

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1686

**SHORT TITLE:** Allocations for ADM Growth in Schools

**SPONSOR(S):** Representative Barefoot

<b>FISCAL IMPACT</b>					
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>	\$49.7 M.	\$50.8M.	\$51.9M	\$53.0 M	\$54.2 M
<b>POSITIONS:</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	State Board of Education, State Public School Fund				
<b>EFFECTIVE DATE:</b>	July 1, 2000				

**BILL SUMMARY:** Directs the State Board of Education to allocate additional resources to local school administrative units experiencing a loss of students to charter schools but an overall increase in average daily membership in noncharter schools. Requires State Board of Education to use funds from Reserve for Increases in Average Daily Membership as title indicates. Requires State Board to report to Joint Legislative Education Oversight Committee on resources allocated.

**ASSUMPTIONS AND METHODOLOGY:**

1. Requires the allocation of additional resources to public schools following a loss of students to charter schools.
2. 28 LEAs had charter school students and had a student population increase (excluding charter school students). 13,430 students within these 28 LEAs attended a charter school.
3. Assume no more than 100 charter schools for the next four-years. Current legislative cap.

4. Estimated cost per student lost to a charter school is based on each LEAs State funding per child.
5. Local funding has not been included. Local funds, from the district in which the student resides, must follow the student to the charter school.
6. Annual growth tied to ADM growth in the 28 LEAs (2.2%).

**TECHNICAL CONSIDERATIONS:**

The bill as written can be interpreted very broadly. All local school systems which have any open charter schools within their districts and have any overall increase in average daily membership (ADM) in non-charter schools would be eligible for funding. The majority of the impact on the public schools is in the first year that a new charter school opens, or when a charter school grows by more than 10% in any one year. However, the bill does not limit the funding assistance to the first year of a charter school's opening or to exceptional growth periods. Without some alteration to the bill and some limitation on the amount of assistance, the Reserve for Increases in Average Daily Membership would be inadequate to fund the bill.

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Philip Price/Eric Thanos

**APPROVED BY:** James D. Johnson

**DATE:** June 6, 2000



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