



Part 1: Budget Analysis 2021-23 – Comparing PSF Top Education Issues, Governor’s Recommended Budget and NC Senate Budget

The ongoing state budget process has many steps and will continue to evolve over the summer. Following the Governor’s Recommended Budget which was released in March, the North Carolina Senate this week released its proposed budget for 2021-2023. The Forum’s [2020 Education Primer](#) outlines this multi-step process, and the [associated flow chart](#) is available in the appendix of this document. This brief outlines the extent to which the NC Senate’s Budget and the NC Governor’s Recommended Budget aligns with the Forum’s [Top Education Issues 2021](#), which includes metrics for the next two years.

As this process unfolds, school districts across the state will likely begin their fiscal year without a confirmed and final budget for the third year in a row. However, hope does remain for an agreed upon state budget that supports the needs of schools, students, and educators. The following budget comparison should be considered in the current context:

- Our schools and state are operating in COVID-19 recovery and transition.
- Districts have received Federal COVID-19 relief funds, but they also have additional needs and will be directed on how to spend significant portions of that funding, including for robust summer programming.
- North Carolina is operating with a significant surplus, estimated to be \$6.5 billion over the next two years.

Based upon our initial analysis, the Forum commends the inclusion of the Average Daily Membership (ADM) Hold Harmless provision as an important part of COVID-19 transition and recovery. There are significant differences, however, in the extent to which the Governor’s Budget and the Senate’s

Budget align with the Forum’s Top Education Issues on items such as teacher and principal raises; dedication of funding for social workers, counselors, and nurses; increases in per pupil funding, especially for the low wealth districts; capital funding for schools; and efforts for the recruitment and retention of a diverse workforce.

In analyzing the Governor’s and Senate’s budgets and priorities identified through the recommended investments, it is important to not only consider regional comparisons for items such as per pupil expenditures and teacher pay, but to also look at national comparisons if we hope to advance the state’s education system and teaching profession and thus the state and its economy overall. These national data points should be an important part of the discussion and will be included in our own ongoing analysis of the proposed budget. Because this is an ongoing budget process, **the Forum will continue to share an extended analysis in the coming weeks.**

Teacher & Principal
Recruitment,
Retention and
Diversity



Includes **10% raises for teachers and principals** over the next two years. Also reduces compensation plateaus for veteran teachers and restores Master's Pay.

Includes **3% raises for teachers and principals, with 1.5%** per year in the biennium.



Provides **bonuses** for teachers, principals, non-certified public school employees, university employees, and state-funded local community college employees. Includes a \$2,000 bonus for those employees in the current fiscal year and \$1,000 bonuses in each year of the biennium.

Calls to utilize federal funds to provide bonuses to state employees, including teachers. Those who earn less than \$75,000 a year would receive \$1,500, and those who make more than \$75,000 would receive \$1,000 bonuses. Also provides **one time bonuses** of \$300 for teachers and \$1,800 for principals from state funds.



Targets significant investments in initiatives aimed at **recruiting, retaining, diversifying, and supporting North Carolina's educator workforce**, with scholarships, support for training and development, and funding for pilot projects in high-need districts. This includes investments in Grow-Your-Own and 2+2 programs, which can help recruit students to return to teach in their hometowns- this would be especially helpful for rural districts that disproportionately struggle with recruitment and retention. It also includes funding for expansion of the NC Teaching fellows program to more institutions and to all degree programs and targeted investments to increase diversity in the teacher workforce.

Targets investments in initiatives aimed at recruiting, retaining, and supporting North Carolina's educator workforce, with funding for the adoption of a web-based recruitment initiative, salary supplements for highly qualified teaching graduates and signing bonuses for certain teaching areas.

Includes \$2 million for each year in the biennium to expand the Advanced Teaching Roles program.

Social and Emotional
Learning



Sets aside \$120 million over the biennium for additional **recurring** funding for **Specialized Instructional Support Personnel (school counselors, nurses, social workers, and psychologists)** to support student mental and physical health.

Directs the State Board of Education (SBE) to establish funding allotment for school psychologist positions (based on ADM). Each local school administrative unit receives funding for at least one psychologist. This provision does not permit allotment transfers.



Establishes a Specialized Instructional Support Personnel (SISP) Recruitment and Retention Coordinator at DPI; increases School Psychologist salaries by \$5,000; and implements a School Psychologist Internship Program.

See below for designation of Federal COVID-19 relief funds to be used for grants to public school units to contract for mental and physical health services.

Early Childhood
Education and Literacy



Invests more than \$78 million in **early education and child development**. Increases Child Care Subsidy for children from low-income working families to receive high-quality care. Increases NC Pre-K reimbursement rates and slots using lottery proceeds so that more children can attend Pre-K. Increases Smart Start by 13 percent using lottery receipts to support families and children in all 100 counties. Increases funding by over \$10 million for individualized early intervention services.



Provides \$24 million for **Science of Reading** training and other professional development for teachers and school leaders to improve student outcomes and \$30 million for **additional teacher assistants to support early-grades math and literacy**.



Invests **\$60 million** in improving wages for direct care workers and early childhood education providers so that individuals who support our most vulnerable adults and nurture our youngest children can also support themselves.

Provides nonrecurring additional funding for each year of the biennium for **Smart Start** as follows:

- **\$10 million** for child care related services.
- **\$4 million** for family support activities.
- **\$1 million** for health related activities.

Increases rates for child care centers by 2% in both years of the biennium.

Includes **\$10 million** for a common learning management system for in-person and remote instruction elementary grade. Allows funds to also be utilized for kindergarten readiness programs that are based on the Science of Reading.

Provides \$37.5 million for professional development for the **Science of Reading**.

Adequate and
Equitable State
Funding to Support
Public Schools



Prioritizes the goal to ensure a **Sound Basic Education for All (Leandro)**, as many of the items in the Governor's budget align with the Leandro Comprehensive Remedial Plan.

Provides an additional \$200 million to expand resources for:

- Disadvantaged Student Supplemental Funding and At-Risk Allotments
- Exceptional Children and Limited English Proficiency Allotments
- Increased low wealth funding for eligible counties to improve low-performing and high poverty Schools.

Establishes Average Daily Membership (ADM) hold harmless for public school units.

Provides **\$4,549.88 in additional funding per child with disabilities** for the lesser of all children identified as children with disabilities or 12.75% of its allocated ADM. This means that districts do not receive the additional funding per student with disabilities for students who represent more than 12.75% of its student population. The 2019-20 additional funding per child with disabilities is 4,093.14 with the same cap of 12.75%.

Identifies uses of ESSER Funds: ESSER funds appropriated in the budget shall only be used by DPI to 1) allocate federal grant funding to public school units pursuant to the American (continued)

Adequate and
Equitable State
Funding to Support
Public Schools



School Bond: Recommends placing a \$4.7 billion General Obligation Bond on the November 2021 ballot to ask voters to address key infrastructure needs across North Carolina, including **\$2.5 billion for public schools** to address the over \$8 billion in documented needs

Rescue Plan Act and 2) Reserve \$359,919,171 to be used for the following:

- \$20 million to each LEA to amount to at least \$400 per student
- \$36 million in reserve funding held by DPI for COVID related needs, including learning loss and enrichment through after and before school programs during the school year.
- \$36 million in reserve for COVID related support for summer programs.
- \$15 million to provide grants to local school administrative units for schools identified as low-performing with priority given for districts with a majority of schools identified as low-performing. Funds are designated to be used to provide flexible intervention options approved by DPI to address impacts of COVID.
- \$15 million to institute a grant program for contracted school health support services to public school units. Public school units will be able to contract with school health support personnel to provide mental and physical health support services.

Designates the transfer of approximately **\$450 million** from the lottery into State Capital and Infrastructure Fund (SCIF) over 2 years for Needs Based Public School Capital Building Fund and another \$200 million from the lottery to the Public School Capital Fund. Projected spending on public school capital would total approximately 2.4 billion over next 7 years. The need was determined to be over \$8 billion in 2015-16 and has since increased.

Postsecondary
Attainment



Provides recurring investments for the UNC System HMSI Institutions to improve graduation rates and student success: **\$1.5 million each** to Elizabeth City State University, Fayetteville State University, UNC Pembroke, NC Central University, & Winston Salem State University

Expands funds for credentials and certifications for Career and Technical Education students (\$6.5M); and (3) Provides recurring funding for Cooperative Innovative High Schools approved to open from 2018-2021 (\$1.88M)

Proposes examining of barriers and supports that impact students' ability to complete high school courses leading to college credit, an associate degree, or a career ready credential, including an examination of access, equity, resources, fees, and personnel

Phases in funding to increase the number of school-based Career Development Coordinators for grades 6-8 and grades 9-12.

Provides a **\$1,000 bonus** for full-time state employees and local education employees, regardless of funding source. Also provides an additional **\$500 bonus** to employees with an annual salary of less than **\$75,000**.

Establishes pilot programs to increase employment outcomes for individuals with intellectual and developmental disabilities (IDD), meet the needs of underserved students in 7th through 9th grade, and increase overall workforce outcomes.

Provides funding to expand outreach and student advising capacity and improve broadband access.

Provides a **7.5% increase** for the Community College Need-Based Assistance Program, which will be consolidated into the newly established North Carolina Need-Based Scholarship Program for Public Colleges and Universities in the second year of the biennium.

Broadband Access



Proposes **\$1.2 billion** for broadband, which includes **\$600 million** for infrastructure.

Includes **\$30 million** over the next two years for the Growing Rural Economies with Access to Technology (GREAT) Program to expand access to broadband in rural areas. This also dedicates \$700 million in federal funds to expand rural broadband.

Afterschool programs



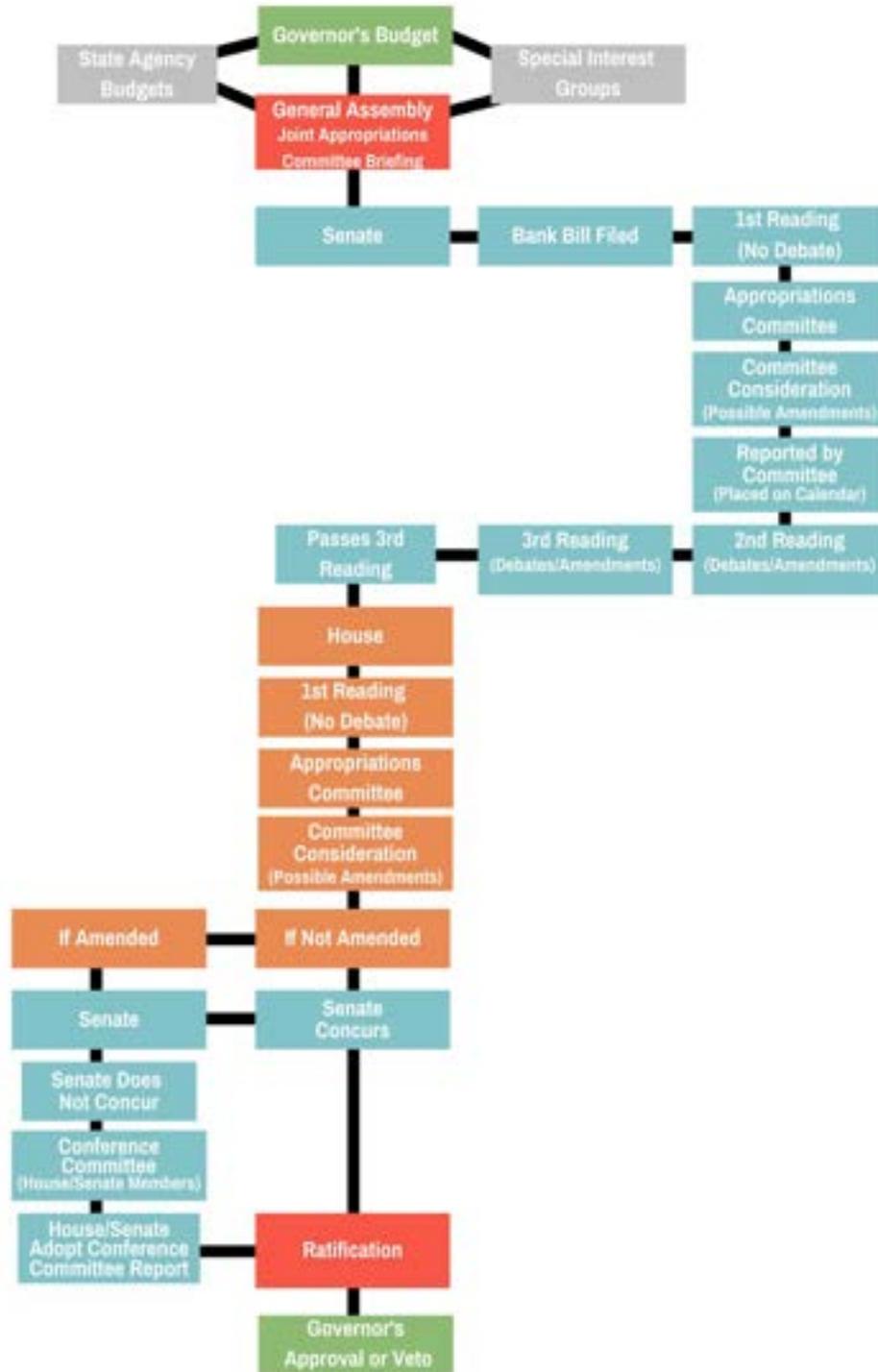
Includes the option for the **\$36 million** in Federal funding COVID relief grants to public school units (referenced above) to be used for enrichment opportunities, including through out of school programs.

REFERENCES:

- Granados, Alex. (June 22, 2021). [What's in the Senate Budget? Three percent teacher pay raises, federal funded bonuses, tons of money for broadband, and more.](#)
- Proposed Senate Committee Substitute, Senate Bill 105: https://webservices.ncleg.gov/ViewNewsFile/45/SB_105_Proposed_Senate_Committee_Substitute_2021_06_22.
- Senate Bill 105: <https://webservices.ncleg.gov/ViewNewsFile/46/S105-CSMLxfra-6%20v1>.
- Vaughn, Dawn Baumgartner. (June 22, 2021). State employee raises and bonuses, extra tax cuts in NC Senate budget.

Appendix A: The Budget Process Flow Chart (excerpted from [The Forum's 2020 Education Primer](#))

THE BUDGET PROCESS*



* At the Joint Appropriations Committee briefing, the State Budget Officer presents the Governor’s budget to a joint session of the House and Senate Appropriations committees. Education subcommittees will be briefed jointly until the chamber of bill origination begins to make decisions. Then Committees meet separately. The Chamber leadership gives parameters for spending. Subcommittees will determine budgets. The full Appropriations Committee will vote on the Budget Bill. The bill then becomes the Committee substitute for the Blank Bill and goes to the Chamber Floor and proceeds from that point. The Budget Bill originates in each chamber in alternate years.