

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H.B. 363
Mar 23, 2021
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40241-MTa-90

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

Sponsors: Representative Hanig.

Referred to:

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

4 The General Assembly of North Carolina enacts:

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

	<u>Allotted ADM</u>	<u>Small County Allotment</u>
8	0-1,300	\$1,820,000
9		
10	1,301-1,700	\$1,548,700
11	1,701-2,000	\$1,600,000
12	2,001-2,300	\$1,560,000
13	2,301-2,600	\$1,470,000
14	2,601-2,800	\$1,498,000
15	2,801-3,300	\$1,548,000.

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

22 Allotments for eligible local school administrative units under this subsection shall
23 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
24 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for
25 funding if either the highest of the first two months' total projected average daily membership for
26 the current year or the higher of the first two months' total prior year average daily membership
27 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
28 section.

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

35 Allotments for eligible local school administrative units under this subsection shall
36 not be reduced by more than twenty percent (20%) of the amount received in fiscal year



1 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for
2 funding if either the highest of the first two months' total projected average daily membership for
3 the current year or the higher of the first two months' total prior year average daily membership
4 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
5 section.

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

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

20 The State Board of Education shall adopt rules to implement the requirements of this
21 subsection.

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

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

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

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

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