

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021**

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**HOUSE BILL 363**

Short Title: Small County School System Supplemental Funds. (Public)

Sponsors: Representative Hanig.

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 24, 2021

A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE SUPPLEMENTAL FUNDING FOR SMALL COUNTY SCHOOL  
SYSTEMS.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000.

**SECTION 1.(b)** Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

**SECTION 1.(c)** Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.



1 Allotments for eligible local school administrative units under this subsection shall  
2 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
3 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for  
4 funding if either the highest of the first two months' total projected average daily membership for  
5 the current year or the higher of the first two months' total prior year average daily membership  
6 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
7 section.

8 **SECTION 1.(d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium.** – A  
9 county in which a local school administrative unit receives funds under this section shall use the  
10 funds to supplement local current expense funds and shall not supplant local current expense  
11 funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds  
12 under this section to a county found to have used these funds to supplant local per-student current  
13 expense funds. The State Board of Education shall make a finding that a county has used these  
14 funds to supplant local current expense funds in the prior year or the year for which the most  
15 recent data are available, if all of the following criteria apply:

- 16 (1) The current expense appropriation per student of the county for the current  
17 year is less than ninety-five percent (95%) of the average of local current  
18 expense appropriation per student for the three prior fiscal years.
- 19 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
20 (ii) that extraordinary circumstances caused the county to supplant local  
21 current expense funds with funds allocated under this section.

22 The State Board of Education shall adopt rules to implement the requirements of this  
23 subsection.

24 **SECTION 1.(e) Reports.** – For the 2021-2023 fiscal biennium, the State Board of  
25 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it  
26 determines that counties have supplanted funds.

27 **SECTION 1.(f) Use of Funds.** – Local boards of education are encouraged to use at  
28 least twenty percent (20%) of the funds they receive pursuant to this section to improve the  
29 academic performance of children who are performing at Level I or II on either reading or  
30 mathematics end-of-grade tests in grades three through eight.

31 Local school administrative units may also utilize funds allocated under this section  
32 to purchase services that allow for extraction of data from the Education Value-Added  
33 Assessment System (EVAAS).

34 **SECTION 2.** There is appropriated from the General Fund to the Department of  
35 Public Instruction the sum of one million nine hundred thousand dollars (\$1,900,000) in recurring  
36 funds to provide additional supplemental funding for small county school systems pursuant to  
37 this act.

38 **SECTION 3.** This act becomes effective July 1, 2021.