



LEE COUNTY BOARD OF COMMISSIONERS &
LEE COUNTY BOARD OF EDUCATION
SPECIAL JOINT MEETING

MCSWAIN EXTENSION EDUCATION AND AGRICULTURE CENTER
2420 TRAMWAY ROAD
SANFORD, NC 27330

March 19, 2025

MINUTES

Roll Call

Present: Cameron Sharpe, Kirk Smith, Mark Lovick, Taylor Vorbeck, Samantha Martin

Absent: Dr. Andre Knecht, Robert Reives

CALL TO ORDER

Lee County Board of Commissioners Chairman Kirk called the Board of Commissioners to order at 6:00 p.m. Lee County Board of Education Chairperson Sherry Lynn Womack called the Board of Education to order at 6:00 p.m.

I. APPROVAL OF AGENDA

Motion: Motion to approve the Agenda as presented.

Mover: Cameron Sharpe

For: 5 - Cameron Sharpe, Kirk Smith, Mark Lovick, Taylor Vorbeck, Samantha Martin

Absent: 2 - Dr. Andre Knecht, Robert Reives

Motion Result: Passed

II. INTRODUCTIONS

The Lee County Board of Commissioners, Lee County Board of Education, and staff introduced themselves.

III. SCHOOL FUNDING PRESENTATION

Kara Millonzi, with the UNC School of Government, provided a presentation on school funding. A copy of her presentation is attached and incorporated into these minutes. Ms. Millonzi provided the legal responsibilities of school funding including the different sources of funding the schools receive from the federal, state and local governments. Mrs. Millonzi also went through operational and capital funding and

the dispute resolution process. Locally, Lee County Schools currently gives funding to nine charter schools. When discussing the needs-based grant funds, Superintendent Dr. Chris Dossenbach noted that based on Lee County's tax base, there were some counties with a higher need. Ms. Millonzi said municipalities are able to give one-time funding to public school districts, unlike the counties that are required to give annually. Public school districts are able to call for a supplemental school tax; however, this can only occur during general county elections held in even-numbered years. Board Member Alan Rummel asked if counties were responsible for providing funding for school district employees. Ms. Millonzi noted counties are only responsible for minimum funding and are, per statute, responsible for 0% of school district employees. Local boards of commissioners could elect to provide funding for employees, but there are no statutes or guidance for classified staff.

IV. 5 ON 5 COMMITTEE (CAPITAL IMPROVEMENT PLAN FORMULA)

Dare County Manager Bobby Outten provided a presentation on Dare County and Dare County Schools 5 on 5 committee. A copy of his presentation is attached and incorporated into these minutes. The committee meets at least quarterly, but may be more frequent depending on issues that arise and require discussion. Mr. Outten said communication is key to making this a successful venture. Mr. Outten noted that in Dare County the 5 on 5 Committee was established by getting his Finance Director and the School Superintendent and Finance Officer together to figure out way to address school funding at the local level. Once staff got a model for funding, they started pulling in individual board members to get their support. Once support was given by both Boards, the official 5 on 5 Committee was formed. Mr. Outten advised that our staff need to start working with numbers and each other, then presenting the findings to both boards. In Dare County, if the State or federal government cut a funding for a program, Dare County will not backfill it. Mr. Outten noted that if Dare County were to do so, it would be the county's responsibility forever. Mr. Outten said the 5 on 5 Committee works well for Dare County. Chairman Smith asked the Board of Commissioners if there was consensus to direct the County Manager and Finance Director to coordinate with the Schools Superintendent and Finance Director to work on this. County Manager Lisa Minter asked to also include Budget and Management Analyst Ben McQueary, which was granted.

Motion: Chairman Smith asked the Board of Commissioners if there was consensus to direct the County Manager, Finance Director, and Budget and Management Analyst to coordinate with the Schools Superintendent and Finance Director to work on this.

Mover: Taylor Vorbeck

For: 5 - Cameron Sharpe, Kirk Smith, Mark Lovick, Taylor Vorbeck, Samantha Martin

Absent: 2 - Dr. Andre Knecht, Robert Reives

Motion Result: Passed

Chairman Smith called for a 10-minute break at 7:48 p.m.

V. BUS GARAGE/SLHS AUDITORIUM

Chairperson Sherry Lynn Womack directed staff of Lee County Schools to immediately research and start implementing certain aspects of the 5 on 5 Committee to be discussed later and to also, during that time, provide one of the Board Members an opportunity with the 5 on 5 to discuss some of the things currently on the agenda. Vice Chair Alan Rummel believes the joint bus garage discussion has ended since there was no interest in doing a joint venture. Board Member Chris Gaster made a motion to begin the 5 on 5 Committee between the Board of Commissioners and the School Board to begin further discussion on CIP projects for the school system and other important criteria. Board Member Megan Garner seconded the motion and it was a unanimous vote. Lee County Manager Lisa Minter noted the Jonesboro Elementary School site, for the entire parcel, is currently valued at \$2,948,100. Chairman Smith noted that the County would not be able to do a joint project due to the cost.

VI. EXPECTATIONS FROM COUNTY COMMISSIONERS OF SCHOOL BOARD

Commissioner Cameron Sharpe said there needs to be professionalism on both sides and the inaccurate social media posts need to stop. He also asked for requested information to be provided in a timely manner. Commissioner Mark Lovick noted that if the State did its job (funding school districts properly), we wouldn't have these problems. Commissioner Samantha Martin has observed frustration on both sides and little collaboration. She added that the schools have to be willing to compromise and the county needs to be willing to see the needs of the schools. Commissioner Taylor Vorbeck said she asks questions to gain more knowledge, not to judge someone's character or correctness, and that grace needs to be given on both sides.

ADJOURN

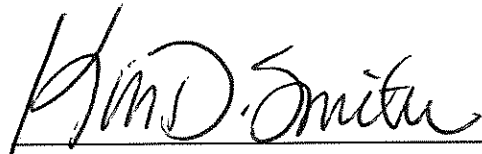
Motion: Motion to adjourn. The Lee County Board of Commissioners adjourned at 8:19 p.m. The Lee County Board of Education also adjourned at 8:19 p.m.

Mover: Taylor Vorbeck

For: 5 - Cameron Sharpe, Kirk Smith, Mark Lovick, Taylor Vorbeck, Samantha Martin

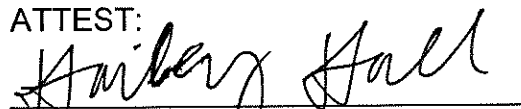
Absent: 2 - Dr. Andre Knecht, Robert Reives

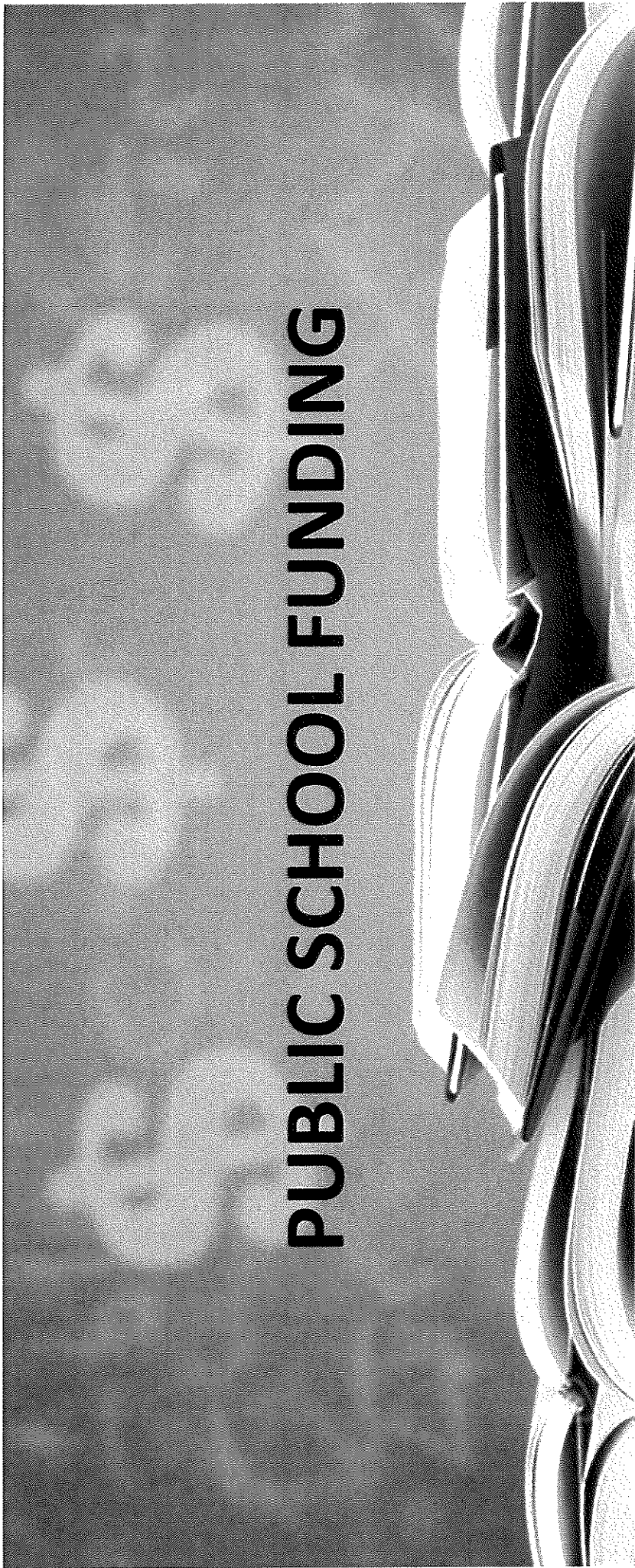
Motion Result: Passed



Kirk Smith, Chairman
Lee County Board of Commissioners

ATTEST:


Hailey Hall, Clerk to the Board

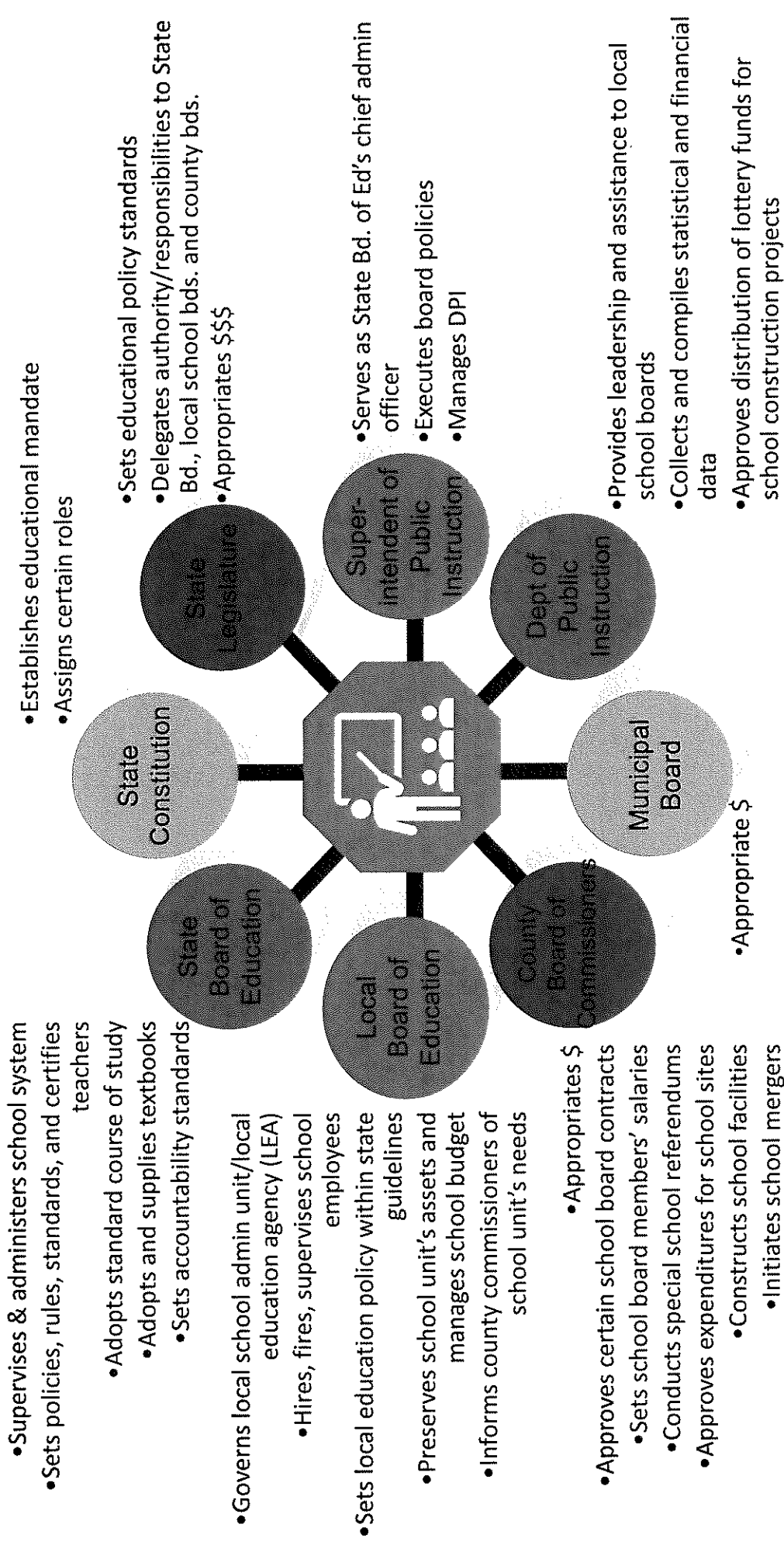


PUBLIC SCHOOL FUNDING

Kara A. Millonzi

Robert W. Bradshaw Distinguished Professor of Public Law & Government
UNC Chapel Hill School of Government
2025

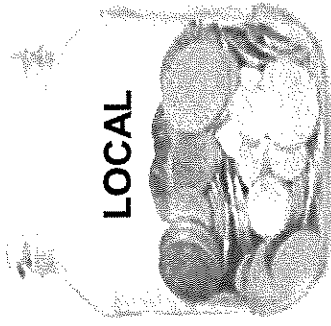
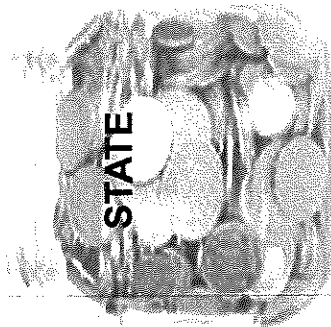
Public School Governance



The majority of public school funding (on average 2/3) comes from the State, funded with income taxes, sales taxes, and lottery proceeds.

County appropriations (property and sales taxes) comprise the bulk of local funding.

Funding for K-12 and community colleges on average comprises 40-45% of a county's budget.

		
• Title I • IDEA • Child Nutrition • Other	• County Property Tax Appropriations • County Debt Service • County Sales Tax Allocation • County Direct Expenditures • Fines, Penalties, Forfeitures • Voted Supplemental Tax • Municipal Funding • Other Local Revenues	• State Position Allotments (ADM) • State Dollar Allotments (ADM) • State Targeted Allotments • Lottery ADM • Lottery Targeted

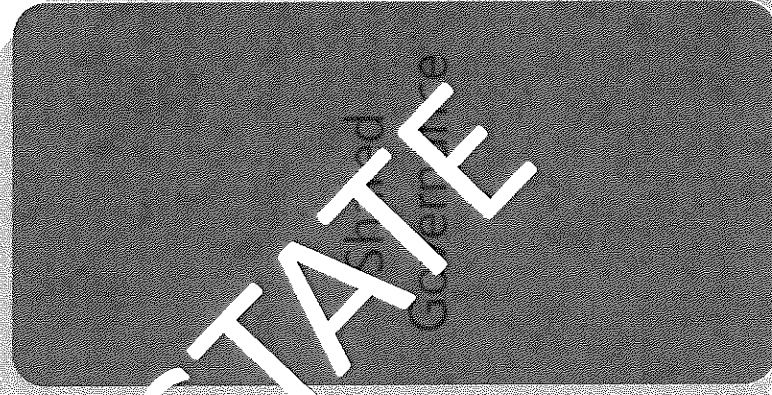
School / County Relations

LOCAL SCHOOL BOARD

Sets local education policy

Administers public education

Hires/Oversees school personnel



COUNTY COMMISSIONERS

Funds school capital needs

Funds school operating needs (minimum formula)

Approves certain school contracts

Example of Shared Governance

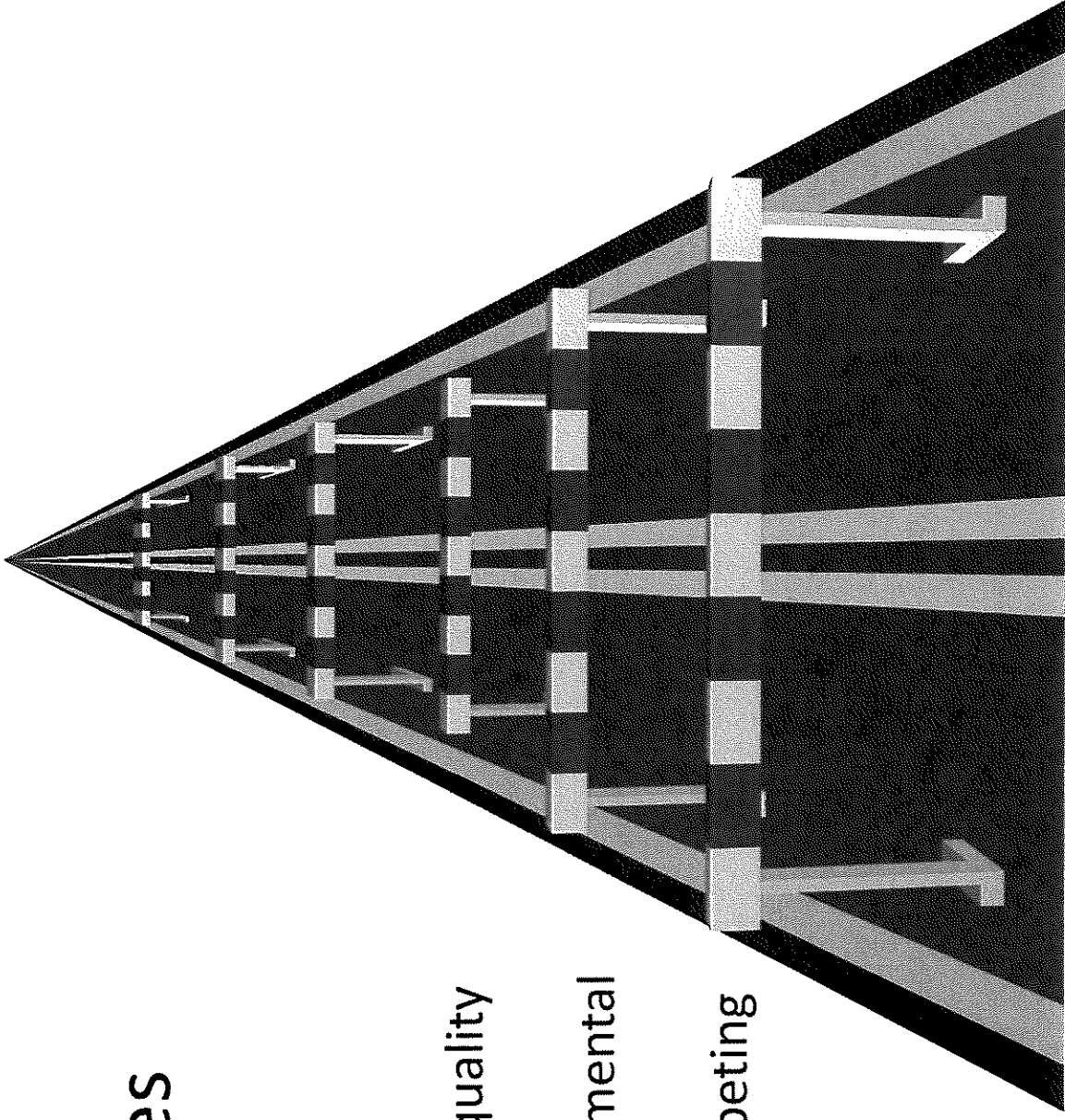
§ 115C-521. Erection of school buildings.

(a) **It shall be the duty of local boards of education to provide classroom facilities** adequate to meet the requirements of G.S. 115C-47(10) and 115C-301. Local boards of education shall submit their long-range plans for meeting school facility needs to the State Board of Education by January 1, 1988, and every five years thereafter. In developing these plans, local boards of education shall consider the costs and feasibility of renovating old school buildings instead of replacing them.

(b) **It shall be the duty of the local boards of education to make provisions for the public school term by providing adequate school buildings equipped with suitable school furniture and apparatus.** The needs and the cost of those buildings, equipment, and apparatus, shall be presented each year when the school budget is submitted to the respective tax-levying authorities. **The boards of commissioners shall be given a reasonable time to provide the funds which they, upon investigation, shall find to be necessary for providing their respective units with buildings suitably equipped, and it shall be the duty of the several boards of county commissioners to provide funds for the same.**

Current Challenges

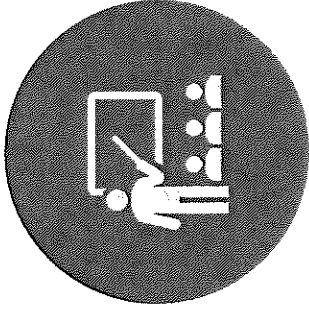
- Funding uncertainty
- Cost increases
- Unfunded mandates
- Attracting and retaining quality staff
- End of COVID-era supplemental funding
- New school models competing for resources
- Accountability to citizens
- Lack of control



OPERATIONAL FUNDING

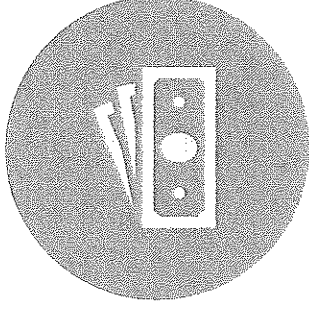


State Funding



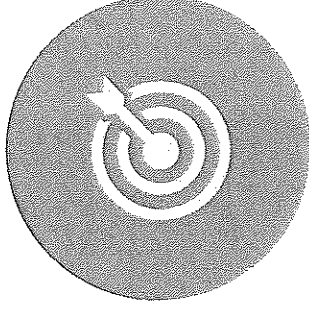
POSITION ALLOTMENTS

State appropriates money to LEAs for X positions (teachers and school administrators) based on target class sized ratios. Funds positions based on State salary schedule, without being restricted to specific amount for each.



DOLLAR ALLOTMENTS

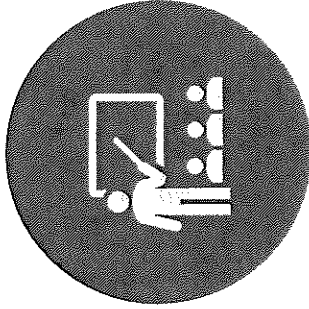
State appropriates money to LEAs based on \$X amount per ADM for textbooks / instructional materials, supplies, teacher assistants, and central admin staff.



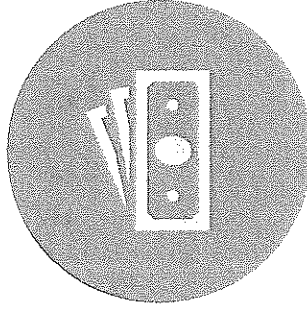
CATEGORICAL ALLOTMENTS

State appropriates money to certain LEAs based on targeted needs (eg. low wealth counties, exceptional children, limited English proficiency, at risk, etc.)

Each year in the State budget, the legislature sets funding amounts, adopts the salary schedule for teachers and administrators, and dictates the degree of flexibility that LEAs have to move State funding between and among different expenditures.



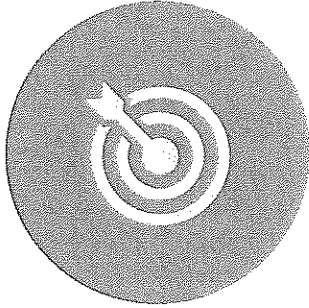
POSITION ALLOTMENTS



DOLLAR ALLOTMENTS

Administration		
Category	Basis of Allotment (Funding Factors are rounded.)	
Central Office Administration (PRC 002)	Increase by LEA from 22-23 initial Allotments is 4%	
Instructional Personnel and Support Services		
Category	Basis of Allotment (Funding Factors are rounded.)	Allotted Salary
Classroom Teachers (PRC 001)	The average teacher salary increase is 4% for FY23-24	
Grades Kindergarten	1 per 18 in ADM.	
Grade 1	1 per 16 in ADM.	
Grades 2 - 3	1 per 17 in ADM.	
Grades 4 - 6	1 per 24 in ADM.	
Grades 7 - 8	1 per 23 in ADM.	
Grade 9	1 per 26.5 in ADM.	
Grades 10 - 12	1 per 29 in ADM.	LEA Average
Math/Science/Computer Teachers	1 per county or based on sub agreements.	
Program Enhancement (PRC 004)	1 per 1:191 in K-5 ADM. Includes world language, music, arts and P.E.	LEA Average
Teacher Assistants (PRC 027)	The number of classes is determined by a ratio of 1:21. K - 2 TAs per every 3 classes; Grades 1-2 - 1 TA for every 2 classes; and Grade 3 - 1 TA for every 3 classes. Allotted salary is calculated per budget funding factor.	\$44,680.56
School Health Personnel (PRC 006)	1 position per LEA; additional positions per 419.69 in ADM rounded to the nearest half position. Positions include School Psych, Social workers, counselors and nurses. Change effective in 2024.	Statewide Average
Instructional Support (PRC 007)	1 per 415.12 in ADM. Includes other instructional support positions.	Statewide Average
School Building Administration (PRC005)	Schools opening prior to 7/1/2011 are eligible for 1 per school with at least 100 ADM or at least 7 state paid teachers or instructional support personnel. Schools opening after 7/1/2011 are eligible for 1 per school with at least 100 ADM only.	LEA Average
Principals		
Assistant Principals	1 month per 98.53 in ADM (rounded to nearest whole month)	LEA Average
Career Technical Ed. - MOE (PRC 013)	Base of 50 Months of Employment per LEA with remainder distributed based on ADM in grades 8-12.	LEA Average
(LIMITED FLEXIBILITY- Salary Increase)		
Classroom Materials/Instructional (PRC 061)	\$38.07 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing (FY24 includes \$10m non recurring Indian Gaming)	
Supplies/Equipment		
Textbooks (PRC 131)	\$31.12 per ADM in grades K-12.	

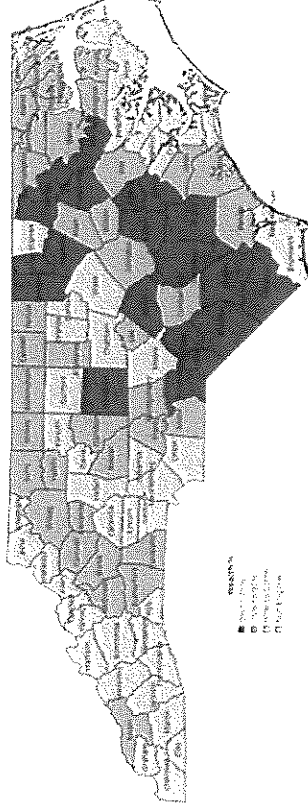
Source: <https://www.dpi.nc.gov/documents/fbs/budget/24-highlights-final-postpdf/download?attachment>



CATEGORICAL ALLOTMENTS

Categorical Allotment Example

Low Wealth Supplemental Funding FY 2023-24 Counties



Percentages represent the percent of the State average (100% = State average). Ineligible counties are those above the State average and are shown in grey.

North Carolina provides supplemental funding to systems whose ability to generate local revenue per student is below the state average. Some of the factors used to determine eligibility are county adjusted property tax base, square miles in the county, and per capita income. There were 69 “Low Wealth” counties (77 LEAs) in 2023-24.

[Low Wealth Supplemental Funding Calculator](#)

Source: <https://www.dpi.nc.gov/documents/fbs/budget/24-highlights-final-postpdf/download?attachment>

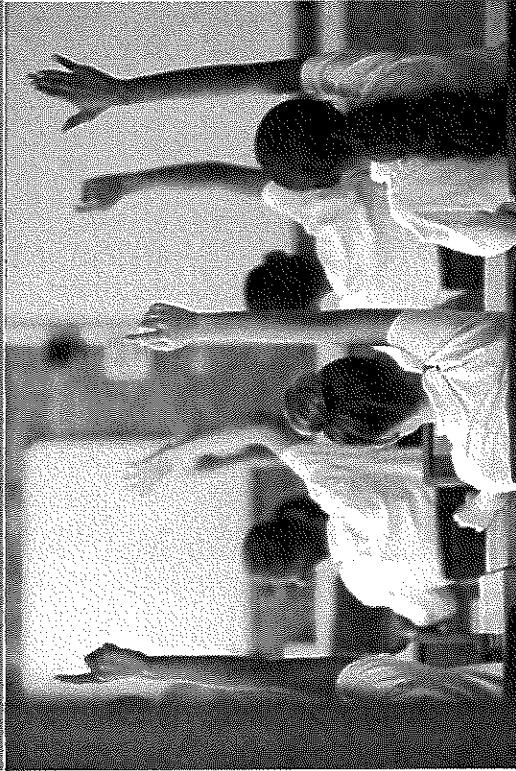


State Flow of Funds

- Budget appropriations based on actual ADM (average daily membership) from prior year; but adjustments will be made for actual ADM after first two months of school year (within available funding)*
- Funds allocated monthly
- No leftover state funding at end of fiscal year
- State budget typically limits flexibility for schools to move money among different categories
- Firm cap on EC (exceptional student) funding per student, (2024-25 maximum of 13% of school system students)

New State ADM Funding Model for Public Schools

S.L. 2023-134



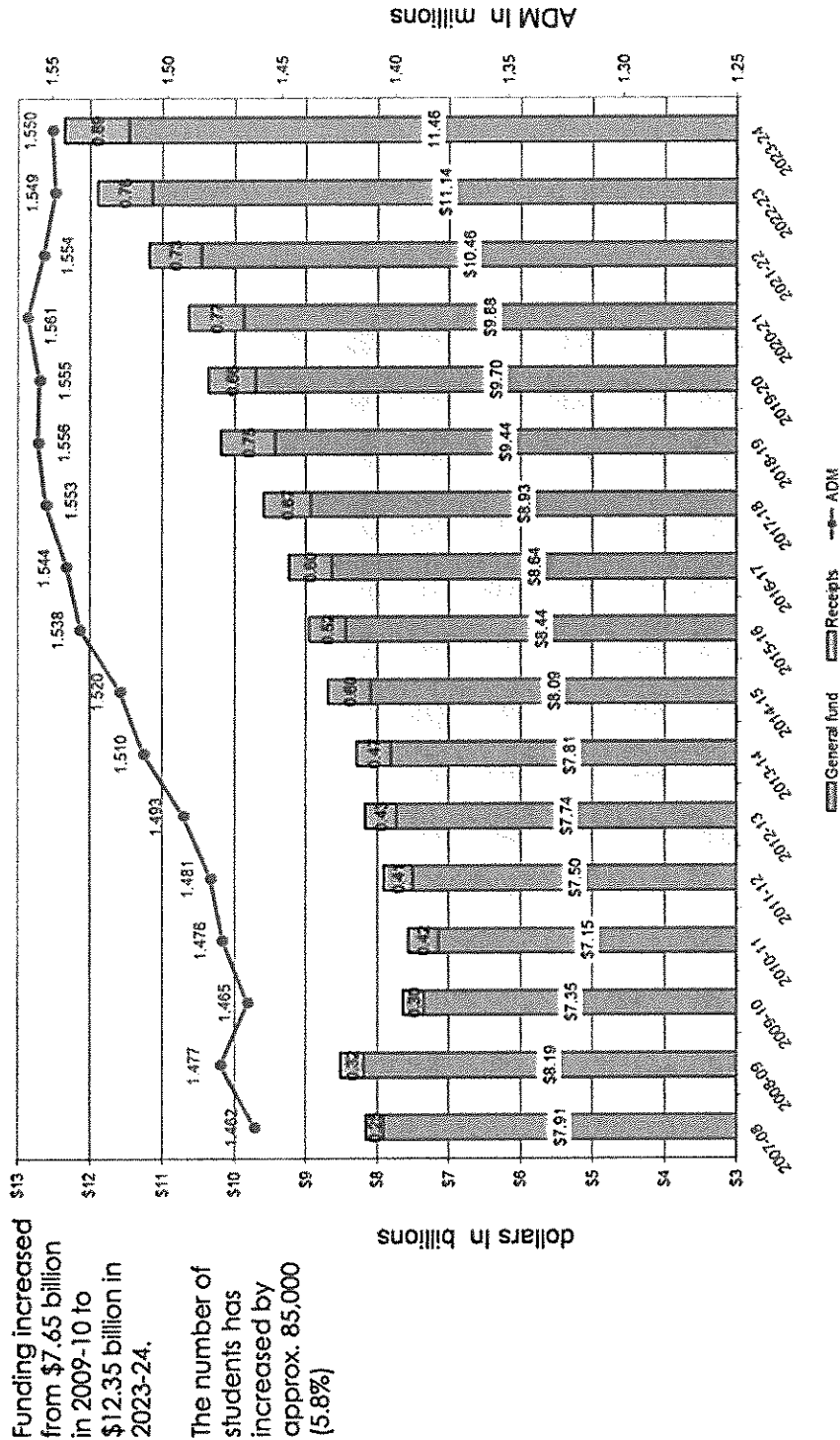
Beginning with 2024-2025 school year, DPI must distribute state funds to public schools based on actual ADM from the prior school year, instead of based on ADM estimates.

ADM = Average Daily Membership

The total number of school days within a given term - usually a school month or school year - that a student's name is on the current roll of a class, regardless of his/her being present or absent, is the "number of days in membership" for that student. ADM for each school month is based on the sum of the number of days in membership for all non-violating (NVIO) students in individual LEAs/Charters, divided by the number of days in the school month (ADM = Member Days (NVIO) / # of days in the school month rounded to nearest whole number). The final ADM is the total days in membership (NVIO) for all students over the school year divided by the number of days school was in session

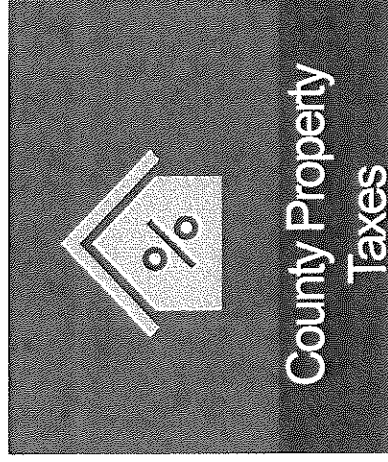
In the past few years, school funding has comprised about 40% of State general fund appropriations

**Total State Public School Appropriations (in Billions)
and Allotted ADM (in Millions)**



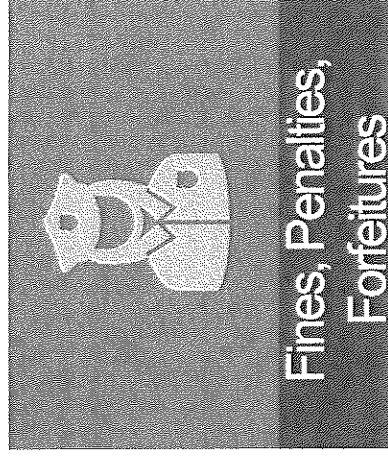
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County & Other Local Funding

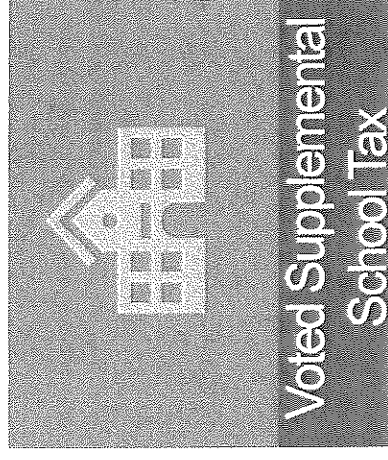


This is the primary revenue source for county school funding.

Property tax revenue may be used to make appropriations for operating and capital expenditures to schools or to make certain direct expenditures for schools or to pay debt service payments on school capital.

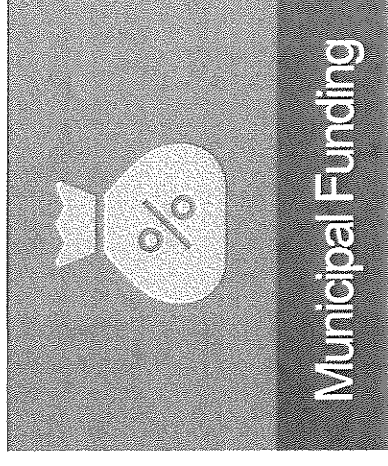


The clear proceeds of all local civil penalties for violations of local ordinances that can be criminally enforced and of any statutory penalties that are punitive in nature must be distributed to the schools.



A school board may petition for a county referendum on a dedicated property tax rate for operating and/or capital expenditures.

If approved, school board requests rate each year and county board may approve up to maximum rate requested by school board.



A municipality may fund any operating and some capital costs of school located within municipal boundaries and may fund the per pupil proportional share for schools located outside municipal boundaries but attended by municipal residents.

Voted Supplemental School Tax

Creates a special
property taxing
district that
encompasses the
entire school
district

1

- School board petitions county board for referendum on voted supplemental school tax
- Petition includes maximum rate up to statutory maximum of \$.50/\$100 valuation (or \$.60/\$100 valuation)
- Petition specifies whether proceeds will be used for general capital and/or operating expenses

2

- County board must hold referendum

3

- If referendum successful, each budget year school board may request supplemental property tax levy in any amount up to maximum rate approved by voters

4

- Each budget year, county commissioners decide whether to levy the supplemental property tax and set rate up to maximum requested by school board

5

- Supplemental school tax proceeds legally earmarked for school capital and/or operating expenses, as specified in voter referendum

Municipal Funding (Optional)

A municipality may “supplement funding for elementary and secondary public education that benefits the residents” of the municipality.

May support traditional public schools, charter schools, laboratory schools, and regional schools.

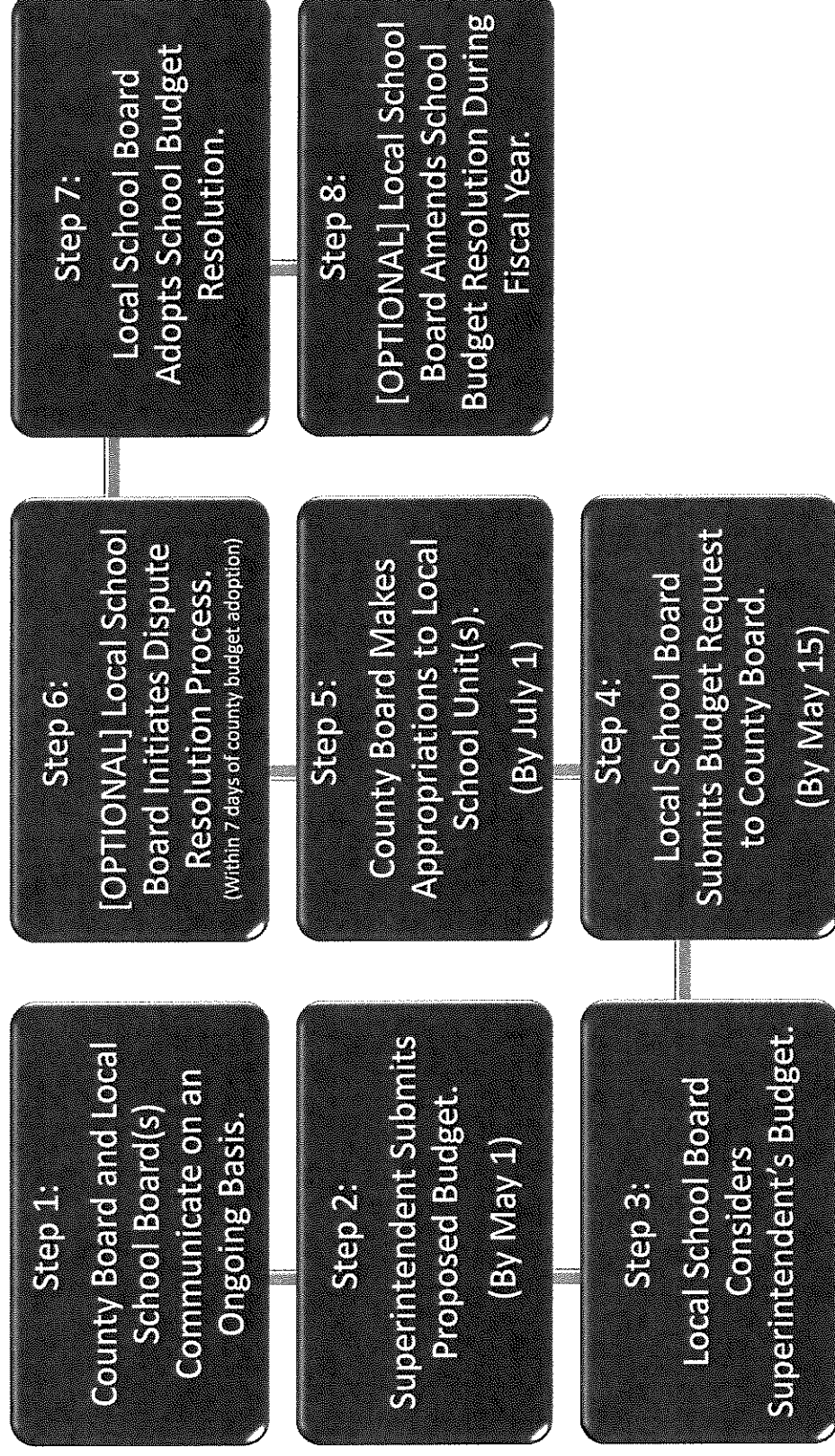
For schools **inside municipal limits**, a municipality may provide funding for

- Capital or current operating expenses
- Other specific uses directed by the city
- Operational and financing leases for real property and mobile classrooms to be used as school facilities
- Payments on loans made to public schools for facilities, equipment, or operations

Funding **MAY NOT** be used to obtain any other interest in real property or mobile classroom unit.

For schools **outside municipal limits**, a municipality may provide funding on a per pupil basis for students attending that school who are residents of the city for current operating expenses or other specific uses directed by the city.

School Funding Process



Information Sharing

“At the time of submission of the [proposed] budget, the board of education shall also submit to the board of county commissioners in writing the academic performance of the schools in the local school administrative unit, including the school performance grades of each school, any schools identified as low-performing or continually low-performing, and efforts by the local board of education to improve those identified schools' performance. The local board of education shall present the academic performance information at a public meeting upon the request of the board of commissioners.

....

The board of county commissioners shall have full authority to call for, and the board of education shall have the duty to make available to the board of county commissioners, upon request, all books, records, audit reports, and other information bearing on the financial operation of the local school administrative unit.” NCGS 115C-429

School Budget Funds

Fund 2: Local Current Expense Fund* (Mainly County Funded)

- County appropriations
- Fines, penalties, forfeiture distributions
- Supplement school taxes
- Other monies accruing to the school unit for operating expenses

**Funds shared on per pupil basis with charter schools*

Fund 4: Capital Outlay Fund (Mainly County Funded)

- County appropriations (including earmarked sales taxes and lottery monies)
- Supplemental school taxes
- Proceeds of sales of capital assets
- Donations/grants restricted to capital

Fund 8 (Limited County Funding)

- Restricted gifts and grants
- Reimbursements
- Tuition
- Sales tax distributions
- Sales tax refunds
- Funds for pre-kindergarten programs
- Federal appropriations directly to school unit
- Trust funds

Local Current Expense Fund: Purpose/Function

Instructional Services

- Regular Instructional Services
- Special Population Services
- Alternative Programs and Services
- School Leadership Services
- Co-curricular Services
- School-Based Support Services

Supporting Services Programs

- Support and Development Services
- Special Populations Support and Development Services
- Alternative Programs and Services Support and Development
- Technology Support Services
- Operational Support Services
- Financial and Human Resources Services
- Accountability Services
- System-Wide Pupil Support Services
- Policy, Leadership, and Public Relations Services

Ancillary Services

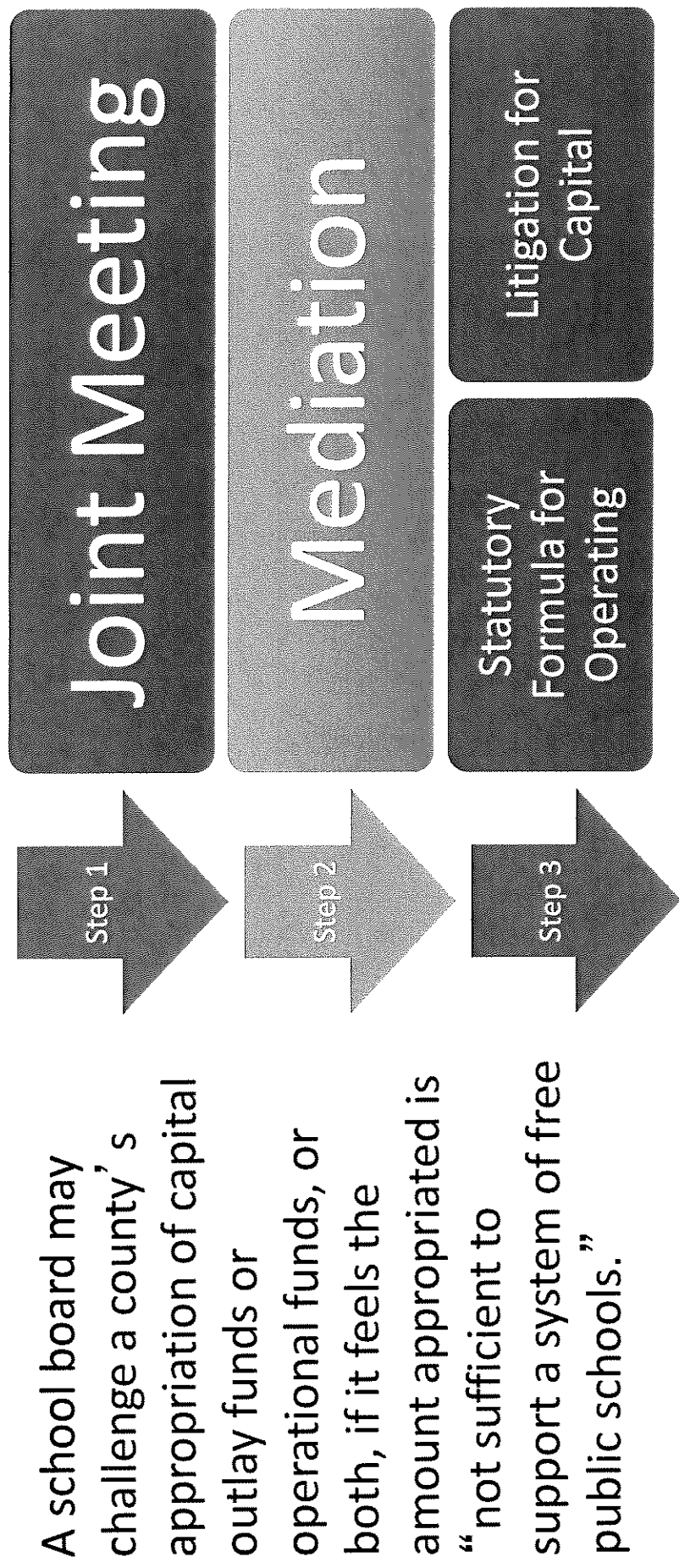
- Community Services
- Nutrition Services
- Adult Services

Non-programmed Charges

- Payments to Other Government Units
- Unbudgeted Funds
- Debt Services
- Interfund Transfers
- Contingency
- Educational Foundations
- Scholarships

This is the level of
specificity that
county
commissioners can
direct county
appropriations

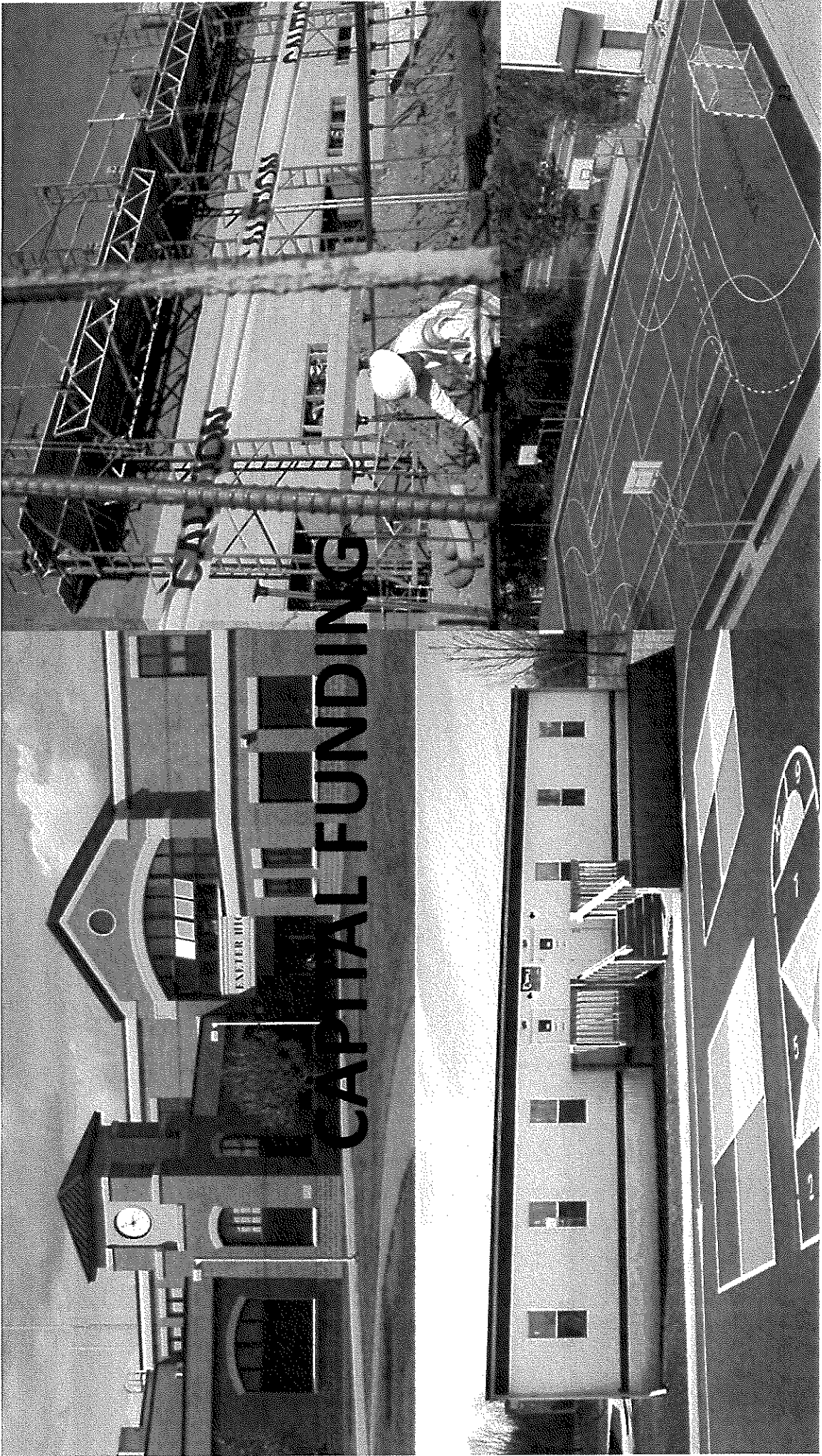
Dispute Resolution Process



Statutory Minimum Funding Formula

Per Pupil Maintenance of Effort + Inflation

Default Formula < 2 Years in a Row	Default Formula ≥ 2 Years in a Row
• Amount of county local current expense appropriation actually spent in prior year • Divide by prior year ADM • Multiply by inflationary factor • Multiply by budget year in dispute ADM	• Amount of county local current expense appropriation actually spent in prior year • Divide by prior year ADM • Multiply by higher inflationary factor • Multiply by budget year in dispute ADM





**Public School Building
Capital Fund
G.S. 115C, Art. 38A
FY 24-25: \$100,000,000**

- \$100 million lottery funds per year in recent years
- Allocated based on ADM among 100 counties
- County board and school board jointly apply to use funds for capital projects
- No county match required

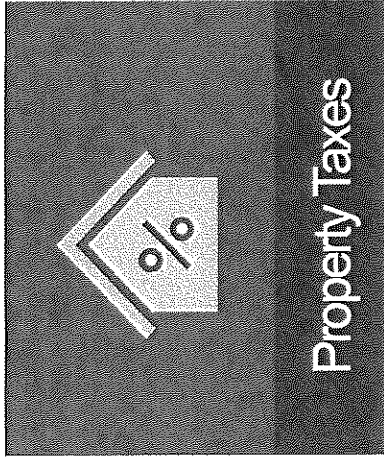
**Needs Based Public School
Capital Fund
G.S. 115C, Art. 38B
FY 24-25: \$258,252,612**

- Grants to Tier 1 counties and other counties that meet certain hardship financial criteria
- Grant max amounts: \$42m for elementary; \$52m for middle or combo; \$62m for high school.
- Requires county match according to statutory scale
- New provisions requiring repayment under certain circumstances
- Used only for the construction of new school buildings and additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or for capital improvements to administrative buildings. Under certain circumstances may be used for qualifying lease agreements

**Public School Building Repair and Renovation
Fund
G.S. 115C, Art. 38C
FY 24-25: \$50,000,000**

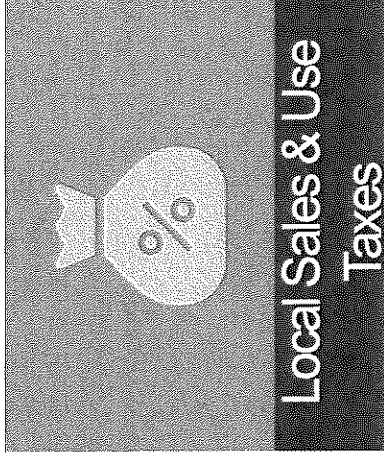
- Funds to counties for repair and renovation projects for local school administrative units within a county.
- DPI must annually allocate all funds available from the Fund to each county in equal amounts.
- Must use funds for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings within local school administrative units located in the county.
- Funds may NOT be used for the retirement of indebtedness.

County & Other Local Funding

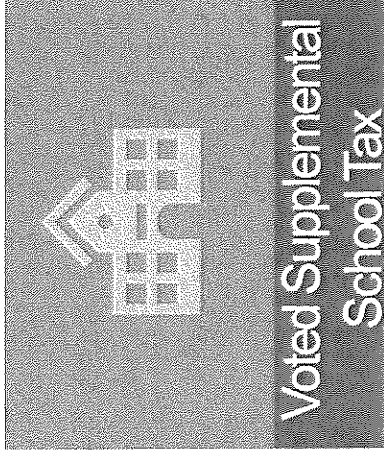


This is the primary revenue source for county school funding.

Property tax revenue may be used to make appropriations for operating and capital expenditures to schools or to make certain direct expenditures for schools or to pay debt service payments on school capital.

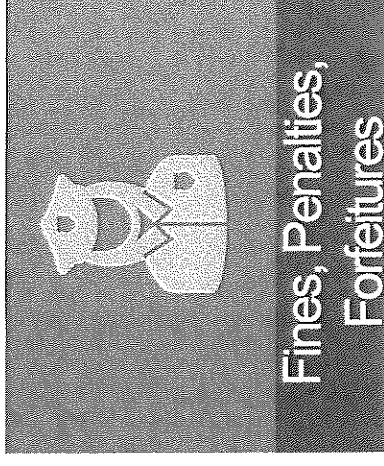


A portion of county's local sales and use tax proceeds are earmarked for school capital or debt on school capital.



A school board may petition for a county referendum on a dedicated property tax rate for operating and/or capital expenditures.

If approved, school board requests rate each year and county board may approve up to maximum rate requested by school board.



The clear proceeds of all local civil penalties for violations of local ordinances that can be criminally enforced and of any statutory penalties that are punitive in nature must be distributed to the schools.

Earmarked Sales and Use Taxes

Legally earmarked
for school capital
or debt service on
school capital

30% of Article 40 $\frac{1}{2}$ cent sales & use tax proceeds
60% of Article 42 $\frac{1}{2}$ cent sales & use tax proceeds

The county must retain as restricted revenue any earmarked sales and use tax proceeds that are
not appropriated to the school unit(s) in any given year.

Not levied by all
counties. MAY be
used for any
school
appropriations

Article 46 $\frac{1}{4}$ cent sales & use tax proceeds

May be used ONLY
for economic
development,
public education,
or community
colleges

Redistributed Articles 39, 40, & 42 sales & use tax
proceeds among certain counties (NCGS 105-524)

School Budget Funds

Fund 2: Local Current Expense Fund*

(Mainly County Funded)

- County appropriations
- Fines, penalties, forfeiture distributions
- Supplement school taxes
- Other monies accruing to the school unit for operating expenses

**Funds shared on per pupil basis with charter schools*

Fund 4: Capital Outlay Fund

(Mainly County Funded)

- County appropriations (including earmarked sales taxes and lottery monies)
- Supplemental school taxes
- Proceeds of sales of capital assets
- Donations/grants restricted to capital

Fund 8

(Limited County Funding)

- Restricted gifts and grants
- Reimbursements
- Tuition
- Sales tax distributions
- Sales tax refunds
- Funds for pre-kindergarten programs
- Federal appropriations directly to school unit
- Trust funds

This is the level of
specificity that
county
commissioners can
direct capital
appropriations

Capital Outlay Fund: Categories

Category I (appropriate by project)

- Acquisition of real property
- Construction, reconstructions, enlargement, renovation, or replacement of buildings and other structures for school purposes

Category II (appropriate by category)

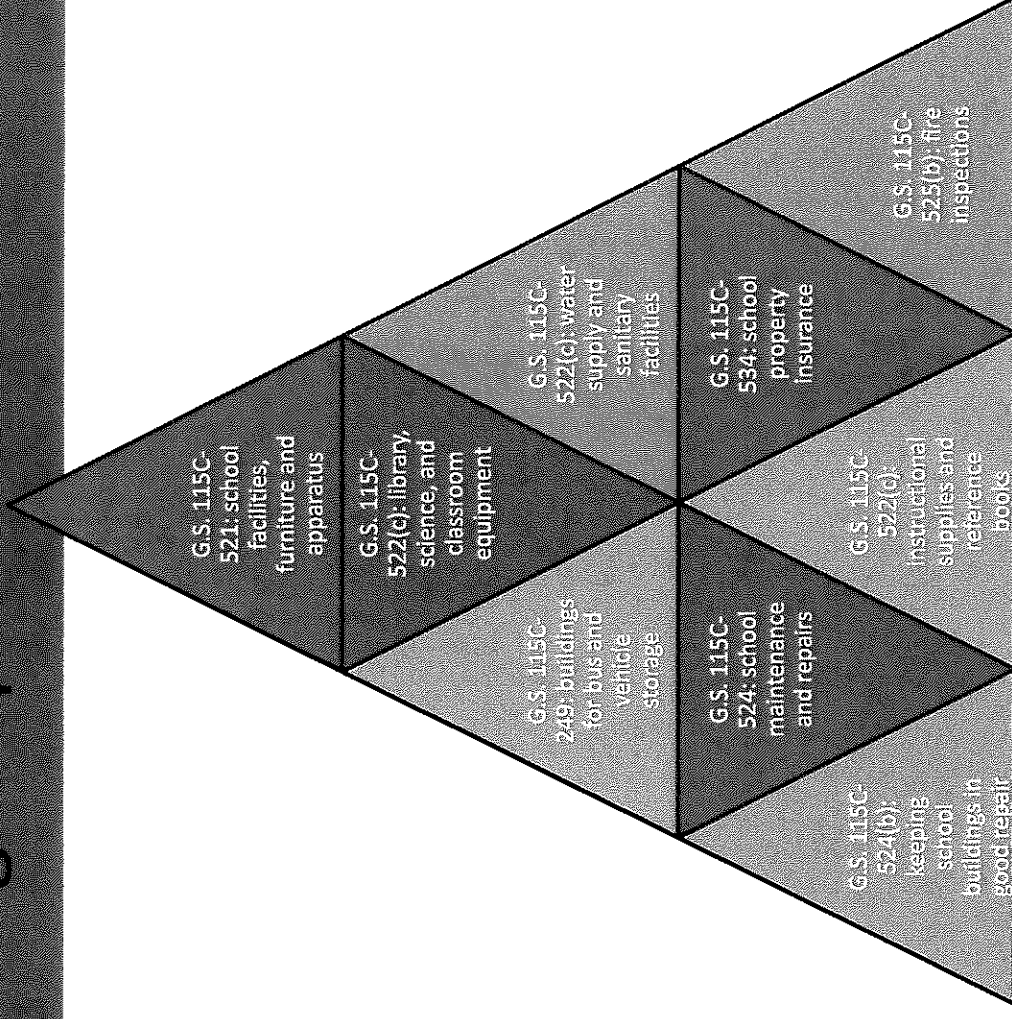
- Acquisition or replacement of furnishings and equipment

Category III (appropriate by category)

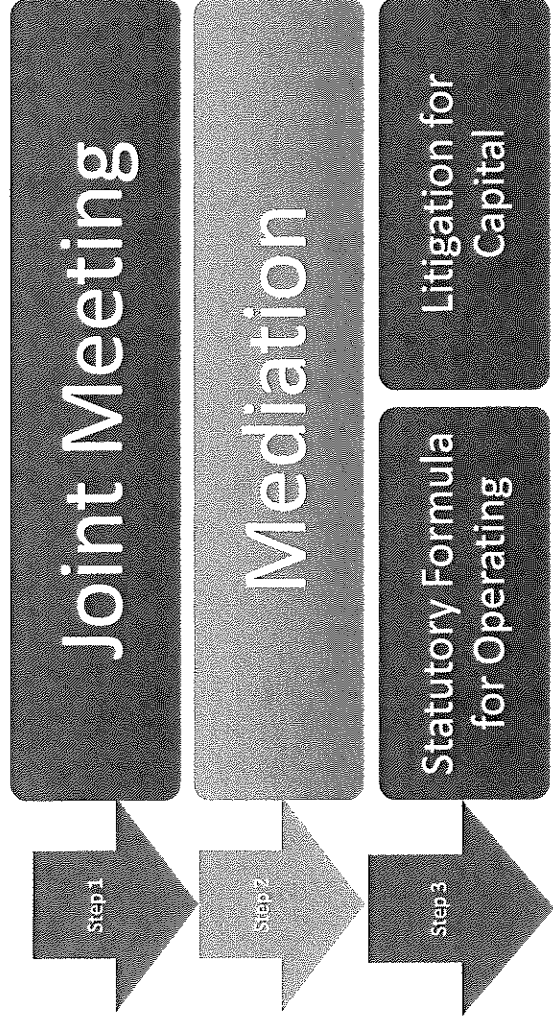
- Acquisition of school buses, activity buses, and other motor vehicles

Capital Capital Funding Requirements

There are several statutes that spell out specific funding requirements for counties, but they do not speak to amounts



Dispute Resolution Process



Judge or Jury determines “money legally necessary from the board of county commissioners to provide the local school administrative units with buildings suitably equipped, as required by G.S. 115C-521, in order to maintain a system of free public schools as defined by State law and State Board of Education policy. In making the finding, the judge or the jury shall consider the educational goals and policies of the State and the local board of education, the budgetary request of the local board of education, the financial resources of the county and the local board of education, and the fiscal policies of the board of county commissioners and the local board of education.” G.S. 115C-431

Authority to Make Changes During Fiscal Year

County Commissioners		Local School Board
MAY make new appropriations for operating or capital expenses during fiscal year.		MAY amend budget resolution during fiscal year, consistent with state law and county budget allocations
MAY NOT reduce appropriations to school board for operating or capital expenses once county budget ordinance is adopted UNLESS school board consents OR a general reduction in county expenditures is required because of prevailing economic conditions.		MAY NOT move money to or from the capital outlay fund to or from any other fund unless it is an emergency unforeseen and unforeseeable at budget time and unless the board of county commissioners approves
		MUST abide by County allocations to capital categories or to purpose function codes, except the law allows the school board to modify between 10% and 25% of local current expense allocations, depending on limitation set by county commissioners

School
board
decides
where new
school
buildings
go

Locating School Facilities

“In construing these statutes, our Court has consistently held that the Board of Education determines whether new school buildings are needed and, if so, where they shall be located. Such decisions are vested in the sound discretion of the Board. The Board's discretion with reference thereto cannot be restrained by the courts absent a manifest abuse of discretion or a disregard of law.”

Painter v. Wake County Bd. Of Educ., 217 SE2d 650 (1975)

County
board
must
approve
cost for
school site

“No contract for the purchase of a site shall be executed nor any funds expended therefor without the approval of the board of county commissioners as to the amount to be spent for the site; and in case of a disagreement between a board of education and a board of county commissioners as to the amount to be spent for the site, the procedure provided in G.S. 115C-431 shall, insofar as the same may be applicable, be used to settle the disagreement.”

G.S. 115C-426

School board
must get county
board
permission for
certain multi-
year capital
expenditures

Multi-Year School Capital Contracts

115C-441: County commissioners must approve multi-year school contracts for capital outlay; approval binds county to appropriate funds to cover contract expenses in future fiscal years

115C-528: School boards can enter into a lease purchase/installment finance agreements for certain equipment, vehicles/buses, and mobile classrooms; must get county commissioner approval if contract over 3 years and amount over \$250K or three times the school's annual State allocation for classroom materials, equipment, and instructional supplies, whichever is less.

115C-530: School boards may enter operational leases for real or personal property for use as school buildings or school facilities; must get county commissioner approval if 3 years or more.

Contracting for School Construction / Repairs

115C-521(d): “Local boards of education shall make no contract for the erection of any school building unless the site upon which it is located is owned in fee simple by the local board of education”

BUT, if counties use installment financing to borrow money for school capital project, county must have an ownership interest in property for life of the loan

BUT, school board may contract with county to oversee construction project

115C-521(c): “The building of all new school buildings and the repairing of all old school buildings shall be under the control and direction of, and by contract with, the board of education for which the building and repairing is done.”

Disposing of School Property



“[A]ll moneys, stocks, bonds, and other property belonging to a county school fund, and the clear proceeds of all penalties and forfeitures and of all fines collected in the several counties for any breach of the penal laws of the State, shall belong to and remain in the several counties, and shall be faithfully appropriated and used exclusively for maintaining free public schools.”

NC Const. Art. IX, Sect. 7

This provision was “designed in its entirety to secure two wise ends, namely: (1) To set apart the property and revenue specified therein for the support of the public school system; and (2) to prevent the diversion of public school property and revenue from their intended use to other purposes.”

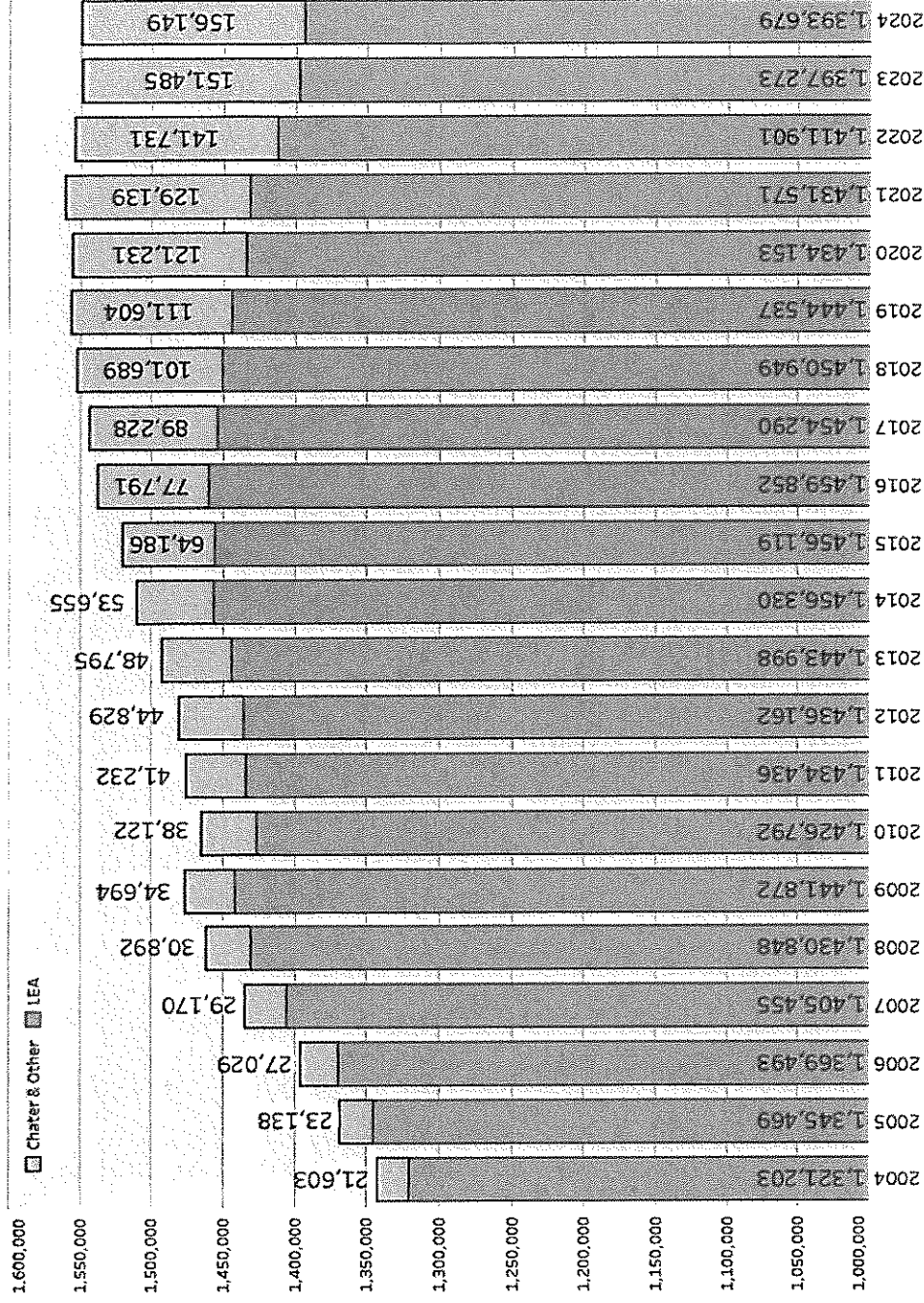
Boney v. Board of Trustees of Kinston Graded Schools, 229 N.C. 136 (1948).

115C-518: School board must offer county right of first refusal to purchase school site, real or personal property; but county must pay fair market value

Charter schools in North Carolina have experienced significant growth and evolution since their inception in 1996.

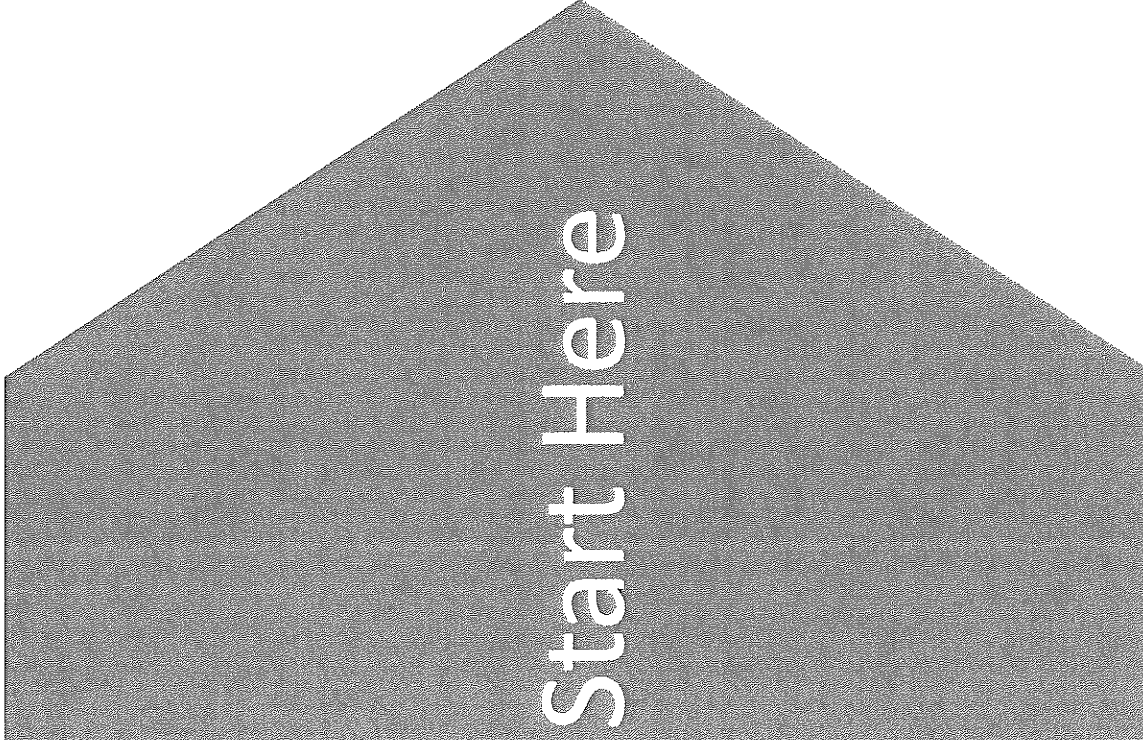
Charter schools in North Carolina operate with greater flexibility than traditional public schools. They are exempt from certain regulations and are not required to provide transportation or participate in the National School Lunch Program.

Charter Schools



Charter School Support

	For Operational Needs	For Capital Needs
State	Per pupil allocation for average daily membership + additional funding for children with disabilities and limited English proficiency	Charter may use State funding for operational and financing leases for real property or mobile classroom units and/or loan payments
Local School Administrative Unit	Per pupil share of local current expense fund monies (not including fund balance)	Must lease, upon request of a charter school, any available building or land owned by the school administrative unit unless the school unit's governing board demonstrates that the lease is "not economically or practically feasible or that the local board does not have adequate classroom space to meet its enrollment needs."
County	Not Allowed	May donate surplus, obsolete, or unused personal property to charter schools. May fund for each charter school that educates county residents: • The acquisition of real property for school purposes, including, but not limited to, school sites, playgrounds, and athletic fields. • The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including, but not limited to, buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, and gymnasiums; and • The acquisition or replacement of furniture and furnishings, instructional apparatus, technology, data processing equipment, business machines, and similar items of furnishings and equipment. Must execute deed of trust
Municipality	May fund operating expenses, special programs of charter schools that serve municipal residents.	May donate surplus, obsolete, or unused personal property to charter schools. For charter schools located within the municipality, may fund general capital (including construction, repair, maintenance, additions, and upgrades) For charter schools located within the municipality, may also fund operational and financing leases for real property or mobile classroom units and/or loan payments



Start Here

§ 115C-426.2. Joint planning.

In order to promote greater mutual understanding of immediate and long-term budgetary issues and constraints affecting public schools and county governments, local boards of education and boards of county commissioners are strongly encouraged to conduct periodic joint meetings during each fiscal year. In particular, the boards are encouraged to assess the school capital outlay needs, to develop and update a joint five-year plan for meeting those needs, and to consider this plan in the preparation and approval of each year's budget under this Article.

Dare County's Board of Education Funding Plan

March 19, 2025

**Presentation for Joint Meeting of Lee County Board
of Commissioners & Lee County Board of Education**



Need for a New Funding Plan

◆ Previous Per-Pupil Formula No Longer Worked

- The old per-pupil formula treated both fixed costs and variable costs as variable based on average daily membership (ADM).
- Funding was rising at a significantly greater level than actual expenses.
 - ◆ *ADM rising at less than 1% annually.*
 - ◆ *CPI increasing by less than 2% annually.*
 - ◆ *Dare County funding increasing by almost 28% annually.*

Need for a New Funding Plan

- ◆ No relationship between funding and actual costs of student population increase.
- ◆ Continuing to use this formula for funding — with Dare County's portion increasing by nearly 28% per year — was unsustainable.
- ◆ Additionally, this lack of correlation between funding, actual costs and student population resulted in contention between the Dare County Board of Commissioners and the Dare County Board of Education.
- ◆ It became clear that a more sustainable funding approach was needed, and in 2015 Dare County and the Dare County Board of Education collaborated to develop a plan.

Developing a New Funding Plan

- ◆ In 2015, Dare County's Manager & Finance Director worked with Dare County Schools' Superintendent & Finance Director to find a better way to fund schools — that more accurately reflected actual costs.
- ◆ The FY15 funding level was used as a baseline.
- ◆ Staff from Dare County and the Board of Education looked at costs that varied based on the number of students, as well as costs that stayed the same regardless of the number of students.
 - ◆ Found that the vast majority of costs were not related to the number of students (fixed costs).
 - ◆ Found very few costs that changed with student population increases (variable costs).

Developing a Plan: Fixed Costs:

- ◆ Developed a plan that calculated variable costs funding, fixed costs funding and county-funded Board of Education staff positions separately.
- ◆ Looked at fixed costs — those that were not affected by the student population:
 - ◆ *Used FY15 actual expenses to calculate*
 - ◆ *Increased actuals by CPI (1.3%)*
 - ◆ *Funded local share of that amount (94%)*
 - ◆ *Resulted in a \$61,213.00 increase over FY15.*

Developing a Plan: Variable Costs

- ◆ Staff also looked at the variable costs associated with the number of students:
 - ◆ Calculated the cost per student in FY15 (\$250.43)
 - ◆ Multiplied the result by projected enrollment (4,973)
 - ◆ Added the CPI for the upcoming year (1.3%)
 - ◆ Then funded the local share of that amount (94%)
 - ◆ Resulted in a \$2,010.00 increase in funding for FY16.

Developing a Plan: Salary Costs

- ◆ Dare County to fund staff salary increases determined annually based on state salary increases so that state-funded and county-funded positions have the same salaries.

Proposed Plan Reviewed

- ◆ Asked the chairman of the Dare County Board of Commissioners & the chair of the Board of Education to meet with staff to review the proposed plan, provide input, ask questions and sign off on it.
- ◆ Then asked the Board of Commissioners and Board of Education to each request two other elected board members—hence the name “5 on 5”—to review the proposed plan, provide input, express concerns, sign off, etc. before presenting to the full boards.
- ◆ Held several “5 on 5” meetings to vet the proposed plan and make the appropriate changes as needed.

Proposed Plan Presented & Adopted

- The proposed plan was presented to the full Dare County Board of Commissioners and the full Dare County Board of Education for discussion and approval.
- A joint meeting of the Dare County Board of Commissioners and the Dare County Board of Education was also held to review and discuss the proposed plan together.
- Each board agreed to proceed according to the new funding plan.

Application of New Funding Plan

- It was determined in 2015 that both boards would apply the approved funding plan in future years.
- Dare County's new Board of Education funding plan was officially implemented for FY16.
- Dare County Board of Education Funding Plan Details:
 - ◆ *Funding is always based on the previous year's actual costs plus CPI.*
 - ◆ *Funding may fluctuate depending on increases in the actual base costs and CPI.*
 - ◆ *Non-CPI increases to the base must be approved by the Dare County Board of Commissioners.*

Funding Plan's Success

- This funding plan has been in place in Dare County since FY16, and it has worked well.
- The actual costs required to operate Dare County Schools have been covered.
- Expected cost increases during year anticipated with CIP increase.
- Increase in county-funded education costs flattened to sustainable levels.
- Having the plan in place has improved relations between the Dare County Board of Commissioners & the Dare County Board of Education—no longer an adversarial or contentious relationship.

"5-on-5 Committee" Established

- The "5 on 5 Committee" was formally established to discuss Dare County Board of Commissioners/Dare County Board of Education issues.
- The committee is comprised of 3 Dare County commissioners, 3 members of the Dare County Board of Education, the Dare County manager, the Dare County finance director, the school superintendent and the school finance director.
- This format has worked very well for both boards since the committee was formed.
- 5-on-5 Committee meetings are held several times each year to address any concerns from either board — and to be sure there is a continued dialog between the two boards in order to prevent surprises.

Benefits of Partnership

- Both the Dare County Board of Commissioners and the Dare County Board of Education know in March or early April of each year what their respective budgets for education will be.
- This makes planning easier and ensures there are no last-minute surprises for either entity.
- There is no MOA or formal written agreement between entities regarding the plan. An outline (similar to this presentation) was provided to both entities and ensures continuity if there are changes in staff.

Capital Requests

- The plan does not include capital items (capital items costing \$50,000 or more) or capital outlay (capital items costing less than \$50,000).
- Capital items are determined and prioritized by the Board of Education.
- Together, the Dare County Board of Education and Dare County Board of Commissioners determines which items are to be paid with lottery funds.
- The goal is to most efficiently use the available funds and to get as many projects accomplished as possible in any given year.

Capital Requests

- **County-funded capital items are integrated into Dare County's Capital Improvement Plan (CIP), with priorities set by the Dare County Board of Commissioners based on available funds and overall needs of both boards.**
- **There is no default or automatic prioritization when it comes to Dare County and Dare County Board of Education requests.**
- **Capital outlay funding increases by 5% annually.**

Dare County's Board of Education Funding Plan

- This funding model has provided financial stability, improved planning capabilities and strengthened collaboration between the two boards.
- Additionally, the plan helps to ensure that Dare County's diverse educational needs are met in a more sustainable and effective manner than they were prior to its development.