

## **GUIDANCE FOR SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION (PRC 071)**

NC SL 2021-180 Section 7A.12

### **Updated through SL 2023-134 Section 7A.4**

(School Year 2024-25)

#### **Overview**

This document is intended to provide guidance regarding expenditure of the supplemental funding for teacher compensation provided in Section 7A.12 of the Appropriation Act of 2021 (NC SL 2021-180). Through the Appropriations Act of 2021, the North Carolina General Assembly created a recurring appropriation to provide funding for LEAs and charter schools in North Carolina to provide salary supplements to teachers and school administrators in their units. The requirements for the funds were updated for in Section 7A.4 of SL 2023-134.

#### **General Requirements**

The allotment formula for the Supplemental Funds for Teacher Compensation (PRC 071) is outlined in the [Allotment Policy](#) for the PRC that was approved by the State Board on November 2, 2023. In addition to the allotment formula, SL 2023-134 Section 7A.4 includes the following requirements that must be adhered to when administering the funding:

- Allocation of salary supplements among teachers and qualifying school administrators within each eligible local school administrative unit, including whether a teacher or qualifying administrator receives a salary supplement and the amount of the supplement provided to that person, shall be determined in the discretion of the local board of education of the eligible unit. (SL 2023-134 Section 7A.4.(a))
- No individual salary supplement shall exceed the per-teacher funding amount awarded to the unit. (7A.4.(a)). (SL 2023-134 Section 7A.4.(a))
- A qualifying school administrator is either an assistant principal or principal paid pursuant to G.S. 115C-285(a)(8) (i.e., an administrator paid on the teacher salary schedule). (SL 2023-134 Section 7A.4.(b)(13))
- Teacher includes teachers and instructional support personnel. (SL 2023-134 Section 7A.4.(b)(17))
  - Teachers and instructional support personnel are those who are required to be paid from the legislative certified teacher salary and are typically paid from State PRC 001 and/or State PRC 007 and are working and coded to the school level. Central Office staff are not permitted to receive a PRC 071 supplement, they must work directly with the students.
- DPI will allot funding to eligible units based on a calculated per-teacher amount (plus FICA) for each unit multiplied by the number of State-funded teachers employed by the unit. No teacher or administrator may receive a supplement greater than the per-teacher amount for their unit, which may not exceed \$5,000. (SL 2023-134 Section 7A.4.(c))
- PRC 071 funds are subject to the allocation of funds for charter schools described in GS 115C-218.105. (SL 2023-134 Section 7A.4.(d))
- An LEA that receives PRC 071 funds shall use the funds to supplement and not supplant non-State funds provided for salary supplements for teachers and qualifying school

administrators. An LEA is considered to have supplanted non-State funds if the amount of non-State funds expending by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of effort amount for the LEA. The maintenance of effort calculation shall be in accordance with SL 2023-134 Section 7A.4.(b). (SL 2023-134 Section 7A.4.(f))

- In the event a LEA has supplanted non-State funds pertaining to the 2023-24 allotment, no reduction shall be made. In the event a LEA has supplanted non-State funds pertaining to the 2024-25 allotment, the LEA shall receive no allocation. (SL 2023-134 Section 7A.4.(f1))
- LEAs found to have supplanted funds in both the 2021-22 and 2022-23 fiscal years will not receive an allotment in the 2025-26 fiscal year. An exception will be made if the only supplanting occurred in the 2021-22 fiscal year under PRCs 031, 024, or 019. (SL 7A.4.(f2))

#### ***Charter School Impact due to LEA Supplanting:***

- Should the LEA in which a charter school is located be identified as supplanting funds and the funding is not allocated for the subsequent year the charter schools located within that LEA are likewise not provided funding under this program.

#### **Key Considerations**

When planning for the expenditure of funds provided through PRC 071, LEAs and charter schools should ensure that they consider the following factors:

- As the legislation requires the governing bodies of each unit receiving funds to determine the distribution of funds, including whether an individual qualifying employee receives a supplement and the amount of the supplement provided, the local school board must develop and adopt a policy for determining the individuals to receive supplements and the amount of individual salary supplements.
- While the funding for this allotment is recurring, the funding for any individual LEA (including both the overall allotment amount and per-teacher maximum supplement amount) **may vary from year to year** depending on the budgeted amount and any changes in a county's taxable real property value, effective tax rate, and median household income. LEAs should take the potential for year-to-year changes in the allotment amounts and per-teacher maximums into consideration when developing their policies for implementing the supplements.
- The funding provided pursuant to PRC 071 is for salary supplements; employee compensation provided from these funds is to be treated as **salary** and is not to be considered a bonus or stipend. **These funds are subject to retirement.**
- An LEA or charter is permitted to determine the intervals of payment for the salary supplement funds to any individual employee (annually, bi-annually, quarterly, etc.).
- An LEA is not restricted to providing supplements solely to State-funded teachers, nor is the LEA required to provide supplements to all State-funded teachers. It is up to the local school board to determine which specific positions, regardless of funding source, that are to be provided the salary supplements. Funds may not be used for salary supplements for Pre-K teachers, regardless of the funding source for any individual Pre-K teacher's salary.

- An LEA is not required to provide the maximum per teacher supplement amount to any individual employee. LEAs have the flexibility to determine the amounts of supplements provided for any individual position in accordance with identified staffing needs and may elect to provide amounts less than the maximum to allow for distribution to a broader range of teachers and eligible school administrators.
- If providing a flat rate supplement, the flat rate must increase at the same rate as teacher salaries. The ratio of local and federal paid supplements to total salaries should remain at the 2021 level. County commissioners must continue to put in the effort and fund supplements to avoid supplanting and losing PRC 071 funding.

### **Additional Information for Charter Schools**

- Eligible charter schools will receive their portion of the supplemental funds for teacher compensation through PRC 036; these funds will be part of an eligible charter's State base allocation.
- Charters are not required to utilize the funds for salary supplements for teachers and eligible school administrators. However, Section 7A.12.(d) of SL 2021-180 does encourage charter schools receiving funding to provide salary supplements to teachers and qualifying school administrators in the charter school.
- Should the LEA in which a charter school is located be identified as supplanting funds and the funding is not allocated for the subsequent year the charter schools located within that LEA are likewise not provided funding under this program.

### **Supplanting Calculator – SBS Website**

071 SUPPLANT CALCULATOR		071 SUPPLANT CALCULATOR
<b>TOTAL LOCAL SUPPLEMENT</b>	\$ 200,000.00	Fund 2 - PRC 181 Only - LOCAL SUPPLEMENT
<b>TOTAL FEDERAL SUPPLEMENT</b>	\$ 16,000.00	Fund 3 - PRC 181 Only - FEDERAL SUPPLEMENT
<b>TOTAL SALARY</b>	\$ 6,000,000.00	Include object codes 121,123,127,131,132,133,134,135,129,124 – For Fund 3 Exclude PRC 163 - 206
<b>Ratio:</b>	3.600%	(TOTAL LOCAL SUPPLEMENT + TOTAL FEDERAL SUPPLEMENT)/TOTAL SALARY
PROJECTION DATA		
<b>TOTAL LOCAL SUPPLEMENT</b>	\$ 200,000.00	No change in local supplement. (FLAT AMOUNT)
<b>TOTAL FEDERAL SUPPLEMENT</b>	\$ 16,000.00	No change in federal supplement.(FLAT AMOUNT)
<b>TOTAL SALARY</b>	\$ 6,180,000.00	If the state were to give a 3% raise to all employees.
<b>Ratio:</b>	3.495%	New ratio - In this example, the flat rate supplement did not keep pace with the state increase in salary.
Will you be considered supplanting?	Supplanting	Because the projected ratio is lower than the 2021 ratio, this example district would be considered supplanting.

- In the example above, the example district has a flat rate supplement that did not increase between FY 21 and the projection year.
- The example uses a 3% increase in total salary from FY 21.
- In this scenario, the teacher supplement did not keep pace with the increase in total salary and therefore this district would be considered supplanting.