



House Bill 10

Potential Impacts to WCPSS

September 17, 2024

Why we are here today

Staff is here today to:

- Review our current enrollment forecast data
- Provide history of state change to funding in arrears
- Share what we know about NCAGA HB 10

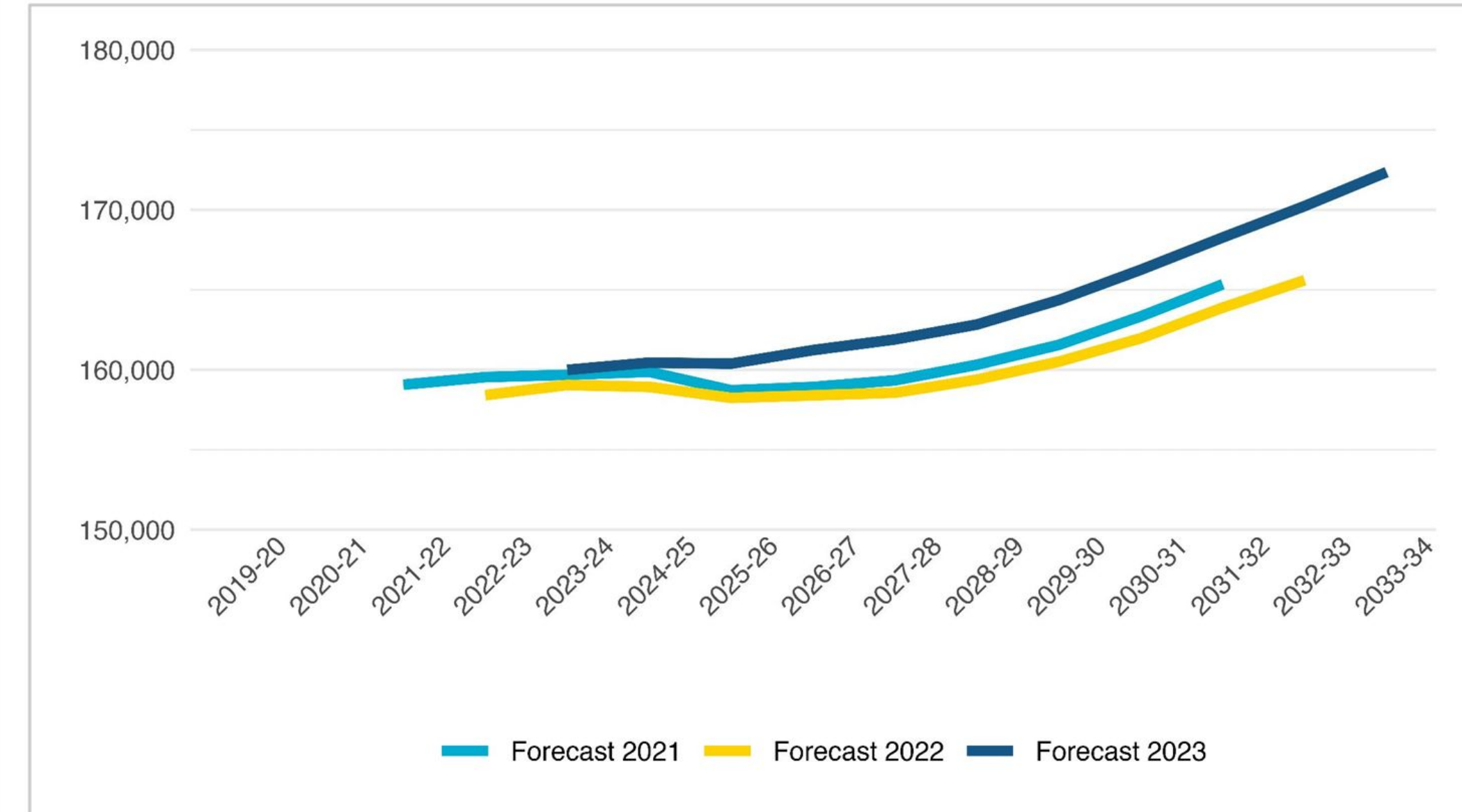
Long-Range Membership Forecast

Annual Enrollment Forecast

Membership is forecasted to increase starting in 2026 due to an increase in resident live births.

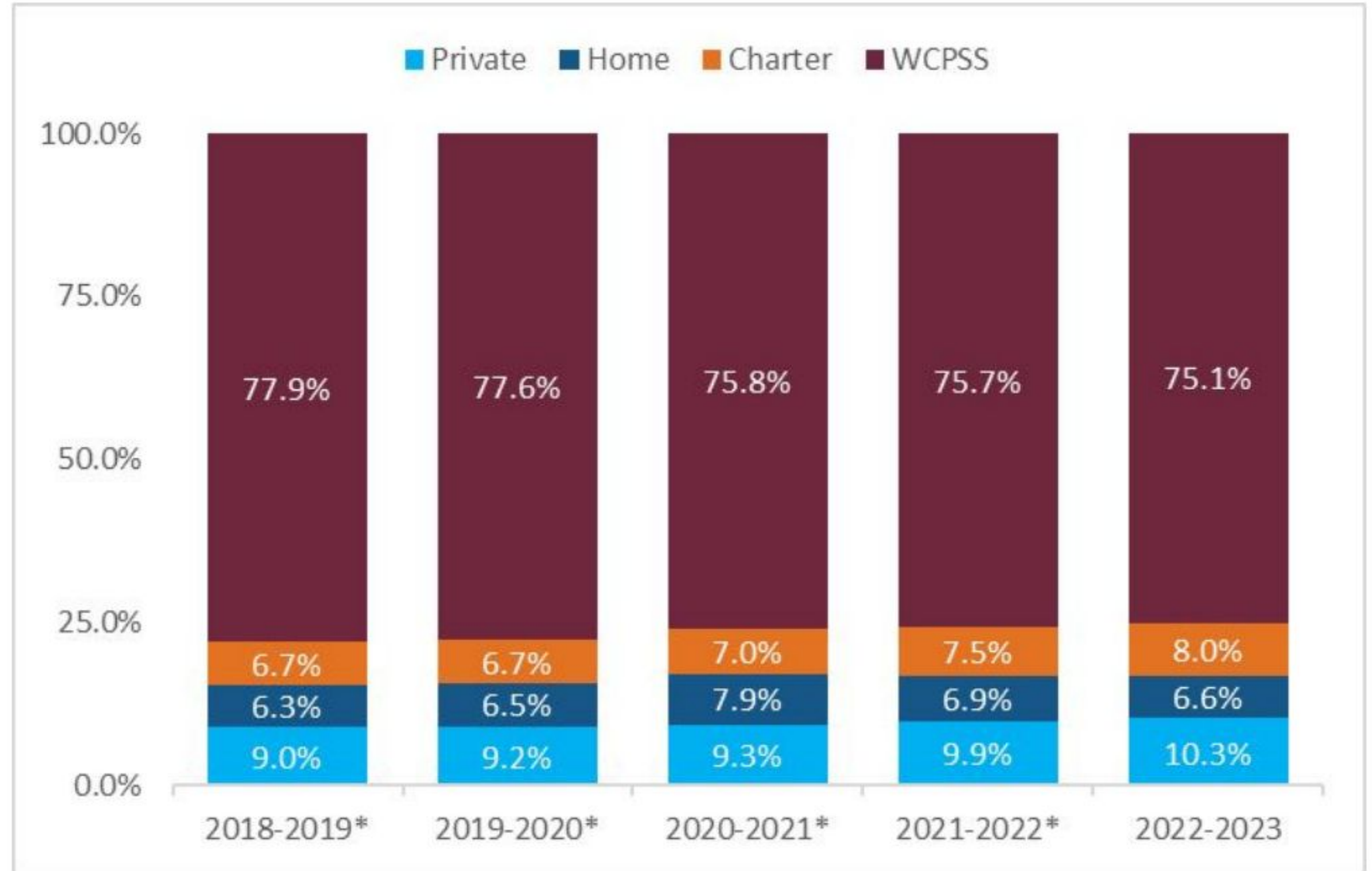
- 1 Presentation of the Annual Enrollment Forecast (1-year and 10-year projections)
- 2 Review of Projected Crowding for the Next School Year
- 3 Review of Capital Improvement Plan (CIP) Updates (7-year plan)
- 4 Preparation of the Annual Enrollment Plan
- 5 Review and Approval of Capped Schools due to Overcrowding Concerns
- 6 Review of Options to Address Other School Utilization Concerns

Presentation of the Annual Enrollment Forecast (1-year and 10-year projections)



Market Share

The majority of Wake County students attend WCPSS schools.



2023-24 NCDOA Private School Enrollment

- There were 131,230 students enrolled in private school in the state of North Carolina.
- There were 881 private schools in North Carolina.
- Wake County had a total of 91 private schools (only surpassed by Mecklenberg at 96).
- There were 22,413 students enrolled in private schools in Wake County.

Enrollment Forecast- Moving Forward

- Staff has begun the process for updating the enrollment forecast and will present this information to the Board in February 2025
- Additional information is being gathered to study the potential impact of private school vouchers

NCDPI Funding in Arrears/HB 10

NCDPI Funding in Arrears

Section 7.20 from House Bill 259 of Session 2023 law:

DPI FUNDING IN ARREARS

SECTION 7.20.(a) The Department of Public Instruction shall develop a model to fund public school units whose funding is based on average daily membership (ADM) to be based on the actual ADM from the prior school year instead of projections for the upcoming school year. The Department shall include in the model a method to account for newly formed charter schools to ensure the charter schools receive adequate funding to operate before prior year ADM data is available or representative of the student population. The Department shall propose technical adjustments for public school funding to the State Board of Education for approval before submitting the model to the Director of the Budget, pursuant to G.S. 143C-3-3. The Department shall also submit the model to the Fiscal Research Division no later than February 15, 2024. The technical adjustments shall include a list of any laws that would need to be adjusted or repealed to allow for the new funding model to be implemented as well as a comparison of funding received under the old model and the recommended new model, sorted by public school unit.

SECTION 7.20.(b) Beginning with the 2024-2025 school year, the Department of Public Instruction shall distribute funds to public school units whose funding is based on ADM based on the actual ADM from the prior school year in accordance with the model developed pursuant to subsection (a) of this section. The Department shall provide funds from the ADM Contingency Reserve to fund public school units whose actual ADM for the current school year is higher than the actual ADM from the prior school year.

SECTION 7.20.(c) Section 7.15(b) of S.L. 2007-323 is repealed.

SECTION 7.20.(d) Subsections (b) and (c) of this section become effective July 1, 2024. The remainder of this section is effective when it becomes law.

NCDPI Funding in Arrears

2024-25 NCDPI Allotment Policy Manual

ALLOTMENT ADJUSTMENTS FOR ADM GROWTH

Funding for Increase in Total ADM

The ADM Contingency Reserve provides funding to PSUs which have a higher current year ADM than the allotted ADM. Current year ADM is the higher of the first and second month's ADM by grade by school totaled by PSU, in the current fiscal year. Increases will be made as a dollars per ADM for the current year ADM that exceeds the allotted ADM. The funds shall be allotted into "PRC0094 ADM Growth". PSUs shall receive a pro rata share if appropriated contingency reserve is not sufficient to provide a full dollars per ADM.

Funding for Increase in Kindergarten to third grade ADM

If a LEA's current year ADM in grades Kindergarten to third grade increases, but the total current year ADM does not increase to provide sufficient funding to meet legislated class size requirements, the LEA may request additional funding. Funds may be provided to meet class size if funds are available.

The State Board of Education, in accordance with [GS 115C-416](#), may specifically authorize use of the reserve (within available state funding) on a case-by-case basis where additional resources are required to meet legislative mandates.

ALLOTMENT ADJUSTMENTS FOR ADM DECREASES

No adjustments shall be made if the current year ADM is lower than allotted ADM.

NCDPI Funding in Arrears

DPI 2024 Summer Conference Communication

- Implement the second year items
- Adjust budget for technical adjustments
- Implement the mandatory Funding in Arrears model
- Distribute the Initial Allocations based on the planning + technical adjustment + salary increase + any expansion
- Fund each PSU with an increase in (Average Daily Membership) ADM from the prior year and the ADM in the current year

NCDPI Funding in Arrears

DPI Summer Conference Communication

- Funds were requested in accordance with the requirement of funding in arrears model and SBE policy
- DPI requested \$200 million
- House & Senate agree to \$95 million

NCDPI Funding in Arrears

DPI 2024 Summer Conference Communication

- Make adjustments within funds available
- Assess the actual growth by PSU
- Fund the growth within funds available

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- HB 10 ratified and sent to Governor Cooper on September 11, 2024
- If the bill becomes law, NCDPI can use these funds to fund growing public school units.

FUNDS FOR ADM CONTINGENCY RESERVE

SECTION 6.3. There is appropriated from the General Fund to the Department of Public Instruction the sum of ninety-five million dollars (\$95,000,000) in recurring funds for the 2024-2025 fiscal year to be allocated to the ADM Contingency Reserve to fund growing public school units.

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PART V. GENERAL PROVISIONS

ELIMINATE EDUCATION ENROLLMENT RESERVE FUNDS

SECTION 5.1. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of sixty million dollars (\$60,000,000) in recurring funds for the 2024-2025 fiscal year for the Education Enrollment Reserve is hereby eliminated. These funds are used to support budget requirements associated with enrollment changes provided in Section 6.1 of this act for the Community College System and in Section 6.3 of this act for public school enrollment.

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SECTION 6.4.(c) G.S. 115C-562.8(b), as amended by Section 8A.6(g) of S.L. 2023-134, reads as rewritten:

"(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	\$415,540,000 <u>\$625,000,000</u>
2026-2027	\$430,540,000 <u>\$675,000,000</u>
2027-2028	\$445,540,000 <u>\$700,000,000</u>
2028-2029	\$460,540,000 <u>\$725,000,000</u>
2029-2030	\$475,540,000 <u>\$750,000,000</u>
2030-2031	\$490,540,000 <u>\$775,000,000</u>
2031-2032	\$505,540,000 <u>\$800,000,000</u>

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~five hundred twenty million five hundred forty thousand dollars (\$520,540,000)~~ eight hundred twenty-five million dollars (\$825,000,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

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- With the governor at this time
- If it becomes law, will need NC DPI's interpretation of legislation and approach to application prior to understanding fiscal implications
- Stay tuned

Resources

Resources

- www.wcpss.net/assignmentplanning
- [Student Membership Forecast Presentation](#)
- [10-year Student Membership Forecast](#)
- [House Bill 10](#)
- [House Bill 259](#)

Next Steps and Questions

Next Steps:

- Once staff has ample time to review and evaluate the impact of HB 10, we will bring this item back to the Board during a future work session.

Questions:

- Does the Board have any additional questions for staff?