
FW: News Release: If Proposed Budget Fails, Public Schools May Not Receive Funding for New Students

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NORTH CAROLINA
COALITION FOR
CHARTER SCHOOLS

FOR IMMEDIATE RELEASE

Contact: pat@ryanpublicrelations.com

September 10, 2024

**If Proposed Budget Fails, Public Schools May Not
Receive Funding for New Students**

Budget contains \$95 million for public school enrollment growth

Without it, growing schools – traditional and charter – may have to educate new students with a fraction of the funding they expected

Raleigh, NC – The proposed state budget deal allocates \$95 million to a new account to fund enrollment growth in public schools. Without it, growing public schools – both traditional and charter – may have to educate new students with a fraction of the funding they expected.

Lindalyn Kakadelis, executive director of the NC Coalition for Charter Schools, said, "Thank you to state lawmakers for coming together to propose enrollment growth funding at traditional and charter schools. Our member schools have reached out to us with great anxiety in recent weeks, because without this funding they may soon face a liquidity crisis. We respectfully urge lawmakers and the governor to ensure this funding is enacted into law."

What's Happening?

Last year, the state adopted a new "funding in arrears" model for public schools (which the Coalition for Charter Schools supported). The new model initially funds public schools based on the previous year's enrollment figure, even if enrollment declined. This model provides more funding certainty to public schools.

Of course, the new model must contemplate how to provide extra funds to schools that have more students this year than last year. Public charter schools are the **fastest-growing** school type in North Carolina.

Under the program the State Board of Education and Department of Public Instruction developed, growing schools are supposed to receive extra funds from a new enrollment growth account. The proposed state budget lawmakers are voting on this week allocates \$95 million to that account.

'Likely Unable to Meet Payroll'

The growth account has just \$2.5 million in it right now.

Without additional funding in the growth account, public schools may receive only a small fraction (less than 5%) of expected funding for each new student they're educating.

Even if policymakers add new funding during next year's budget to make schools whole, smaller public charter schools and schools that experienced particularly high enrollment growth this year may be unable to pay bills or make

payroll in the intervening time. If, say, a school's population – and therefore expenses – grew by 25%, but their state funding only grows by 5%, they face a very real threat of running out of money.

Potentially impacted schools have been sharing their financial outlook with the Coalition in recent weeks. Here are excerpts from two charter schools (we're withholding the names of the schools to avoid alarming parents and staff):

- Without action, "we will not be able to make payroll. That means our teachers will miss paychecks. We needed to hire teachers to teach 240 students, but with funding for only 118 students, we have not been given enough to pay them through November. We may further miss one or more lease payments, putting us in default on our lease and causing us to incur late fees."
- "The fiscal impact of not receiving growth funding prior to July of 2025 is catastrophic: If possible, we would need to borrow significant funds (\$1.1M) at a market rate of at least 7%. This would cost us \$43,026.00 in interest at the end of 8 months. If we were unable to borrow needed funds, it would necessitate sending students back to their home schools and laying off newly hired teachers."

Prestige School Solutions, a company that provides accounting and payroll services to nearly 100 North Carolina schools, said, "North Carolina charter schools, in particular, have experienced some of the highest enrollment increases in the nation. If schools experiencing growth or opening do not receive the recommended amounts allocated in the ADM contingency reserve, these schools will likely be unable to make payroll."

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