

Questions

1. How does the state of North Carolina fund students who are enrolled in the North Carolina Virtual Schools Program?

In Fiscal Year 2010-11 North Carolina implemented a formula to fund student enrollment in the North Carolina Virtual Public Schools (NCVPS). A copy of the law is **attached**. In each district and in each charter school, an unduplicated count of students enrolled in e-learning courses is identified. The unduplicated enrollment is then divided by six, the number of courses, for an ADM-equivalent student enrollment. Then each school district's and charter school's state allocation is reduced by 75% for each ADM-equivalent student enrolled in the NCVPS. The North Carolina Department of Public Instruction projects that \$21.0 million will be transferred from school districts and charter schools to the North Carolina Virtual Public Schools this year.¹

The comparable program in South Carolina is the South Carolina Virtual School Program as described in <http://scvspconnect.ed.sc.gov/>. I have also **attached** a copy of the brochure for the program for this school year. As you know, the South Carolina Virtual School Program is different from virtual charter schools. The South Carolina Public Charter School District includes such virtual charter schools as the South Carolina Virtual Charter School, the South Carolina Connections Academy, the South Carolina Calvert Academy, and Provost Academy South Carolina. These virtual charter schools are funded through the South Carolina Public Charter School District.

2. How does North Carolina define the wealth of a school district?

Low-wealth is defined by three criteria:

1. Anticipated Total County Revenue – This anticipated revenue is generated from the property value in the county plus the revenue a county actually receives from sources such as sales taxes and fines and forfeitures. The property value has been adjusted by a formula to take into consideration the year the property was last valued. This calculation is project to be almost 95% of all the revenue available to a county for current expense.”
2. Tax Base per Square Mile (Density) – This part of the formula compares the value of a county's property per square mile with the state average property value per square mile. This calculation attempts to recognize the 'swamp land' (low to no value property) across the state and to compare the quality of this property with all other counties.

¹ North Carolina Department of Public Instruction. 12 October 2010.
<<http://www.ncpublicschools.org/docs/fbs/allotments/ncvps/transfersummary.xls>>.

3. Per Capita Income – A three-year average of a county’s per capita income is compared to the same average for the total state. The per capita income is a basic indicator of a county’s residents’ ability to pay taxes.”²

The above criteria are weighted to determine how a county compares to all other counties in the state:

1. 40% Anticipated Total County Revenue as a percentage of the state Average Anticipated State Revenue
2. 10% Tax Base per Square Mile as a percentage of the State Average Tax Base per Square Mile
3. 50% A county’s Average per Capita Income as a percentage of the State Average per Capita Income

When the three percentages are totaled, the sum indicates the county’s wealth as a percentage of the state’s average wealth. If the total is less than 100%, a county is eligible to receive funding. The county must also show a minimum effort in order to receive funds. “To receive total funding, a county must either tax their local property at the State average or contribute more local dollars to public schools than the State average local contribution.” If all criteria are met, the county is allocated funds that represent the “difference between the county’s appropriation per student and the state average local appropriation per student multiplied by the county’s average daily membership. **Attached** is a copy of pages 41 through 44 of the *2009-10 Allotment Policy Manual* that explain the low wealth supplement

In 2010-11 78 districts in North Carolina were designated as low wealth districts and received over \$220 million in additional state revenues.³ Low wealth districts include both county and city districts. Charter schools received another \$3.0 million.

² North Carolina Department of Public Instruction. 13 October 2010.
<<http://www.ncpublicschools.org/docs/fbs/allotments/planning/state/lowwealthsummary.xls>>.

³ Ibid.

3. Does North Carolina have ad valorem taxes?

According to the North Carolina Department of Revenue, counties may assess property taxes on real property, personal property, and motor vehicles. (<http://www.dornc.com/taxes/property/about.html>) “The counties are governed by the County Manager form of government. The county commissioners are elected from a district or at large, and the size of the county board can vary from three to eleven members. County Assessors and Tax Collectors are appointed by the county commissioners. In several counties, these positions are combined under the title County Tax Administrator. The tax rate for each county is set by the county commissioners, based upon the taxable base for the county and the county's budgetary requirements.” If you need additional information on how to calculate ad valorem taxes, please refer to the following website: <http://www.dornc.com/taxes/property/calculate.html>. Through state legislation counties are also given the ability to implement local sales taxes that range from 2.0 to 2.5%. (http://www.dornc.com/taxes/sales/impnotice1010_3.pdf.) Local property taxes are used for county operations, including a portion for schools.

Based on expenditures for Fiscal Year 2008-09, 65.3 percent of all expenditures in public schools and charter schools in North Carolina were funded by state revenues. 24.5 percent by local revenues and 10.2 percent by federal revenues.⁴

⁴ “Facts and Figures 2009-10.” North Carolina Department of Public Instruction. February 2010. <<http://www.ncpublicschools.org/docs/fbs/resources/data/factsfigures/2009-10figures.pdf>>.