

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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SENATE BILL 670

Short Title: Create New Weighted Student Funding Model. (Public)

Sponsors: Senators Lee, Galey, and Barnes (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 10, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO REPEAL ALL EXISTING SCHOOL FUNDING ALLOTMENTS AND TO
3 CHANGE THE SCHOOL FUNDING MODEL TO A WEIGHTED STUDENT FUNDING
4 MODEL.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. REPEAL CURRENT FUNDS, GRANTS, AND ALLOTMENTS**

8 **SECTION 1.** All funds, grants, allotments, and other sources of funding that expend
9 their funds from the State Public School Fund that are in effect prior to the effective date of this
10 act are abolished.

11
12 **PART II. NEW WEIGHTED STUDENT FUNDING MODEL**

13 **SECTION 2.(a)** Chapter 115C of the General Statutes is amended by adding a new
14 Article to read:

"Article 3A.

"North Carolina Weighted Student Funding Model.

17 **"§ 115C-25.1. Definitions.**

18 The following definitions apply in this Article:

- 19 (1) Academically or intellectually gifted student. – A student who participates in
20 plans developed pursuant to Article 9B of this Chapter.
21 (2) Average daily membership (ADM). – The sum of the total number of days in
22 a month a student is enrolled divided by the total number of school days in
23 that month.
24 (3) Base funding amount. – The uniform dollar amount that each student
25 generates toward the student's funding allocation in a given school year.
26 (4) Economically disadvantaged student. – Any student identified by a public
27 school unit (PSU), meeting the criteria of Directly Certified, Categorically
28 Eligible, or a method consistent with State or federal guidance for financial
29 assistance regardless of participation or eligibility in the National School
30 Lunch Program (NSLP).
31 a. "Directly Certified" means students who are eligible for free meals
32 through data matching of Supplemental Nutrition Assistance Program
33 (SNAP), Temporary Assistance for Needy Families (TANF), or Food
34 Distribution Program on Indian Reservations (FDPIR) which includes
35 Extended Eligible students and those found in the Direct Certification
36 system.



b. "Categorically Eligible" means students who qualify as economically disadvantaged based on their classification as homeless, runaway, migrant, foster, Medicaid recipient, or being enrolled in Head Start or a comparable State-funded Head Start or pre-kindergarten program.

(5) Economically disadvantaged student factor. – The headcount of economically disadvantaged students in a public school unit multiplied by the percentage of students in the unit who are identified as economically disadvantaged.

(6) Exceptional children. – Students who receive services provided pursuant to Article 9 of this Chapter.

(7) Limited English proficient student. – A student who receives services for students learning English as a second language.

(8) Small county school administrative unit. – A local school administrative unit that has an ADM of fewer than 3,300.

"§ 115C-25.2. Base funding; weighted categories.

(a) The base funding amount for each student shall be allotted to each public school unit on the basis of the ADM for the unit.

(b) Additional weighted allocations, none of which are mutually exclusive, shall be provided to public school units for each student in the following categories:

(1) ADM in grades K-5.

(2) ADM in grades 8-12.

(3) Economically disadvantaged student factor.

(4) ADM in small county school administrative units.

(5) Student headcount of exceptional children.

(6) Student headcount of academically or intellectually gifted students.

(7) Student headcount of limited English proficient students.

"§ 115C-25.3. Biannual reports.

(a) At the end of October and end of February of each school year, each local board of education, through the superintendent, shall file a report, based on information provided by the principal, for each school within the local school administrative unit with the Superintendent of Public Instruction. The report shall be filed in a format prescribed by the Superintendent of Public Instruction and shall include the organization for each school in the local school administrative unit, including the following information:

(1) For each class in each grade level at each school, the following:

a. The primary teaching subject of the teacher.

b. The source of funds used to pay for the teacher, disaggregated by State, local, and federal funds.

c. The number of students assigned to the class, including all exceptions to student-teacher ratios in kindergarten through grade 12 that exist at that time.

(2) For each school, the following:

a. The number of program enhancement teachers.

b. The source of funds used to pay each program enhancement teacher.

(3) The student-teacher ratio for each grade from kindergarten through third grade in the local school administrative unit.

(4) Any other information the Superintendent of Public Instruction may require.

The Superintendent of Public Instruction shall conduct periodic audits of the information reported by the local superintendent under this subsection to confirm the accuracy of reporting at the local school administrative unit and school level of the average and individual student-teacher ratio for students in kindergarten through third grade. If the Superintendent of Public Instruction finds that a local board of education is exceeding student-teacher ratio requirements without application to the State Board for funding adjustment or a waiver of those

1 student-teacher ratio requirements, the State Board may impose the penalty set forth in subsection
 2 (j) of G.S. 115C-301 until such time the local board of education receives a waiver or the schools
 3 in the unit meet the student-teacher ratio requirements for kindergarten through grade 12.

4 (b) By July 15 of each school year that reports are received by the Superintendent of
 5 Public Instruction, the Superintendent shall report to the Joint Legislative Education Oversight
 6 Committee (i) a summary of the reports filed by the local school administrative units and (ii) the
 7 results of any audits conducted by the Superintendent."

8 **SECTION 2.(b)** For the 2023-2025 fiscal biennium, the following additional
 9 weighted allocations will apply for the categories enumerated in G.S. 115C-25.2, as enacted by
 10 this section:

- 11 (1) ADM in kindergarten through grade five is thirty-one percent (31%).
- 12 (2) ADM in grades eight through 12 is twenty-nine percent (29%).
- 13 (3) Economically disadvantaged student factor is thirty-eight percent (38%).
- 14 (4) ADM in small county school administrative units is thirty-two percent (32%).
- 15 (5) Student headcount of exceptional children is one hundred thirty percent
 16 (130%).
- 17 (6) Student headcount of academically or intellectually gifted students is four
 18 percent (4%).
- 19 (7) Student headcount of limited English proficient students is ten percent (10%).
 20

21 **PART III. CONFORMING CHANGES**

22 **SECTION 3.(a)** G.S. 115C-105.25 reads as rewritten:

23 **"§ 115C-105.25. Budget flexibility.**

24 (a) Consistent with improving student performance, a local board shall provide maximum
 25 flexibility to schools in the use of funds to enable the schools to accomplish their ~~goals~~goals, so
 26 long as the local board does not violate rules associated with the receipt of federal funds or
 27 conditions of federal grants.

28 (b) ~~Subject to the following limitations, local boards of education may transfer and may~~
 29 ~~approve transfers of funds between funding allotment categories:~~

- 30 (1) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.
- 31 (1a) ~~Funds for career and technical education and other purposes may be~~
 32 ~~transferred only as permitted by federal law and the conditions of federal~~
 33 ~~grants or as provided through any rules that the State Board of Education~~
 34 ~~adopts to ensure compliance with federal regulations.~~
- 35 (1b) ~~No funds shall be transferred out of the children with disabilities allotment~~
 36 ~~category.~~
- 37 (2), (2a) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.
- 38 (3) ~~No funds shall be transferred into the central office administration allotment~~
 39 ~~category.~~
- 40 (3a) ~~No funds shall be transferred out of the teacher assistants allotment category.~~
- 41 (3b) ~~No funds shall be transferred out of the academically or intellectually gifted~~
 42 ~~children allotment category.~~
- 43 (4), (5) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.
- 44 (5a) ~~No positions shall be transferred out of the allocation for classroom teachers~~
 45 ~~for kindergarten through twelfth grade, except as provided in this subdivision.~~
 46 ~~Positions allocated for classroom teachers may be converted to dollar~~
 47 ~~equivalents to contract for visiting international exchange teachers through a~~
 48 ~~visiting international exchange teacher program approved by the State. These~~
 49 ~~positions shall be converted at the statewide average salary for classroom~~
 50 ~~teachers, including benefits. The converted funds shall be used only to provide~~
 51 ~~visiting international exchange teachers with salaries commensurate with their~~

1 ~~experience levels, to provide any State approved bonuses, and to cover the~~
2 ~~costs associated with supporting visiting international exchange teachers~~
3 ~~within the local school administrative unit, including programming and~~
4 ~~related activities, background checks, medical coverage, and other program~~
5 ~~administration services in accordance with the federal regulations for the~~
6 ~~Exchange Visitor Program, 22 C.F.R. Part 62.~~

7 (5b) ~~Positions allocated for instructional support personnel may be converted to~~
8 ~~dollar equivalents for any purpose authorized by the policies of the State~~
9 ~~Board of Education. These positions shall be converted at the salary on the~~
10 ~~first step of the "A" Teachers Salary Schedule. Certified position allotments~~
11 ~~shall not be transferred to dollars to hire the same type of position.~~

12 (5c) ~~Funds allocated for school building administration may be converted for any~~
13 ~~purpose authorized by the policies of the State Board of Education. For funds~~
14 ~~related to principal positions, the salary transferred shall be based on the first~~
15 ~~step of the Base column of the Principal Salary Schedule. For funds related to~~
16 ~~assistant principal months of employment, the salary transferred shall be based~~
17 ~~on the first step of the "A" Teachers Salary Schedule at the salary level for~~
18 ~~assistant principals. Certified position allotments shall not be transferred to~~
19 ~~dollars to hire the same type of position.~~

20 (5d) ~~No positions shall be transferred out of the allocation for program~~
21 ~~enhancement teachers for kindergarten through fifth grade except as provided~~
22 ~~in this subdivision. Positions allocated for program enhancement teachers for~~
23 ~~kindergarten through fifth grade may be converted into positions allocated for~~
24 ~~classroom teachers for kindergarten through twelfth grade. For the purposes~~
25 ~~of this subdivision, the term "program enhancement" is as defined in~~
26 ~~G.S. 115C-301(c2).~~

27 (6) ~~through (9) Repealed by Session Laws 2013-360, s. 8.14, effective July 1,~~
28 ~~2013.~~

29 (10) ~~Funds to carry out the elements of the Excellent Public Schools Act that are~~
30 ~~contained in Section 7A.1 of S.L. 2012-142 shall not be transferred.~~

31 (10a) ~~No funds shall be transferred out of the limited English proficiency allotment~~
32 ~~category.~~

33 (11) ~~No funds shall be transferred into or out of the driver education allotment~~
34 ~~category.~~

35 (12) ~~Funds allotted for textbooks and digital resources may only be used for the~~
36 ~~purchase of textbooks and digital resources. These funds shall not be~~
37 ~~transferred out of the allotment for any other purpose.~~

38 (13) ~~No positions shall be transferred out of the allocation for school psychologists~~
39 ~~except as provided in this subdivision. Positions allocated for school~~
40 ~~psychologists may be converted to dollar equivalents for contracted services~~
41 ~~directly related to school psychology. These positions shall be converted at~~
42 ~~the minimum salary for school psychologists on the "A" Teachers Salary~~
43 ~~Schedule.~~

44 (c) To ensure that parents, educators, and the general public are informed on how State
45 State, local, and federal funds have been used to address local educational priorities, each local
46 school administrative unit shall publish the following information from the prior fiscal year on
47 its Web site website by October 15 of each year, as follows:year:

48 (1) A description of each program report code, written in plain English, and a
49 summary of the prior fiscal year's expenditure of State-State, local, and federal
50 funds within each program report code.

- 1 (2) A description of each object code within a program report code, written in
2 plain English, and a summary of the prior fiscal year's expenditure of State
3 State, local, and federal funds for each object code.
- 4 ~~(3) A description of each allotment transfer that increased or decreased the initial~~
5 ~~allotment amount by more than five percent (5%), including all of the~~
6 ~~following information:~~
- 7 ~~a. The amount of the transfer.~~
8 ~~b. The allotment category into which the funds were transferred.~~
9 ~~c. The purpose code for the funds following the transfer.~~
10 ~~d. A description of any teacher positions fully or partially funded as a~~
11 ~~result of the transfer, including all subject areas taught by the teacher~~
12 ~~in the position.~~
13 ~~e. The educational priorities that necessitated the transfer.~~
- 14 (4) Repealed by Session Laws 2017-57, s. 7.13(b), effective July 1, 2018.
- 15 (5) A chart that clearly reflects how the local school administrative unit spent
16 State, local, and federal funds.
- 17 (d) The local school administrative unit shall maintain information published pursuant to
18 subsection (c) of this section on its ~~Web site~~ website for at least three years after it is published.
- 19 (e) No later than December 1 of each year, the Department of Public Instruction shall
20 collect the information reported by local school administrative units pursuant to subsection (c)
21 of this section and report the aggregated information, including available data from the two
22 previous fiscal years, to the Joint Legislative Education Oversight Committee and the Fiscal
23 Research Division. ~~The report shall also include information on the use of the budget flexibility~~
24 ~~provided to Advanced Teaching Roles schools pursuant to G.S. 115C-311(j)."~~

25 **SECTION 3.(b)** G.S. 115C-238.82 reads as rewritten:

26 "**§ 115C-238.82. Allotment formula; adjustments to other allotments; enrollment reserve.**

27 (a) The State Board of Education shall implement ~~an allotment~~ a funding formula for
28 NCVPS as follows:

- 29 (1) Project NCVPS student enrollment by semester and year-long course types
30 for each public school unit.
- 31 (2) Establish a per-student, per-course teacher payment structure for the
32 instructional costs of NCVPS. In establishing this payment structure, the State
33 Board of Education shall consider the following:
- 34 a. The payment structure shall be based on a total compensation analysis
35 to ensure NCVPS teacher pay has parity with similar programs. The
36 total compensation analysis shall take into account salaries, benefits,
37 and work effort to ensure valid comparisons between occupations.
- 38 b. The effects any change in NCVPS teacher payments may have on the
39 attraction and retention of NCVPS teachers.
- 40 (3) Develop a per-student, per-course fee structure that is based on the
41 per-student, per-course teacher pay structure. The per-student, per-course fee
42 structure shall ensure that the projected cost for public school units equals the
43 projected instructional cost for NCVPS courses. The State Board of Education
44 shall consider recommendations from the NCVPS Advisory Council in
45 establishing a per-student, per-course fee structure.
- 46 (4) Multiply the per-student, per-course fees by the projected enrollment by
47 course type to determine the total instructional cost for each public school
48 unit.
- 49 (5) Transfer a dollar amount equal to seventy-five percent (75%) of the public
50 school unit's projected instructional cost ~~from the classroom teacher allotment~~
51 to NCVPS.

- 1 (6) No later than February 28 of each year, calculate the actual instructional cost
 2 for each public school unit based upon actual NCVPS enrollment as of that
 3 date.
 4 (7) Subtract the amount transferred pursuant to subdivision (5) of this subsection
 5 from the actual instructional cost for each public school unit and transfer the
 6 remaining dollar amount owed, up to a maximum of one hundred percent
 7 (100%) of the projected cost.
 8 (8) Develop and implement a policy regarding returning funds to public school
 9 units in cases where the amount transferred pursuant to subdivision (5) of this
 10 subsection exceeds the actual instructional cost.

11 (b) The State Board of Education shall reduce each public school unit's ~~classroom teacher~~
 12 ~~allotment, or other allotment, funding~~, as determined by the State Board of Education, on the
 13 basis of ADM in grades six through 12 to support the State-level operations and administration
 14 of NCVPS. The ~~allotment-funding~~ reduction to support the State-level operations and
 15 administration of NCVPS shall be based on the reduction taken from the prior fiscal year but
 16 shall be adjusted annually based upon the percentage growth in NCVPS enrollment to ensure the
 17 expansion of services due to increased student enrollment in NCVPS courses.

18 (c) An NCVPS enrollment reserve fund shall be maintained in an amount of at least two
 19 million dollars (\$2,000,000). For each fiscal year, the State Board of Education shall reduce each
 20 public school unit's ~~classroom teacher allotment, or other allotment, funding~~ as determined by
 21 the State Board of Education, on the basis of ADM in grades six through 12 by an amount that is
 22 the difference between two million dollars (\$2,000,000) and the balance of the NCVPS
 23 enrollment reserve. The funds in the NCVPS enrollment reserve fund shall not revert and shall
 24 be used to cover the NCVPS instructional cost of students enrolled in (i) public school units with
 25 enrollments exceeding projected NCVPS enrollment, (ii) Department of Defense schools, and
 26 (iii) schools operated by the Bureau of Indian Affairs.

27 (d) Only the following funds shall be used to cover the instructional costs of NCVPS:

- 28 (1) Funds provided through the NCVPS ~~allotment-funding~~ formula, as established
 29 by subsection (a) of this section.
 30 (2) Funds provided through the NCVPS enrollment reserve, as set forth in
 31 subsection (c) of this section.
 32 (3) Funds from the sale of courses to out-of-state educational entities, pursuant to
 33 G.S. 115C-238.81(d).
 34 (4) Local funds, including funds from private sources.
 35 (5) Federal funds.
 36 (6) The Special State Reserve Funds for Children and Youth with Disabilities.
 37 (7) The ADM Contingency Reserve."

38 **SECTION 3.(c)** G.S. 115C-301 reads as rewritten:

39 **"§ 115C-301. Allocation of teachers; ~~class size; student-teacher ratio.~~**

40 (a) ~~Request for Funds.—The State Board of Education, based upon the reports of local~~
 41 ~~boards of education and such other information as the State Board may require from local boards,~~
 42 ~~shall determine for each local school administrative unit the number of teachers and other~~
 43 ~~instructional personnel to be included in the State budget request.~~

44 (a1) ~~Teacher Position Allotments.—Funds for classroom teachers in the State Public~~
 45 ~~School Fund shall consist of the following position allotments:~~

- 46 (1) ~~Classroom teachers for kindergarten through twelfth grade, which shall~~
 47 ~~include funds for program enhancement teachers for sixth through twelfth~~
 48 ~~grade, self contained exceptional children teachers, math, science, and~~
 49 ~~computer teachers, and matching benefits.~~
 50 (2) ~~Program enhancement teachers for kindergarten through fifth grade.~~

(b) ~~Allocation of Positions.~~— The State Board of Education is authorized to adopt rules to allot instructional personnel and teachers, within funds appropriated.

(c) ~~Maximum Class Size Student-Teacher Ratios~~ for Kindergarten Through Third Grade. — The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an ~~individual average~~ class in kindergarten through third grade shall not exceed the ~~allotment student to teacher~~ ratio by more than three students. The ~~funded class size allotment student to teacher~~ ratio for kindergarten through third grade shall be as follows:

- (1) For kindergarten, one teacher per 18 students.
- (2) For first grade, one teacher per 16 students.
- (3) For second grade, one teacher per 17 students.
- (4) For third grade, one teacher per 17 students.

~~In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.~~

(c1) ~~Class Size Student-Teacher Ratio Exceptions~~ for Kindergarten Through Third Grade. — ~~Class size Student-teacher ratio~~ requirements for kindergarten through third grade provided in subsection (c) of this section shall not apply to the following classes:

- (1) Dual language immersion classes. For the purposes of this subsection, dual language immersion classes are classes in which (i) at least one-third of the students' dominant language is English and (ii) instruction involves both English and a target foreign language with a minimum of fifty percent (50%) of core content taught in the target foreign language in order to promote dual language proficiency for all students.
- (2) Program enhancement classes. For the purposes of this section, "program enhancement" refers to any of the following disciplines:
 - a. Arts disciplines, including dance, music, theater, and the visual arts.
 - b. Physical education and health programs.
 - c. World languages.
 - d. Other supplemental classes as defined by the State Board of Education.

(c2) ~~Program Enhancement Teacher Allotment for Kindergarten Through Fifth Grade.~~—

- (1) ~~Definitions.~~— For the purposes of this section, "program enhancement" refers to ~~any of the following:~~
 - a. ~~Arts disciplines, including dance, music, theater, and the visual arts.~~
 - b. ~~Physical education and health programs.~~
 - c. ~~World languages.~~
 - d. ~~Other supplemental classes as defined by the State Board of Education.~~
- (2) ~~Allotment ratio calculation.~~— The allotment ratio for kindergarten through fifth grade ~~program enhancement teachers shall be one teacher per 191 students.~~
- (3) ~~Appropriation.~~— Beginning with the 2019-2020 fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the allotment for program enhancement teachers for kindergarten through fifth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through fifth grade on a basis of one teacher per 191 students for each fiscal year as follows:

Fiscal Year	Appropriation
2019-2020	50%
2020-2021	75%
2021-2022 and each subsequent fiscal year thereafter	100%.

1 When developing the base budget, as defined by G.S. 143C 1 1, for each
2 fiscal year specified in this subdivision, the Director of the Budget shall
3 include the appropriated amount for that fiscal year.

4 (d), (e) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

5 (f) Biannual Reports.—At the end of October and end of February of each school year,
6 each local board of education, through the superintendent, shall file a report, based on
7 information provided by the principal, for each school within the local school administrative unit
8 with the Superintendent of Public Instruction. The report shall be filed in a format prescribed by
9 the Superintendent of Public Instruction and shall include the organization for each school in the
10 local school administrative unit, including the following information:

11 (1) For each class in each grade level at each school, the following:

12 a. The duties of the teacher.

13 b. The source of funds used to pay for the teacher.

14 e. The number of students assigned to the class, including all exceptions
15 to individual class size maximums in kindergarten through third grade
16 that exist at that time.

17 (2) For each school, the following:

18 a. The number of program enhancement teachers.

19 b. The source of funds used to pay each program enhancement teacher.

20 (3) The average class size for each grade from kindergarten through third grade
21 in the local school administrative unit.

22 (4) Any other information the Superintendent of Public Instruction may require.

23 The Superintendent of Public Instruction shall conduct periodic audits of the information
24 reported by the local superintendent under this subsection to confirm the accuracy of reporting
25 at the local school administrative unit and school level of the average and individual class size
26 for students in kindergarten through third grade. If the Superintendent of Public Instruction finds
27 that a local board of education is exceeding class size requirements without application to the
28 State Board for an allotment adjustment or a waiver of those class size requirements, the State
29 Board may impose the penalty set forth in subsection (j) of this section until such time the local
30 board of education receives a waiver or the schools in the unit meet the class size requirements
31 for kindergarten through third grade.

32 (g) Waivers and Allotment Adjustments.—Waivers.—Local boards of education shall
33 report exceptions to the class size student-teacher ratio requirements set out for kindergarten
34 through third grade and significant increases in class size student-teacher ratio at other grade
35 levels to the State Board and shall request allotment adjustments at any grade level, waivers from
36 the requirements for kindergarten through third grade, or both. Within 45 days of receipt of
37 reports, the State Board of Education, within funds available, may allot additional positions at
38 any grade level. The State Board shall not grant waivers for excess class size student-teacher
39 ratio in kindergarten through third grade, except under the following circumstances:

40 (1) Emergencies or acts of God that impact the availability of classroom space or
41 facilities.

42 (2) An unanticipated increase in student population of an individual school in
43 excess of two percent (2%) of the average daily membership of that school.

44 (3) Organizational problems in geographically isolated local school
45 administrative units in which the average daily membership is less than one
46 and one-half per square mile.

47 (4) Classes organized for a solitary curricular area.

48 (5) A charter school closure.

49 The State Board shall report on all waivers to the Joint Legislative Commission on
50 Governmental Operations within 30 days of the grant of the waiver. The report shall include the
51 local school administrative unit, school, and class or classes for which the waiver was granted,

1 the statutory grounds for the waiver, and the terms of the waiver. A waiver for excess class-size
2 student-teacher ratio in kindergarten through third grade shall not become effective until the State
3 Board submits the report to the Joint Legislative Commission on Governmental Operations.

4 Upon notification from the State Board that the reported exception does not qualify for an
5 ~~allotment~~ a funding adjustment or a waiver, the local board of education shall take action to
6 correct the exception within 30 days. Within 60 days of notification by the State Board, the
7 Superintendent of Public Instruction shall request an updated report from the local board of
8 education on the size of each class in kindergarten through third grade for each school within the
9 local school administrative unit. If the Superintendent of Public Instruction finds that a local
10 board of education is continuing to exceed class-size-student-teacher ratio requirements, the State
11 Board may impose the penalty set forth in subsection (j) of this section until such time the schools
12 in the unit meet the class-size-student-teacher ratio requirements for kindergarten through third
13 grade.

14 ~~(g1) Notwithstanding any other provision of this section, the State Board of Education~~
15 ~~shall allot additional classroom teachers to schools containing grades kindergarten through 12~~
16 ~~when consolidation is not feasible due to the geographic isolation of the school and the school~~
17 ~~meets at least one of the following criteria for geographic isolation:~~

- 18 (1) ~~The school is located in a local school administrative unit in which the average~~
19 ~~daily membership is less than 1.5 per square mile.~~
20 (2) ~~The school is located in a local school administrative unit for a county~~
21 ~~containing more than 150,000 acres of national forest owned by the federal~~
22 ~~government and managed by the United States Forest Service pursuant to~~
23 ~~G.S. 104-5.~~

24 ~~The State Board shall allot teachers to geographically isolated schools pursuant to this~~
25 ~~subsection on the basis of one classroom teacher per grade level and shall allot teachers to the~~
26 ~~remainder of the local school administrative unit in accordance with the formulas for the regular~~
27 ~~classroom teacher allotment.~~

28 (h) State Board Rules. – The State Board of Education shall adopt rules necessary for the
29 implementation of this section.

30 (i) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

31 (j) Penalty for Noncompliance. – A local superintendent shall complete a sworn affidavit
32 attesting that the superintendent has complied with the requirements of subsections (c) through
33 (g) of this section and include that affidavit with the biannual reports on individual class-size
34 student-teacher ratio required by subsection (f) of this section. G.S. 115C-25.3. If the State Board
35 of Education determines that a local superintendent has willfully failed to comply with the
36 requirements of this section, no State funds shall be allocated to pay the superintendent's salary
37 for the period of time the superintendent is in noncompliance. The local board of education shall
38 continue to be responsible for complying with the terms of the superintendent's employment
39 contract."

40 **SECTION 3.(d)** G.S. 115C-375.5(b)(1) reads as rewritten:

41 "(1) Local school administrative units shall use, as needed, supplemental funds
42 from the At Risk Student Services allotment funds to support programs for
43 pregnant and parenting students."

44 **SECTION 3.(e)** G.S. 115C-105.30 reads as rewritten:

45 **"§ 115C-105.30. Distribution of staff development funds.**

46 Any funds the local board of education makes available to an individual school building to
47 implement the school improvement plan at that school shall be used in accordance with that plan.

48 ~~Each local board shall distribute seventy five percent (75%) of the funds in the staff~~
49 ~~development funding allotment to the schools to be used in accordance with that school's school~~
50 ~~improvement plan.~~ By October 1 of each year, the principal shall disclose to all affected
51 personnel the total allocation of all funds available to the school for staff development and the

1 superintendent shall disclose to all affected personnel the total allocation of all funds available at
2 the system level for staff development. At the end of the fiscal year, the principal shall make
3 available to all affected personnel a report of all disbursements from the building-level staff
4 development funds, and the superintendent shall make available to all affected personnel a report
5 of all disbursements at the system level of staff development funds."

6 **SECTION 3.(f)** G.S. 115C-528(g) reads as rewritten:

7 "(g) Subsections (e) and (f) of this section shall not apply to contracts entered into under
8 this section so long as the term of each contract does not exceed three years and the total amount
9 financed during any three-year period is no greater than two hundred fifty thousand dollars
10 (\$250,000) or is no greater than three times the ~~local board's annual State allocation amount of~~
11 funds used for classroom materials, equipment, and instructional supplies, supplies during the
12 prior school year, whichever is less. The local board shall submit information, including the
13 principal and interest paid and the amount of outstanding obligation, concerning these contracts
14 as part of the annual budget it submits to its board of county commissioners under Article 31 of
15 this Chapter."

16 **SECTION 3.(g)** G.S. 115C-238.50A(1b) is repealed.

17 **SECTION 3.(h)** G.S. 115C-238.54(a) reads as rewritten:

18 "(a) The Department of Public Instruction shall assign a school code for each cooperative
19 innovative high school that is approved under this Part. ~~Notwithstanding G.S. 115C-105.25, once~~
20 ~~the cooperative innovative high school has been assigned a school code, the local board of~~
21 ~~education may use these funds for the school and may transfer these funds between funding~~
22 ~~allotment categories."~~

23 **SECTION 3.(i)** G.S. 115C-316.5 is repealed.

24 **SECTION 3.(j)** G.S. 115C-218.42 is repealed.

25 **SECTION 3.(k)** Section 7.8 of S.L. 2007-107, as amended by Section 1(b) of S.L.
26 2009-305 and Section 3 of S.L. 2013-226, is repealed.

27 **SECTION 3.(l)** Article 6C of Chapter 115C of the General Statutes is repealed.

28 **SECTION 3.(m)** G.S. 115C-105.60 is repealed.

29 **SECTION 3.(n)** G.S. 115C-311 is repealed.

30 **SECTION 3.(o)** G.S. 115C-377 is repealed.

31 **SECTION 3.(p)** Section 7.12 of S.L. 2021-180 is repealed.

32 **SECTION 3.(q)** G.S. 115C-111.3(b) is repealed.

33 **SECTION 3.(r)** G.S. 115C-156 reads as rewritten:

34 **"§ 115C-156. State funds for career and technical education.**

35 It is the intent of the General Assembly of North Carolina to appropriate funds for each fiscal
36 year to support the purposes of career and technical education as set forth in G.S. 115C-151.
37 From funds appropriated, the State Board of Education shall establish a sum of money for State
38 administration of career and technical ~~education and shall allocate the remaining sum on an~~
39 ~~equitable basis to local school administrative units, except that a contingency fund is established~~
40 ~~to correct excess deviations that may occur during the regular school year.~~ education. In the
41 administration of State funds, the State Board of Education shall adopt such policies and
42 procedures as necessary to ensure that the funds appropriated are used for the purpose stated in
43 this Part and consistent with the policy set forth in the Master Plan for Career and Technical
44 Education."

45 **SECTION 3.(s)** G.S. 115C-238.70 reads as rewritten:

46 **"§ 115C-238.70. State and local funds.**

47 (a) The State Board of Education shall allocate to a regional ~~school;~~ school the amount of
48 funding determined for each student pursuant to G.S. 115C-25.2.

49 (1) ~~An amount equal to the average per pupil allocation for average daily~~
50 ~~membership from the participating unit allotments for each child attending the~~

1 regional school, except for the allocation for children with disabilities and for
2 the allocation for children with limited English proficiency.

3 (2) ~~An additional amount for each child attending the regional school who is a
4 child with disabilities. In the event a child with disabilities leaves the regional
5 school and enrolls in a public school during the first 60 school days in the
6 school year, the regional school shall return a pro rata amount of funds
7 allocated for that child to the State Board, and the State Board shall reallocate
8 those funds to the local school administrative unit in which the public school
9 is located. In the event a child with disabilities enrolls in the regional school
10 during the first 60 school days in the school year, the State Board shall allocate
11 to the regional school the pro rata amount of additional funds for children with
12 disabilities.~~

13 (3) ~~An additional amount for children with limited English proficiency attending
14 the regional school, based on a formula adopted by the State Board.~~

15 (4) ~~If the regional school has a final total average daily membership of 100 or
16 more students, an amount to fund 12 months of employment for the school
17 principal position.~~

18 (b) ~~The State Board shall allow for annual adjustments to the amount allocated to the
19 regional school based on its enrollment growth in school years subsequent to the initial year of
20 operation.~~

21 (c) For each child who enrolls in the regional school, the participating unit in which the
22 child resides shall transfer to the regional school an amount equal to the per pupil amount of all
23 money appropriated to the local current expense fund for the participating unit for the fiscal year.
24 The amount transferred under this subsection that consists of revenue derived from supplemental
25 taxes shall be transferred only if the child enrolled in the regional school resides in that tax
26 district.

27 (d) A regional school may request appropriations directly from a city, as authorized by
28 G.S. 160A-700.

29 (e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law
30 to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn
31 on the State Treasurer, regional schools are subject to Article 6A of Chapter 147 of the General
32 Statutes."

33 **SECTION 3.(t)** G.S. 115C-218.15(f) reads as rewritten:

34 "(f) Funds received by a charter school as required by G.S. 115C-218.105 may be
35 deposited by the board of directors with the State Treasurer for investment under
36 G.S. 147-69.2(b8), to the extent permitted by the Internal Revenue Code, as amended. The
37 deposit and investment of such funds under this subsection are deemed essential to the provision
38 of public education by the State and the income from such investment shall accrue solely to the
39 charter school for the provision of public education pursuant to this Article."

40 **SECTION 3.(u)** G.S. 115C-218.100(a) reads as rewritten:

41 "(a) Funds Reserved for Closure Proceedings. – A charter school that has elected to
42 participate in the North Carolina Retirement System pursuant to G.S. 135-5.3 shall, for as long
43 as the charter school continues to participate in the North Carolina Retirement System, maintain
44 for the purposes of ensuring payment of expenses related to closure proceedings in the event of
45 a voluntary or involuntary dissolution of the charter school, one or more of the options set forth
46 in this subsection. The minimum aggregate value of the options chosen by the charter school
47 shall be fifty thousand dollars (\$50,000). The State Board of Education shall not ~~allocate any
48 funds under G.S. 115C-218.105 provide funds~~ to a charter school unless the school has provided
49 documentation to the State Board that the charter school has met the requirements of this
50 subsection. Permissible options to satisfy the requirements of this subsection include one or more
51 of the following:

...."

SECTION 3.(v) G.S. 115C-218.105 reads as rewritten:

"§ 115C-218.105. State and local funds for a charter school.

(a) The State Board of Education shall allocate to each charter ~~school~~:school the amount of funding ~~determined for each student pursuant to G.S. 115C-25.2.~~

(1) ~~An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency;~~

(2) ~~An additional amount for each child attending the charter school who is a child with disabilities; and~~

(3) ~~An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.~~

~~In accordance with G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.~~

~~In the event a child with disabilities leaves the charter school and enrolls in a public school during the first 60 school days in the school year, the charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a charter school during the first 60 school days in the school year, the State Board shall allocate to the charter school the pro rata amount of additional funds for children with disabilities.~~

(b) ~~Funds allocated~~provided by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. However, State funds shall not be used to obtain any other interest in real property or mobile classroom units. The school also may own land and buildings it obtains through non-State sources. No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. Every contract or lease into which a charter school enters shall include the previous sentence.

...."

PART IV. TIMING OF FUNDING DETERMINATION

SECTION 4.(a) Beginning with the 2023-2024 school year, the Department of Public Instruction shall distribute funds to public school units whose funding is determined by the model enumerated in Article 3A of Chapter 115C of the General Statutes based on the ADM and ADM and headcount within weighted groups during the prior school year in accordance with the model enumerated in Article 3A of Chapter 115C of the General Statutes. The Department shall provide funds from the ADM Contingency Reserve to fund public school units whose funding as determined at the conclusion of the second month of the school year by the formula enumerated in Article 3A of Chapter 115C of the General Statutes, as enacted by this act, for the current school year exceeds the amount determined at the time of the initial funding determinations, based on changes in ADM and ADM and headcount within weighted groups.

SECTION 4.(b) Section 7.15 of S.L. 2007-232 is repealed.

SECTION 4.(c) Article 3A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-25.4. Funding contingency.

1 The State Board of Education shall maintain an ADM Contingency Reserve to provide for
2 public school units whose needed funding for a given school year exceeds their initially funded
3 amount. If the State Board of Education does not have sufficient resources in the ADM
4 Contingency Reserve to make funding adjustments in accordance with changes in weighted
5 student headcount growth, the State Board of Education may use funds appropriated to State Aid
6 for Public Schools for this purpose."

7 **SECTION 4.(d)** This section is effective when it becomes law.

8
9 **PART V. EFFECTIVE DATE**

10 **SECTION 5.** Except as otherwise provided, this act becomes effective July 1, 2023,
11 and applies beginning with the 2023-2024 fiscal year.