



North Carolina State Budget Analysis 2021-23

The North Carolina General Assembly released a 2021-23 [state budget](#) conference report on November 15, 2021. The budget agreement, which is nearly four months past its July 1 deadline, was passed by the General Assembly on November 18 and signed into law by Governor Roy Cooper. This brief outlines the extent to which the General Assembly's 2021-23 budget aligns with the Forum's [Top Education Issues 2021](#) (which includes metrics for the next two years), as well as the targeted investments called for in 2021-23 of the eight year Leandro Comprehensive Remedial Plan, for which Judge David Lee ordered \$1.7B in funding earlier this month.



Until now, state lawmakers had not passed a budget in three years, which means that critical issues like educator raises, staff wages, and funding for students who need it the most have not been addressed. This has been compounded by the many challenges facing our public schools due to the COVID-19 pandemic and decades of inadequate and inequitable funding. This budget begins to address some important needs for education in NC, but overall it does not provide the systemic approach needed to create sustainable changes for children across our state. Funding for early childhood, K-12 schools, and higher education lay the foundation for strong workforce development, healthy communities, and a strong economy here in North Carolina. The direct link between the state's investment in a high quality and equitable education for every child and our ability to support a thriving workforce and economy is undeniable.

The Forum commends the inclusion of the Average Daily Membership (ADM) hold harmless provision in this budget, which stabilizes funding as school districts endure another year of challenges amid the effects of a global pandemic. School districts across the state are five months into the 2021-22 fiscal



year and will finally have a budget which allows them to solidify their spending, raises, and other allocations provided by the state.

There are additional investments in this budget that signal some acknowledgment of public education's many needs as identified by the Leandro Comprehensive Remedial Plan, such as investments in School Instructional Support Personnel, additional funding for children with disabilities, and more support for Advanced Teaching Roles. While these are important

investments and will provide initial support to districts and early childhood programs this year and next, they do not go far enough. Many are not fortified with sufficient recurring state funding that sets our state on a path toward providing a sound basic education for every child in North Carolina – a constitutional right to which all of our state’s young citizens are entitled. This budget provides roughly half of what is called for in the Leandro plan for the next two years. We identify below the strengths – and significant gaps – among the budget, the Forum’s Top Education Issues, and the requirements identified in the Leandro Comprehensive Remedial Plan. Bridging these gaps is the work ahead that our state must commit to in order to best serve students, educators, and communities across North Carolina.



Investing in our Teachers and School Personnel

Teachers are the number one school related factor that affects student outcomes.¹ Our school personnel, including teachers, school leaders, instructional support personnel and non-certified staff, have not received meaningful salary increases for over three years due to a state budget impasse beginning in 2019. North Carolina’s teachers earn roughly \$10,000 below the national average and today’s teacher vacancy rates are significant, with more than 2,600 unfilled positions across the state as of early October. The 2021-23 budget offers teachers a 1.3% raise in each year of the biennium in addition to planned step increases that are embedded in a deeply inequitable salary schedule enacted years ago, resulting in an average 5% raise over two years. While additional one-time bonuses, included in this budget, are an important way to provide educators some much needed financial support during a time of increased inflation, we know that sustainable, recurring salary increases will significantly impact our state’s ability to recruit and retain a diverse and highly qualified workforce that can support our students’ long term success. This budget falls short of the annual increases in teacher salaries called for in the Leandro Comprehensive Action Plan and ordered by the courts earlier this month.



The introduction of teacher salary supplements that target 110 districts across the state will support districts in offering more equitable salaries even if a robust local supplement is not viable. Interestingly, the supplement distribution utilized a new formula rather than relying on the Low Wealth District formula which is utilized in other allocations. While this does support teachers in the roles they are in, this solution lacks the necessary flexibility and district input that is essential to creating a long-term solution for the teacher recruitment and retention challenges. Going forward, we hope

there can be a mechanism by which districts can provide additional input to state leaders on how these supplements can be implemented and improved for the long term so that they mitigate the funding disparities that limit many districts from being able to pay teachers their worth.

¹ Darling-Hammond, L. (2000). Teacher quality and student achievement. *Education policy analysis archives*, 8(1); Goldhaber, D., & Anthony, E. (2003). *Teacher Quality and Student Achievement*. ERIC Clearinghouse on Urban Education. Urban Diversity Series No. 115.; WestEd, Learning Policy Institute, & Friday Institute for Educational Innovation at North Carolina State University (2019). *Sound Basic Education for All: An Action Plan for North Carolina*.

The introduction of a teacher recruitment bonus for low-wealth and small districts is a promising concept to aid districts that do not have the tax base to attract and retain teachers with lucrative, locally-funded salary supplements; however, the requirement that local districts match those funds dollar for dollar weakens the program's ability to provide the very kind of equity it seeks to achieve.

Finally, the budget does not provide adequate investments to create and expand upon teacher recruitment programs that are needed to strengthen and diversify the teacher workforce. The Leandro Comprehensive Plan and DRIVE Task Force report include many strong recommendations for expanding teacher diversity and recruiting, preparing, and retaining a diverse, high quality educator workforce, including student recruitment initiatives, programs like the NC Teaching Fellows Program, and 2+2 and grow-your-own programs. But to meet the needs of all NC students, significantly more state support is required.

Investing in Social and Emotional Learning and At-Risk Youth

This budget provides a much-needed increase in funding for students with disabilities, as well as supplements and additional school instructional support personnel, including school psychologists, speech pathologists, audiologists and counselors. These initial investments are important; however, the gap between this first step and the identified targets in the Leandro plan amount to approximately \$70 million over the biennium. The Leandro Comprehensive Plan calls for additional investments in the amount of \$195,000,000 in



the Disadvantaged Student Supplemental Funding (DSSF), at-risk, and low wealth allotments as well as our Limited English Proficient (LEP) allotment. These funds are foundational to ensuring that equitable access to a sound basic education is provided to every child across our state.

Investing in Early Childhood Education

This budget invests \$10 million in Smart Start and makes other initial investments in early childhood education that amount to approximately \$24 million in total. However, recent policy discussions around the investments early childhood education needs, including expanding PreK, increasing the child care subsidy rate, supporting the early educator pipeline, and increase salaries for early childhood educators, signaled that we need much more than what this budget provides in order to ensure a strong foundation for our students' education.²

Securing the Future

The 2021-23 state budget includes tax cuts that will significantly limit North Carolina's future ability to secure the necessary revenue to provide a sound basic education for every child across our state. Planning for the education needs of our state requires acknowledging the revenues that will be needed into the future. The long-term decision to eliminate corporate taxes and reduce individual income taxes could come at a significant price for our state's education system, workforce development, and ultimately economy.

² Heckman, J., & Karapakula, G. (2019). Intergenerational and intragenerational externalities of the Perry Preschool Project. Chicago, IL: The Heckman Equation. Retrieved from <https://heckmanequation.org/resource/perry-preschool-midlife-toolkit/>



Teacher & Principal Recruitment, Retention and Diversity

PSF Top Education Issues 2021

Teacher and instructional support staff **salaries are increased by 5%** by December 31, 2021.

Teacher recruitment programs are put in place by June 20, 2022 that will make progress towards increasing the current teacher pipeline to match 7.5% of our current teaching workforce (the average teacher turnover rate across the state).

Amend state requirements for **teacher licensure** to replace barriers to entry that disproportionately impact educators of color, including the Praxis Core EPP entrance exam and other current licensure testing barriers, with multiple, unbiased measures of performance and effectiveness by June 30, 2022.

Principal preparation, recruitment, and professional learning are strengthened to increase the pipeline for and retention of high quality principals.

2021-23 State Budget Provisions - Highlights

Salary Increase for Teachers: 1.3% increase in each step each year. Average increase of 2.5% each year of the biennium (~\$250 million over the biennium)

Teacher Supplement Assistance Allotment: Allotment to increase salary supplements for teachers and instructional support personnel based on county tax base, median income, and tax rate -- annual allotments vary by district from \$490-\$4,250. (\$200 million over the biennium)

Low Wealth/Small School Recruitment Bonus: Bonuses of up to \$1,000 per year to recruit teachers and instructional support personnel to LEAs receiving funds from the Low Wealth and/or Small Schools funds. 1:1 funding match required from participating districts (~\$8.5 million over the biennium)

Compensation Increase for Principals: 2.5% increase in the salary schedule each year of the biennium (~\$20 million over the biennium)

Compensation Increase for Assistant Principals: Increases in the salary schedule to align with increases in the teacher salary schedule (~\$7 million over the biennium)

Non-certified Personnel Minimum Wage: \$13/hour minimum wage for State-funded local employees in 2021-22; \$15/hour in 2022-23 (~\$150 million over the biennium)

Compensation Increase for Noncertified Personnel: Salary increase greater of 2.5% increase of minimum wage increase in each year (~\$70 million over the biennium)

State Retirement Contributions for Educators and Retirees: Increase for TSERS members and a one-time cost-of-living supplement for retirees of 2% per year (~\$108 million NR over the biennium).

State Health Plan for District Personnel: Funding to continue coverage for enrolled personnel (~\$275 million NR over the biennium).

Federal Recovery Fund Pay Bonuses for Public Schools \$1,000 bonus for State and local employees. Additional \$500 bonus for employees with salaries of less than \$75,000 or employed in DHHS, DPS, and Adult Correction and Juvenile Justice (~\$302 million NR over the biennium).

Provides additional support for **Advanced Teaching Roles** (\$4 million over the biennium)

Leandro Comprehensive Remedial Plan Targets - Highlights

Salary Increase for Teachers: Increase teacher and instructional support personnel salaries by 5% in year one and 6.5% in year two (~\$586 million over the biennium)

Increase principal and assistant principal pay in a manner that is aligned with teacher salary increases (~\$49 million over the biennium)

Recruit and prepare **5,000 new teachers** annually through high retention pathways.

Prepare **300 new principals** annually via the NC Principal Fellows program (~\$18 million over the biennium)

Plan and then fund a statewide system/entity to **coordinate teacher recruitment and support** (\$25,000)

Establish a district-level grant program focused on the implementation of **multi-year recruitment bonuses and other compensation** options for certified teachers who commit to teach in a **high needs district or school for multiple years** (\$9 million over the biennium)



Social Emotional Learning

PSF Top Education Issues 2021

The **number of social workers, psychologists, nurses, and counselors are increased** so that the gaps for each role are decreased by 25% by December 31, 2021, including Social Worker at 1:1,029, Psychologists at 1:1,475, Counselors at 1:327, and Nurses at 1,947.

Financial and human resources are in place to support the development and implementation of **Social and Emotional Learning and trauma-informed practices** in all of our schools by June 30, 2022.

2021-23 State Budget Provisions - Highlights

Provide funding for **School Instructional Support Personnel to meet national guidelines** (~\$20 million over biennium)

Supplement for School Psychologists, Audiologists, and Speech Pathologists: Annual supplement of \$3,500 (~\$22 million over the biennium)

Supplement for School Counselors: Annual supplement of \$1,000 (\$9 million over the biennium)

School Psychologists: Changes allotment category and adds funds for 115 additional positions (~\$82 million over the biennium)

Military Family Counselors: 2 FTE for additional military family counselors in Cumberland and Onslow and 1 FTE for a state-level consultant (\$700,000 over the biennium)

Supplements for Licensed Personnel in Residential Schools: Funds to increase supplements to more closely align with nearby districts (\$610,000 over the biennium)

Leandro Comprehensive Remedial Plan Targets - Highlights

Provide funding for **School Instructional Support Personnel to meet national guidelines** (\$120 million over the biennium)

Provide resources and support to high poverty schools to adopt a **community schools** or other evidence-based model to address out of school barriers (\$7,500,000 over the biennium)

Provide funding to cover the **reduced-price lunch co-pays** for all students who qualify for reduced-price meals so that those students would receive free lunches (3,900,000)



Early Childhood Education and Literacy

PSF Top Education Issues 2021

The funding and implementation of a new child care subsidy rate structure that provides child care programs in all 100 counties with adequate and equitable rates that incorporate the true cost of care, including workforce compensation and benefits.

2021-23 State Budget Provisions - Highlights

Overall improvements to a system of pre-kindergarten and other early childhood education that is high quality and accessible to all (~\$24 million over biennium)

Leandro Comprehensive Remedial Plan Targets - Highlight

Overall improvements to a system of pre-kindergarten and other early childhood education that is high quality and accessible to all (~\$190 million over biennium)



Adequate and Equitable State Funding to Support Public Schools

PSF Top Education Issues 2021	2021-23 State Budget Provisions - Highlights	Leandro Comprehensive Remedial Plan Targets - Highlights
<p>Allocate an additional state investment of at least \$426,990,610 in FY 2021 to fulfill the requirements of the Leandro FY 2021 Action Plan.</p> <p>Approve a statewide school bond to be placed on the ballot by May, 2022.</p>	<p>Complete the final two years of funding of the enhancement teacher allotment (~\$150 million over biennium)</p> <p>Provide additional funding for children with disabilities (~\$26 million over biennium)</p> <p>No additional funding for targeted allotments - the Disadvantaged Students Supplemental Fund (DSSF), low-wealth fund and Limited English Proficient allotments</p> <p>SCIF Provides additional funding for the Needs-Based Public School Capital Fund, including the appropriation of prior year lottery fund surplus funds (~\$149 million over the biennium)</p> <p>Creates a new annual allotment for counties for repairs and renovations of K-12 education facilities (\$80 million over the biennium)</p>	<p>Complete the final two years of funding of the enhancement teacher allotment (~\$150 million over biennium)</p> <p>Provide additional funding for children with disabilities (\$110 million over biennium)</p> <p>Provide additional funding for targeted allotments -- the Disadvantaged Students Supplemental Fund (DSSF), at risk, low-wealth fund and Limited English Proficient allotments (\$195 million over biennium).</p> <p>Implement the NC State Board of Education's District and Regional Support model to provide direct and comprehensive assistance for the improvement of low performing and high poverty schools and districts (\$29 million over the biennium)</p> <p>Issue a \$2 billion bond to support school capital needs.</p>



Postsecondary Attainment

PSF Top Education Issues 2021	2021-23 State Budget Provisions - Highlights	Leandro Comprehensive Remedial Plan Targets - Highlights
<p>Expand the NC Community College System Career Coaches Program and the College Advising Corps to serve more low-wealth students, students of color, and English Language Learners by June 30, 2022.</p> <p>Enable districts to have the flexibility to establish calendars that allow them to maximize student learning opportunities in the context of their communities by June 30, 2021.</p>	<p>Additional supports to improve alignment between high school, postsecondary education and career (~\$18 million over biennium)</p>	<p>Additional supports to improve alignment between high school, postsecondary education and career (~\$38 million over biennium)</p>



Broadband Access

PSF Top Education Issues 2021

100% of K-12 students have access to broadband outside of school by June 30, 2022.

Local communities with the lowest adoption rates have the capacity and resources to implement innovative approaches for long-term solutions to affordable and reliable broadband are in place in more districts.

2021-23 State Budget Provisions - Highlights

Significant, one-time *federal* recovery investments in supporting rural broadband connectivity across North Carolina (~\$1 billion)

Additional support for School Connectivity Initiative, bringing broadband to all K-12 schools across the state (~\$9 million over biennium)



Afterschool Programs

PSF Top Education Issues 2021

Reduce unmet demand, currently at 666,635, by 20%, to 533,300, by June 30, 2022.

2021-23 State Budget Provisions - Highlights

Federal recovery funds are directed to before school, after school and summer extension program grants in the amount of \$72 million. There are no state appropriations for afterschool programs.

ADDITIONAL READING:

- Granados, A. (2020, November 16). "Average 5% pay raise for teachers, \$100 million for most counties for teacher supplements," *EducationNC*. Retrieved from: <https://www.ednc.org/2021-11-15-average-5-pay-raise-for-teachers-100-million-for-low-wealth-county-teacher-supplements/>
- Senate Bill 105 (Budget Bill): <https://www.ncleg.gov/BillLookUp/2021/s105>
- Senate Bill 205 (Money Report): <https://webservices.ncleg.gov/ViewBillDocument/2021/53458/2/S105-BD-NBC-9279>