,796 | 93 | 5550 | 79 | 466 | 101 | 1,781 | 62 |
| 310 | Duplin County | 9,881 | 7,789 | 94 | 5,963 | 51 | 611 | 65 | 1,215 | 106 |
| 300 | Davie County | 6,411 | 7,786 | 95 | 5,513 | 80 | 431 | 107 | 1,841 | 53 |
| 710 | Pender County | 9,034 | 7,784 | 96 | 5,475 | 84 | 543 | 84 | 1,767 | 63 |
| 181 | Hickory City | 4,316 | 7,782 | 97 | 5,345 | 94 | 698 | 40 | 1,739 | 70 |
| 970 | Wilkes County | 9,928 | 7,736 | 98 | 5,680 | 72 | 610 | 66 | 1,446 | 90 |
| 120 | Burke County | 12,852 | 7,724 | 99 | 5,710 | 69 | 610 | 67 | 1,405 | 95 |
| 840 | Stanly County | 8,666 | 7,716 | 100 | 5,791 | 65 | 556 | 80 | 1,369 | 97 |
| 20 | Alexander County | 5,310 | 7,683 | 101 | 5,705 | 70 | 527 | 90 | 1,451 | 89 |
| 180 | Catawba County | 16,912 | 7,671 | 102 | 5,348 | 93 | 526 | 91 | 1,796 | 60 |
| 530 | Lee County | 10,178 | 7,654 | 103 | 5,425 | 88 | 516 | 93 | 1,713 | 73 |
| 960 | Wayne County | 19,303 | 7,594 | 104 | 5,803 | 62 | 655 | 54 | 1,137 | 109 |
| 10 | Alamance-Burlington | 22,706 | 7,560 | 105 | 5,284 | 101 | 579 | 74 | 1,696 | 74 |
| 470 | Hoke County | 8,365 | 7,524 | 106 | 5,976 | 50 | 626 | 59 | 922 | 114 |
| 360 | Gaston County | 31,293 | 7,501 | 107 | 5,236 | 105 | 572 | 76 | 1,693 | 75 |
| 550 | Lincoln County | 11,589 | 7,477 | 108 | 5,264 | 104 | 459 | 102 | 1,754 | 67 |
| 490 | Iredell County | 20,967 | 7,439 | 109 | 5,045 | 114 | 448 | 104 | 1,947 | 45 |
| 260 | Cumberland County | 52,002 | 7,397 | 110 | 5,103 | 111 | 542 | 85 | 1,751 | 68 |
| 250 | Craven County | 14,526 | 7,388 | 111 | 5,229 | 106 | 540 | 86 | 1,619 | 80 |
| 430 | Harnett County | 20,408 | 7,378 | 112 | 5,555 | 78 | 529 | 89 | 1,294 | 101 |
| 760 | Randolph County | 18,139 | 7,351 | 113 | 5,472 | 85 | 512 | 94 | 1,366 | 98 |
| 290 | Davidson County | 19,965 | 7,171 | 114 | 5,294 | 99 | 424 | 108 | 1,452 | 88 |
| 670 | Onslow County | 26,010 | 6,973 | 115 | 5,063 | 113 | 433 | 106 | 1,477 | 86 |

Source: Program Evaluation Division based on analysis of data provided by DPI

Appendix C: Fiscal Year 2014–15 Low Wealth Calculations Under the Existing Formula and a Formula in Which Anticipated Revenue per ADM and Per Capita Income are Equally Weighted

| County | Existing Formula | Equal Weighting | County | Existing Formula | Equal Weighting |
|--------------------------|------------------|-----------------|---------------------|------------------|-----------------|
| Alamance County | 89% | 83% | Johnston County | 80% | 78% |
| Alexander County | 80% | 83% | Jones County | 94% | 104% |
| Alleghany County | 116% | 130% | Lee County | 87% | 85% |
| Anson County | 65% | 70% | Lenoir County | 77% | 79% |
| Ashe County | 120% | 134% | Lincoln County | 98% | 94% |
| Avery County | 160% | 179% | Macon County | 156% | 174% |
| Beaufort County | 95% | 103% | Madison County | 91% | 101% |
| Bertie County | 69% | 75% | Martin County | 78% | 84% |
| Bladen County | 78% | 85% | McDowell County | 77% | 82% |
| Brunswick County | 159% | 170% | Mecklenburg County | 220% | 122% |
| Buncombe County | 134% | 126% | Mitchell County | 101% | 112% |
| Burke County | 79% | 81% | Montgomery County | 83% | 91% |
| Cabarrus County | 109% | 92% | Moore County | 115% | 120% |
| Caldwell County | 73% | 74% | Nash County | 80% | 80% |
| Camden County | 89% | 95% | New Hanover County | 196% | 140% |
| Carteret County | 164% | 174% | Northampton County | 77% | 83% |
| Caswell County | 80% | 86% | Onslow County | 107% | 107% |
| Catawba County | 106% | 97% | Orange County | 132% | 123% |
| Chatham County | 126% | 133% | Pamlico County | 106% | 117% |
| Cherokee County | 94% | 104% | Pasquotank County | 86% | 88% |
| Chowan County | 95% | 101% | Pender County | 88% | 95% |
| Clay County | 116% | 130% | Perquimans County | 94% | 102% |
| Cleveland County | 82% | 82% | Person County | 91% | 97% |
| Columbus County | 64% | 68% | Pitt County | 86% | 85% |
| Craven County | 99% | 102% | Polk County | 130% | 142% |
| Cumberland County | 105% | 96% | Randolph County | 76% | 76% |
| Currituck County | 175% | 189% | Richmond County | 67% | 70% |
| Dare County | 247% | 271% | Robeson County | 56% | 58% |
| Davidson County | 88% | 84% | Rockingham County | 79% | 81% |
| Davie County | 96% | 98% | Rowan County | 88% | 85% |
| Duplin County | 69% | 73% | Rutherford County | 76% | 80% |
| Durham County | 151% | 112% | Sampson County | 69% | 72% |
| Edgecombe County | 68% | 72% | Scotland County | 66% | 69% |
| Forsyth County | 129% | 98% | Stanly County | 79% | 81% |
| Franklin County | 76% | 79% | Stokes County | 80% | 85% |
| Gaston County | 94% | 81% | Surry County | 78% | 81% |
| Gates County | 71% | 77% | Swain County | 83% | 92% |
| Graham County | 98% | 111% | Transylvania County | 141% | 156% |
| Granville County | 72% | 75% | Tyrrell County | 89% | 101% |
| Greene County | 62% | 66% | Union County | 95% | 86% |
| Guilford County | 124% | 98% | Vance County | 69% | 70% |
| Halifax County | 77% | 83% | Wake County | 169% | 110% |
| Harnett County | 72% | 71% | Warren County | 93% | 104% |
| Haywood County | 111% | 119% | Washington County | 76% | 83% |
| Henderson County | 122% | 119% | Watauga County | 171% | 185% |
| Hertford County | 73% | 80% | Wayne County | 78% | 78% |
| Hoke County | 70% | 72% | Wilkes County | 85% | 90% |
| Hyde County | 148% | 174% | Wilson County | 85% | 84% |
| Iredell County | 104% | 97% | Yadkin County | 78% | 82% |
| Jackson County | 190% | 216% | Yancey County | 107% | 120% |

Note: Only counties with percentage scores below 100% qualify for Low Wealth funding. Counties that receive Low Wealth funding receive more funding per ADM as the calculated wealth as a percentage of the state average decreases from 100. For example, Robeson County and Davie County both receive Low Wealth funding, but Robeson County receives substantially more dollars per ADM at 56% than Davie County at 96%. Bolded counties would gain eligibility for Low Wealth funding using an equally weighted approach; counties highlighted in gray would lose eligibility using the equally weighted approach.

Source: Program Evaluation Division based upon 2014–15 Low Wealth supplemental funding formula data.