

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION (PRC 071)

PROGRAM REPORT CODE: 071
 UNIFORM CHART OF ACCOUNTS CODE: XXXX-071-XXX
 STATUTORY REFERENCE: [SL 2021-180 Section 7A.12](#)
[SL 2022-74 Section 7A.9](#)

TYPE: Dollars
 TERM: July 1 - June 30
 PURPOSE: To provide funds to eligible LEAs to provide salary supplements to teachers and instructional support in those units.

ELIGIBILITY: LEAs within eligible counties.

An eligible LEA located in whole or in part in a county that has an adjusted market value of taxable real property of less than \$50,900,000 based on data provided by the Local Government Commission the previous fiscal year.

FORMULA: The formula for allotment is as follows:

- 1) Calculate a county allocation for each eligible county using the following steps:
 - a. Determine **the composite value** for each eligible county. The composite value is the sum of:
 - i. The taxable real property factor for the county [the median adjusted market value of taxable real property⁽¹⁾ in the State divided by the adjusted market value of taxable real property of that county] multiplied by 65%.
 - ii. The median household income factor for the county [the median household income⁽²⁾ in the State divided by the median household income for that county] multiplied by 25%.
 - iii. The effective tax rate factor for the county [the effective tax rate for that county divided by the median effective tax rate in the State⁽³⁾] multiplied by 10%.
 - b. Determine **the supplement factor** for each eligible county. The supplement factor is the composite value (calculated in Step a) multiplied by the number of State-funded certified teachers and instructional support personnel employed in a school in a LEA in the county.
 - c. Determine **the county allocation factor** for each eligible county by dividing the supplement factor for the county (calculated in Step b.) by the sum of all

supplement factors for the State. Distribute the appropriation for the counties for Supplemental Funds for Teacher Compensation based on this factor.

- d. Per teacher funding cap: The allocation by LEAs shall not exceed \$5,000 per State funded teacher and instructional support. Determine a per-teacher funding amount by dividing the county allocation amounts by the total number of State funded teachers and instructional support, employed in 6th pay period of the prior year, in all eligible LEAs in that county. The county allocation shall be adjusted to ensure that the per teacher allocation does not exceed the cap.
- e. For counties that have multiple LEAs within its borders, the allocation of the county shall be distributed to the LEAs based on the total number of State funded teachers and instructional support, employed in 6th pay period of the prior year. For LEAs that cross county lines, the allocation shall be determined based on the LEA in which the majority of the students are located.

DEFINITIONS:

- 1) Adjusted market value of taxable real property is the county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h)
- 2) Median household income for the most recent 12 months for which data is available as used in G.S.143B-437.08.
- 3) The effective tax rate is the actual county tax rate multiplied by the most recent annual sales assessment ratio.

SPECIAL PROVISIONS:

- 1) Allocation of salary supplements among teachers, instructional support and qualifying school administrators within each eligible local school administrative unit, including whether a qualifying teacher, instructional support or school 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 or governing body of the eligible public school unit.
- 2) No individual salary supplement shall exceed the per-teacher funding amount awarded to that unit. This maximum does not include benefits.
- 3) Certified personnel eligible to receive supplemental funds from these funds:
 - a. Teachers
 - b. Instructional support
 - c. Assistant principal who are paid based on the teacher pay per G.S.115C-285(a)(8)
 - d. Principal who are paid based on the teacher or assistant principal pay per G.S.115C-285(a)(8a)
- 4) Charter schools, lab schools, and regional schools located in eligible counties shall receive a per pupil share in their respective PRCs.
PSUs receiving funding are encouraged to provide salary supplements to teachers and instructional support personnel.

- 5) A LEA that receives funds under this program shall use the funds to supplement and not supplant non-State funds provided for salary supplements for teachers and qualifying administrators.

A LEA is considered to have supplanted non-State funds if the amount of non-State funds expended by the unit for salary supplements was less than 95% of the maintenance of effort amount for the LEA. The maintenance of effort calculation shall be in accordance with SL2023-134 section 7A.4(b).

- 6) 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.

- 7) All supplements are considered compensation for retirement contribution purposes.

- (8) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in either January 2022 or January 2023 pursuant to one of the programs listed in subdivision (7) of this subsection.
- (9) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the programs listed subdivision (7) of this subsection.
- (10) The statistical relationship between a teacher receiving a bonus in January 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program. For purposes of this subdivision, the following are predecessor programs:
 - a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (c) of this section.
 - b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (d) of this section.
 - c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section.
 - d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section.
 - e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section.
- (11) The distribution of statewide and local growth bonuses awarded pursuant to this section as among qualifying public school units and, where applicable, schools within those units.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.4.(a) Use of Funds. – For each year of the 2023-2025 fiscal biennium, except as provided in subsection (f1) of this section, the State Board of Education shall allocate funds pursuant to this section to eligible local school administrative units to provide salary supplements to teachers and qualifying school administrators in those units. Allocation of salary supplements among teachers and qualifying school administrators within each eligible local school administrative unit, including whether a teacher or qualifying school 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, except that no individual salary supplement shall exceed the per teacher funding amount awarded to that unit pursuant to subdivision (4) of subsection (c) of this section.

SECTION 7A.4.(b) Definitions. – As used in this section, the following definitions shall apply:

- (1) Adjusted market value of taxable real property. – A county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h).

- (2) Composite value. – For each eligible county, the sum of the following:
 - a. The taxable real property factor multiplied by sixty-five percent (65%).
 - b. The median household income factor multiplied by twenty-five percent (25%).
 - c. The effective tax rate factor multiplied by ten percent (10%).
- (3) County allocation factor. – For each eligible county, the supplement factor for that county divided by the sum of all supplement factors for the State.
- (4) Effective tax rate. – The actual county tax rate multiplied by the most recent annual sales assessment ratio for that county.
- (5) Effective tax rate factor. – For each eligible county, the effective tax rate for that county divided by the median effective tax rate in the State.
- (6) Eligible county. – A county that has an adjusted market value of taxable real property of less than fifty billion nine hundred million dollars (\$50,900,000,000).
- (7) Eligible local school administrative unit. – A local school administrative unit located in whole or in part in an eligible county.
- (8) Eligible school. – A public school that is located in an eligible county and governed by a local school administrative unit.
- (9) Maintenance of effort amount. – For each local school administrative unit in each fiscal year, the supplant factor multiplied by the total State and non-State funds expended for salaries for teachers from the fiscal year for which the most recent salary data are available.
- (10) Median household income. – A county's median household income for the most recent 12 months for which data are available, as that term is used in G.S. 143B-437.08.
- (11) Median household income factor. – For each eligible county, the median household income in the State divided by the median household income for that county.
- (12) Non-State funds. – Any funds held by a local school administrative unit, other than nonrecurring federal funds received as a result of legislation enacted by Congress in response to COVID-19, that are not State funds.
- (13) Qualifying school administrator. – Any of the following:
 - a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
 - b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- (14) Supplant factor. – For each local school administrative unit in each fiscal year of the fiscal biennium, the total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.
- (15) Supplement factor. – For each eligible county, the composite value multiplied by the number of State-funded teachers employed in a school in the county that is governed by a local school administrative unit.
- (16) Taxable real property factor. – For each eligible county, the median adjusted market value of taxable real property in the State divided by the adjusted market value of taxable real property for that county.
- (17) Teacher. – Teachers and instructional support personnel.

SECTION 7A.4.(c) Allocation of Funds. – The State Board of Education shall allocate funds for salary supplements to eligible local school administrative units according to the following procedure:

- (1) County allocation. – For each eligible county, the State Board shall determine a county allocation by multiplying the county allocation factor for that county by the funding amount appropriated pursuant to this section for the applicable fiscal year.
- (2) Per teacher funding amount. – For each eligible county, the State Board shall determine a per teacher funding amount by dividing the county allocation amounts determined pursuant to subdivision (1) of this subsection by the total number of State-funded teachers employed in all eligible schools in that county.
- (3) Unit funding amount. – For each eligible local school administrative unit, the State Board shall determine the funding amount for that unit based on the per teacher funding amount or amounts for the eligible county or counties where the unit is located. For each county with an eligible school governed by the unit, the State Board shall multiply the applicable per teacher funding amount for that county determined pursuant to subdivision (2) of this subsection by the number of State-funded teachers employed in the eligible school in that county. If the unit is located in multiple eligible counties, the State Board shall aggregate those amounts.
- (4) Allocation and funding cap. – The State Board shall allocate the amount determined pursuant to subdivision (3) of this subsection to each eligible local school administrative unit for each applicable fiscal year, up to a maximum of five thousand dollars (\$5,000) per State-funded teacher.

SECTION 7A.4.(d) Charter Schools. – Funds appropriated to the Department of Public Instruction pursuant to this section shall be subject to the allocation of funds for charter schools described in G.S. 115C-218.105. The General Assembly encourages charter schools receiving funds pursuant to this section to provide salary supplements to teachers and qualifying school administrators in the charter school in accordance with the requirements of this section.

SECTION 7A.4.(e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. – The formula in this section is solely a basis for distribution of supplemental funding to eligible local school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for eligible local school administrative units.

SECTION 7A.4.(f) Nonsupplant Requirement. – A local school administrative unit that receives funds under this section shall use those funds to supplement non-State funds provided for salary supplements for teachers and qualifying school administrators and shall not use any State funds, including funds received under this section or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. For purposes of this section, a local school administrative unit has supplanted non-State funds if the State Board finds that the amount of non-State funds expended by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of effort amount for the local school administrative unit.

SECTION 7A.4.(f1) Nonsupplant Enforcement. – If the State Board of Education determines that a local school administrative unit has supplanted non-State funds in violation of subsection (f) of this section, the State Board of Education shall do the following:

- (1) For the 2023-2024 fiscal year, continue to allocate funds to the unit in accordance with subsection (c) of this section.
- (2) For the 2024-2025 fiscal year, not allocate any funds under this section to the unit.

SECTION 7A.4.(f2) Additional Penalty for Consecutive Supplanting. – It is the intent of the General Assembly that the State Board of Education will not allocate supplemental

funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year if the State Board of Education determines that the local school administrative unit supplanted non-State funds provided for salary supplements for teachers and qualifying school administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to have supplanted non-State funds for purposes of this subsection if the State Board determines that the unit supplanted non-State funds solely with any State funds for which the allowable uses include salary supplements for teachers or qualifying school administrators.

SECTION 7A.4.(g) Reports. – No later than April 15 of each year of the 2023-2025 fiscal biennium, the State Board of Education shall report the following information for the applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- (1) A list of all eligible counties and eligible local school administrative units.
- (2) Funds allocated to each eligible local school administrative unit.
- (3) The percentage and amount of teachers and qualifying school administrators in each eligible local school administrative unit receiving salary supplements.
- (4) The average salary supplement amount in each eligible local school administrative unit.
- (5) The range of salary supplement amounts in each eligible local school administrative unit.
- (6) The effect of the salary supplements on the retention of teachers and qualifying school administrators in eligible local school administrative units.
- (7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-302.8. Small county and low-wealth signing bonus.

(a) **Definitions.** – For purposes of this section, the following definitions shall apply:

- (1) **Eligible employee.** – A person who meets all of the following criteria:
 - a. Accepts employment as a teacher with an eligible employer.
 - b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the prior fiscal year.
 - c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1 of the school year for which the teacher accepts employment.
- (2) **Eligible employer.** – The governing board of a local school administrative unit that receives at least one of the following in the year in which the teacher accepts employment pursuant to sub-subdivision c. of subdivision (1) of this subsection:
 - a. Small county school system supplemental funding.
 - b. Supplemental funding for local school administrative units in low-wealth counties.
- (3) **Local funds.** – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.
- (4) **Teacher.** – Teachers and instructional support personnel.

(b) **Signing Bonus Program.** – To the extent funds are provided for this purpose, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided each school year to all eligible employees who are