

Consortium for  
Educational  
Research and  
Evaluation–  
North  
Carolina

# Local Education Agency Race to the Top Expenditures

An Initial Analysis

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## **LOCAL EDUCATION AGENCY RACE TO THE TOP EXPENDITURES: A BASELINE ANALYSIS**

### **Executive Summary**

In 2010, North Carolina was awarded \$399,465,769 from the federal Race to the Top (RttT) competition to fund state and local educational reform. States receiving RttT funds were required to allocate half of the funds to participating local education agencies (LEAs). North Carolina pooled \$34,639,376 of locally-allocated funds to provide a computing infrastructure to serve local needs statewide, referred to as the North Carolina Education Cloud. LEAs were required to contribute, on a prorated basis, funds from their local allocations to this project, after which the amount allocated directly to LEAs (including eligible charter schools) was \$165,360,624. The purpose of the direct allocation of funds to North Carolina LEAs was to provide them with resources to support statewide RttT initiatives locally and to allow LEAs flexibility in crafting their own plans to achieve the objectives of RttT. LEAs pursued multiple strategies for spending their first year of RttT funds. In 2010-11, LEA RttT expenditures totaled \$12,617,032 or approximately \$11.92 per pupil.

This report provides an overview of historical levels of educational expenditures in North Carolina as a baseline for future analysis of potential connections between RttT expenditures and outcomes for North Carolina's LEAs and schools. In addition, this report documents the first year of RttT expenditures by LEAs (2010-11). Following regulations from the U.S. Department of Education, the North Carolina Department of Public Instruction (NCDPI) allocated RttT funds for each LEA based on LEA-level Title I allocations for the 2009-10 academic year. Thus, LEAs with higher rates of student poverty were eligible for greater proportional amounts of local RttT funding. LEAs were required to spend RttT funds to develop innovative programs or practices, or to expand or enhance existing innovations that aligned with the goals of RttT. Each LEA and participating charter school submitted plans to NCDPI to substantiate that their expenditures would conform to federal regulations.

This report presents RttT LEA expenditures for 2010-11 in fourteen broad-based expenditure categories that provide information about how the funds were used. The report finds that, even with the RttT supplement, total school-level expenditures per pupil remained reduced relative to previous expenditures due to economic conditions and state budgetary decisions. While 2010-11 school expenditures increased by 1% compared to expenditures in 2009-10, they remained 7% below 2008-09 expenditures.

The two largest categories of LEA RttT spending went directly to the classroom, where teaching and learning takes place: about 64% of all RttT LEA expenditures were for classroom instruction and about 29% were for support for classroom instruction. LEAs were not allowed to budget or expend RttT funds for basic operations (including classroom operations) or to substitute RttT funds for revenues that were reduced due to the economic downturn.

### **Key Findings**

1. In the 2010-11 academic year, North Carolina LEAs spent the largest amount of their total funding on the category of classroom instruction, amounting to \$4,514.40 per pupil (45% of the total). Classroom instruction, in this report, refers mainly to salaries and benefits for all classroom instructional staff, including teachers and assistants.
2. Between 2008-09 and 2010-11, total expenditures per pupil in constant dollars declined from \$10,706.39 to \$9,985.89—a 3.6% annualized decline. Over the same time period, expenditures for classroom instruction declined by \$500.63 per pupil—a 5% annualized decline in real terms.
3. Total RttT funds allocated to North Carolina LEAs averages to \$35.69 per pupil per year over the four years of the grant. LEAs and charters can spend more or less than this amount annually based on their actual allocations and on their strategic plans as approved by DPI.
4. According to an analysis of their plans, LEAs plan to use the largest proportion of their RttT funds (49%) for technology, followed by professional development (21%) and strategic staffing (15%). In terms of planned *activities*, LEAs plan to prioritize RttT funds for professional development (43%) followed by technology (24%) and strategic staffing (20%).
5. According to an analysis of actual expenditures, in 2010-11, regular LEAs spent approximately \$12,580,518.67, or \$11.92 per pupil in RttT funds. Three expenditure categories comprised the bulk of LEA RttT spending: classroom instruction (64%), support for classroom instruction (29%), and professional development (4%).<sup>1</sup>
6. In 2010-11, 16 charter schools spent approximately \$23,536.31, or \$83.24 per pupil in RttT funds. Four expenditure categories comprised the bulk of charter school RttT spending: administration (65%), professional development (17%), school leadership (4%), and supplementary classroom instruction (4%).

### **Recommendations**

- Analyses of year-to-year shifts in shares across expenditure categories and funding amounts show a relative decrease in some categories (such as classroom instruction) and a relative increase in other categories (such as supplementary classroom instruction). RttT regulations do not prohibit supplanting of funds. However, the purpose of RttT funding is to provide funding for innovative reform efforts. This clear distinction can become blurred in an era of reduced state and local funding in a state that has designed and implemented numerous educational innovations that pre-exist RttT. This report recommends additional analyses to help determine the extent to which RttT funds either replace lost funding or are directed towards reform-focused innovations.
- In 2010-11 only 33 LEAs reported RttT spending to the school level. In the future, NCDPI should ensure that all RttT funds spent in schools be coded for the specific schools where the funds were spent and ensure that LEAs that report using RttT funds for initiatives based in LEA central offices are indeed doing so.

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<sup>1</sup> The categories in findings 4 and 5 are different because the planning documents and expenditure documents used different classification schemes.

## **Introduction**

The goal of the overall evaluation of Race to the Top (RttT) local spending is to describe and analyze the manner in which schools and local education agencies (LEAs) utilize the local RttT funds made available to them. The purpose of this initial report is to determine baseline levels of spending. Specifically, this first report will:

- Describe historical patterns of expenditures in North Carolina schools across a range of spending categories;
- Review state allocations to LEAs based on the federally-mandated RttT formula; and
- Examine the distribution of RttT funding in schools for the 2010-11 academic year.

Additional reports for this evaluation will provide results from surveys and interviews with school finance officials about their experiences planning for, receiving, and spending RttT funds. A final report for this evaluation will examine changes in expenditure patterns in schools and LEAs across time through RttT implementation and will attempt to assess the extent to which different patterns of local expenditures are associated with better student outcomes.

The sections that follow first describe the overall structure and specific mechanisms for school funding in North Carolina, then report on educational spending over time in North Carolina across 14 spending categories. After describing data sources and methods of analysis, the report provides an historical overview of educational spending in North Carolina. Finally, the report describes the allocation of RttT funds, to begin the process of tracking those funds to the school level.

## **Background**

### ***RttT Allocations***

A required element of North Carolina's RttT action plan involves distributing 50% of total RttT funding directly to LEAs (including eligible charter schools). The purpose for these allocations is to provide resources for LEA-level support of statewide RttT initiatives, while at the same time allowing LEAs flexibility in making spending decisions to achieve the objectives of RttT.

North Carolina provided RttT funds to each of the state's 115 LEAs and eligible charter schools that chose to participate. Fund allocation formulas were based on U.S. Department of Education guidelines that mandated the use of Title I funding figures from the academic year prior to the awarding of the grant (2009-10) to establish local allocations. Based on these guidelines, 51 charters were eligible for the local RttT funds; 27 chose to participate in RttT.

RttT provides an unprecedented opportunity to use federal funds to stimulate educational reform in North Carolina, but it also presents a number of challenges to LEAs. One such challenge is both the amount and nature of RttT funding. While RttT represents a substantial, additional federal investment in education funding, it is not a permanent source of additional funding, but rather a temporary program that provides seed funding for states and LEAs to implement innovative reforms that conform to a federally-driven agenda. This presents a challenge for LEAs that wish to spend RttT funds locally without making commitments for ongoing expenditures. Additionally, the "seed grant" aspect of RttT funding provides relatively small per-pupil allocations for LEAs to use. LEA allocations vary widely based on the federal funding formula and local student characteristics. Additionally, the timeframe in which LEAs choose to spend RttT funds varies based on DSW; some LEAs may invest their RttT funds early in the funding cycle and some may delay using RttT funds until later years. Reporting LEA-level funding amounts in the face of such variation is difficult.

One convention in the school finance literature for reporting funds is to report on a per-pupil basis. Using this convention, each LEA will receive, on average, \$143 per pupil across the life of the RttT grant. This equates to an average of about \$36 per pupil per year for each LEA. In practice, however, amounts for LEAs varied, based on the federal guidelines, and ranged from \$6.36 per pupil per year at the 5<sup>th</sup> percentile to \$217.60 per pupil per year at the 95<sup>th</sup> percentile. Not unexpectedly, because of the link between RttT allocation and Title I funding, an analysis of differences in allocations indicates that they were related to LEA poverty levels (higher-poverty LEAs received approximately \$70 more per pupil in allocations than did lower-poverty LEAs) as well as to LEA type (suburban or rural LEAs received approximately \$6 more per pupil than did urban LEAs). A complete listing of LEAs and their RttT allocations can be found in Appendix A.

To obtain RttT funds, LEAs submitted Detailed Scopes of Work (DSW), linked to LEA-wide improvement plans, which demonstrated the intended nature and uses of RttT funds in the service of school improvement. Although funds were not approved until January 31, 2011 (when the U.S. Department of Education approved North Carolina Department of Public Instruction [NCDPI] and local DSWs), LEAs were allowed to charge qualifying expenditures as of August

24, 2010; therefore, RttT funds were able to be expended by LEAs near the beginning of the 2010-11 academic year.

### ***State and Local Fiscal Context***

Another difficulty facing LEAs is that RttT funds are being distributed during a significant economic downturn that has in turn put local school budgets under severe stress. One factor contributing to this stress is reduced state funding for education. Educational spending in North Carolina consumes approximately 68% of the state budget, but recent state budgets have led to a decline in overall state spending in constant dollars of \$548 per pupil, from \$4,800 in the 2007-08 academic year to \$4,252 in 2010-11. This decline also occurred in local expenditures for education. In constant dollars, the drop in LEA funds has been approximately \$229 per pupil, dropping from \$1,801 in the 2008-09 academic year to \$1,572 in the 2010-11 academic year.<sup>2</sup> Although RttT funds are intended to support educational innovations that will in turn support educational reform, LEAs may be challenged to refrain from attempting to use RttT funding to replace losses that occurred through cuts in state and local revenue, a practice known as “supplantation.” Although supplanting funds is not expressly prohibited by federal regulations, RttT funds are intended for use in support of reform rather than as additional funding for non-RttT purposes, and NCDPI did not approve DSWs that proposed supplantation of basic operating expenses.

Finally, RttT funding comes to states as other federal funds begin to dissipate. The Federal Education Jobs Fund, for example, provided an estimated \$301 million to support 5,473 teachers in North Carolina in the 2010-11 and 2011-12 academic years, but that funding was non-recurring, and thus is not available for 2012-13 or beyond.<sup>3</sup> In addition, North Carolina spent the last of its \$1.6 billion allocation from the State Fiscal Stabilization Funds during the 2010-11 academic year.

### ***State Education Funding Structure***

As a part of North Carolina’s commitment to provide access to a sound, basic education for all of its children, the state is required to ensure adequate funding for public schools. The state distributes funding for public schools through statewide funding formulas. However, schools receive funds from multiple sources. Federal, state, local, and private contributions to school expenditures are an expected part of the state’s overall funding plan. Local contributions for public schools spending vary significantly, since these contributions are based in part on property wealth and spending priorities in the localities. Due to local variation in educational expenditures, the state distributes funding in a manner that is intended to make overall expenditures more *vertically* equitable.<sup>4</sup> In other words the state formulas are designed to provide more financial resources to LEAs with higher proportions of students who are more challenging to educate, such as students with special needs or students from families living in poverty. Experts agree that

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<sup>2</sup> [http://www.ncleg.net/fiscalresearch/statistics\\_and\\_data/stat\\_and\\_data\\_pdfs/education/EdExpenditures\\_ED\\_2011-12-23\\_11x17v2.pdf](http://www.ncleg.net/fiscalresearch/statistics_and_data/stat_and_data_pdfs/education/EdExpenditures_ED_2011-12-23_11x17v2.pdf)

<sup>3</sup> <http://www.ncpublicschools.org/fbs/arra/edujobs/>

<sup>4</sup> Vertical equity is defined as the positively different treatment of differences among units based on the needs of those units (Guthrie et al., 2007; Toutkoushian & Michael, 2007).

students who are more challenging to educate require more resources in order for them to achieve educational proficiency and graduate from high school.

North Carolina's approach to funding its local schools is unique among the fifty states and consists of a combination of flat grant allocations and categorical program allotments. Flat grants are provided to support personnel positions and are allocated on a count of students (Average Daily Membership). Categorical grants provide additional funding to LEAs that face challenges (such as low-wealth counties and small counties, or those with high numbers of economically disadvantaged students or children with disabilities) by funding specific programs and populations using a formula that is based on need. Since 2003-04, the state has allocated funds for low-wealth and small counties as well as disadvantaged and at-risk student populations. Analyses of these funding programs indicate that they contribute to improved vertical equity in resource allocation (Rolle, Houck, and McColl, 2008). In addition, some have been shown to improve educational outcomes of the students in LEAs that receive them (Henry, Fortner, & Thompson, 2010). As noted earlier, however, in recent years, both the amount of state funding and the approach to educational funding in North Carolina have been affected by national and state economic conditions and legislative actions.

### ***Data***

This report relies upon multiple state data sources. To understand RttT allocations to LEAs from the state, this report relies upon reports compiled by staff at NCDPI and validated by RttT Evaluation Team members.<sup>5</sup> To understand levels of funding and the proportional contribution made to each spending category by federal, state, and local sources, this report utilizes expenditure reports for LEAs from NCDPI. These school-level expenditure data are provided to the Carolina Institute for Public Policy (CIPP) and subsequently coded by CIPP staff into 14 school-level expenditure categories. These expenditure categories are based upon consultation with NCDPI staff as well as local school finance personnel and have been validated through review and publication in the academic literature (see, for example, Henry, Fortner, & Thompson, 2010). Table 1 (following page) lists these spending categories, along with a brief description of their purposes. A more complete accounting of the relationship between these expenditure categories and NCDPI purpose and object codes is included in Appendix B.

We expect that RttT funds that are expended closest to the locus of teaching and learning—such as classroom instruction, supplementary classroom instruction, and special instruction— will be the most likely to influence student outcomes, which is the intent of RttT. Due to the focus of the NC RttT plan on successful implementation of new academic standards and data management systems, significant expenditures also are likely to occur for professional development so that teachers and school leaders know what and how to implement these reforms.

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<sup>5</sup> The 2010-11 expenditure data for Whiteville City Schools (LEA 241), as provided to CIPP by NCDPI, did not contain valid school codes. Accordingly the expenditures by category could not be calculated for this LEA.



*Table 1: Expenditure categories and descriptions*

<b>Expenditure Category</b>	<b>Types of Expenses Included</b>
Classroom Instruction	Annual instructional salaries, benefits, local salary supplements, bonuses, classroom materials for teachers and teachers assistants that instruct regular students
Special Instruction	Annual teacher salary, benefits, local salary supplements, bonuses, classroom materials for instruction of students with special needs
Professional Development for Instruction	Expenditures related to staff development and new teacher orientation. These include expenditures for workshops and mentor salaries and benefits.
Supplementary Classroom Instruction	Salaries, benefits, and materials related to instructional programs outside the regular school day.
Support for Students	Salaries, benefits, and materials for guidance services, psychological services, speech, language pathology, media services, and some health services related to instruction.
Support for Instruction	Expenditure related to media services, technology support for teachers, salaries and benefits for technology support personnel not coded for school and LEA administration.
Extra-Curricular Activities	Expenditures related to school-sponsored activities for purposes such as motivation, enjoyment or improvement of skills. Participation is usually not requires and credit is not given.
Transportation	Salaries and benefits for transportation personnel and other expenditures related to the daily transportation of pupils.
School Maintenance & Utilities	Salaries, benefits, and supplies for activities related to cleaning, repairing, and maintaining school premises and the utility charges.
Food Services	Salaries, materials, and food supplies for student nutrition activities.
School Leadership	Salaries, benefits, and supplies related to the principal's office.
Community Services	Activities that are not directly related to the provision of education for pupils in a local school administrative unit. These include services such as community recreation or civic programs and salaries for personnel related to these activities.
Capital Outlay	Acquisition of property, renovations, replacement of furnishings and acquisition of buses, etc.
Miscellaneous	All other expenditures allocated to schools that could not be classified into one of the above categories. Includes miscoded accounting codes.

### ***Overhead***

A perennial challenge in school finance analysis is that funds allocated to central office functions often are spent in support of school-level instruction, and traditional methods of accounting for school-level expenditures often miss these important inputs. Numerous scholars have attempted to address this issue by developing methods to partition central office dollars to school functions (Lankford & Wyckoff, 1995; Fowler, 2001; Miller, Roza, & Swartz, 2004). The data used in this report were calculated to address LEA spending on behalf of schools via calculation of an overhead rate. An overhead rate was calculated by computing the ratio of total school spending to total LEA spending. This rate was then used to apportion LEA funds out to schools in that LEA.

### ***Methods***

The purpose of this report is to establish a baseline understanding of school funding patterns over time. This report provides historical trends in terms of per-pupil spending amounts that are broken down into policy-relevant expenditure categories to demonstrate the wider fiscal context in which RttT funds will be spent. In addition, this report shows the proportional share of total spending for each of the expenditure categories. The proportional share figures indicate changes in spending priorities over time regardless of total dollar amounts of spending. After establishing trends in both spending amounts and spending priorities, this report then describes how LEAs spent RttT funds in 2010-11, the first year in which they received funds.

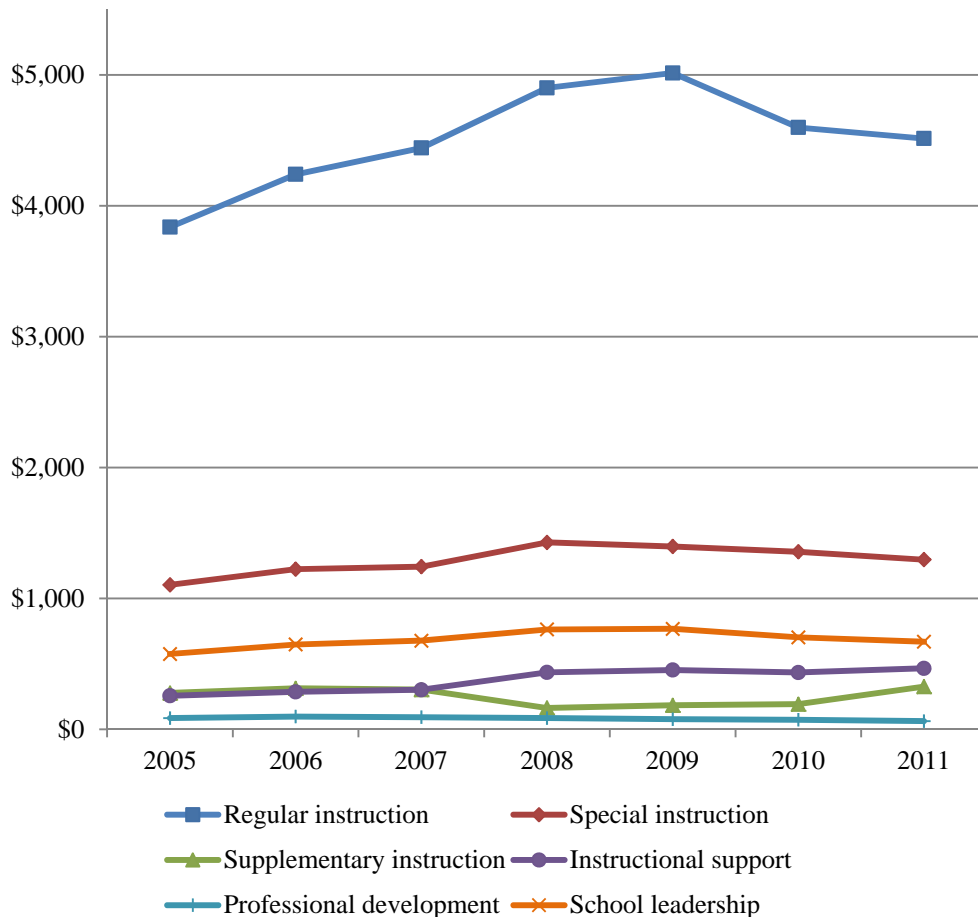
This report calculates spending on RttT activities by sorting funds by state RttT program report codes. These figures are categorized by spending category to illustrate LEA priorities for RttT funds. These RttT funds also are described in proportion to total spending to reflect the relative contribution of RttT funds to overall spending in each expenditure category. Finally, this report provides a quantitative assessment of the extent to which expenditures are correlated with traditional measures of educational challenge, such as race and poverty of the school population (Berne & Stiefel, 1984).

## Findings

### *Educational Spending in North Carolina*

To develop an understanding of school expenditures in North Carolina prior to the receipt of RttT funds, we present spending per pupil by spending category from 2004-05 through 2010-11 in inflation-adjusted 2010 dollars.<sup>6</sup> Expenditures for public schools in North Carolina increased through 2008-09, when they reached \$10,706.39 per pupil, but declined by 7.2% over the next two years (on average, 3.6% annually). After 2008-09, expenditures on classroom instruction declined by \$500.63 per pupil—a 5% annualized decline—and other categories showed small fluctuations in spending. These changes are illustrated in Figure 1.

Figure 1. Changes in spending per pupil over time, selected categories, constant 2010 dollars.



While total per-pupil expenditures as calculated for this project show a large decrease between 2008-09 and 2009-10, followed by a small increase between 2009-10 and 2010-11, multiple

<sup>6</sup> At the time these adjustments were made, 2010-11 inflation factors were estimated.

individual spending categories continued to experience decreases in spending in 2010-11 from a high-water mark in 2008-09 (Table 2). Increases occurred in ancillary instructional categories such as supplementary classroom instruction and support for instruction, but major instructional categories such as classroom instruction and special instruction exhibited overall decreases in per-pupil spending (\$84.18 reduction per pupil and \$59.75 reduction per pupil, respectively). Reductions in per-pupil expenditures also occurred in categories designed to impact instruction, such as professional development (\$10.19 reduction per pupil) and school leadership (\$33.70 reduction per pupil).

Overall, Table 2 suggests that, although reductions in expenditures may appear to have reversed in general after a particularly difficult 2009-10 budgetary cycle, core operations such as instruction continued to experience reductions between 2009-10 and 2010-11.

*Table 2. Inflation-adjusted expenditures per pupil, selected categories (constant 2009-10 dollars)*

Expenditure Category	Year						
	2004-05 <sup>7</sup>	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Classroom instruction	\$3,837.54	\$4,240.26	\$4,442.07	\$4,901.10	\$5,015.03	\$4,598.58	\$4,514.40
Special instruction	\$1,104.30	\$1,224.16	\$1,242.77	\$1,428.14	\$1,397.11	\$1,356.38	\$1,296.63
Supplementary classroom instruction	\$277.74	\$313.15	\$303.38	\$163.40	\$183.23	\$191.95	\$326.52
Support for instruction	\$256.43	\$285.91	\$302.14	\$435.55	\$452.81	\$433.89	\$466.09
Professional development	\$85.86	\$97.55	\$92.27	\$85.79	\$77.41	\$72.70	\$62.51
Support for students	\$535.94	\$603.43	\$652.75	\$568.20	\$584.58	\$555.08	\$561.45
Extracurricular activities	\$28.28	\$27.04	\$27.12	\$45.18	\$46.18	\$43.36	\$44.30
Transportation	\$271.62	\$315.38	\$324.33	\$411.36	\$424.24	\$400.56	\$412.82
Maintenance	\$607.77	\$677.76	\$681.90	\$704.23	\$726.14	\$697.38	\$777.55
Food services	\$447.93	\$503.14	\$486.55	\$513.19	\$528.24	\$475.36	\$492.98
School leadership	\$576.23	\$648.80	\$677.15	\$763.82	\$767.90	\$703.00	\$669.30
Miscellaneous	\$70.49	\$78.25	\$79.32	\$0.33	\$0.10	\$0.00	\$0.00
Community services	\$29.61	\$32.88	\$29.57	\$81.37	\$73.00	\$53.34	\$48.71
Capital outlay	\$308.02	\$443.65	\$480.56	\$446.88	\$430.40	\$314.06	\$311.63
<b>Total expenditures</b>	<b>\$8,437.78</b>	<b>\$9,491.35</b>	<b>\$9,821.89</b>	<b>\$10,548.54</b>	<b>\$10,706.39</b>	<b>\$9,895.63</b>	<b>\$9,984.89</b>

<sup>7</sup> Dollar amounts reported in constant 2010 dollars according to Robert Sahr's inflation conversion factors, available: <http://oregonstate.edu/cla/polisci/sahr/sahr>. Conversion factors to 2009-10 dollars were as follows: 2004-05: .896; 2005-06: .925; 2006-07: .951; 2007-08: .987; 2008-09: .984; 2009-10: 1.00; 2010-11: 1.014

***Educational Priorities in North Carolina***

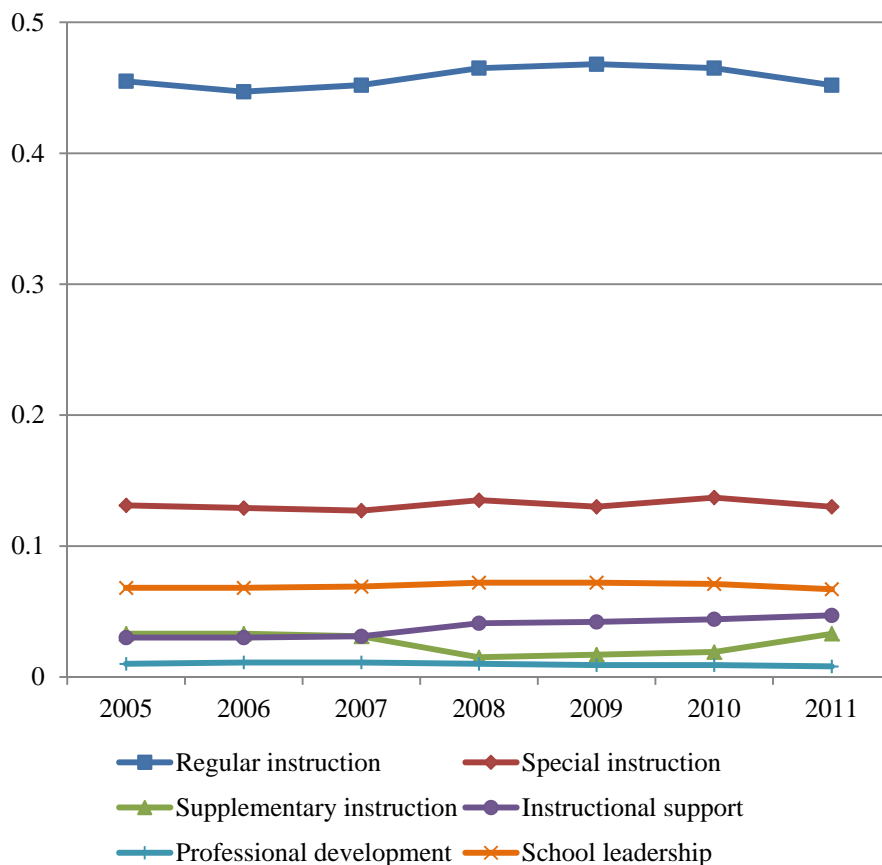
In times of fiscal stress, it would not be surprising to see LEAs begin to reprioritize spending by moving money into areas of critical concern and neglecting areas less directly related to the core mission of schooling. To examine these trends over time, Table 3 reports the percentages or cost shares for each expenditure category (percentages of total per-pupil spending) in North Carolina schools. Reporting percentage contributions by category eliminates shifts in expenditure amounts in 2007-08 due to reclassification of purpose and object codes. These percentages show, for example, that while expenditures on core priorities fluctuated over time, the state’s commitment has remained stable. Expenditures for classroom instruction in 2010-11, for example, consumed approximately 45% of overall per-pupil spending and, despite decreases from previous years, have not dropped below 2006-07 levels. Although small proportionally, expenditures for supplementary classroom instruction increased in 2010-11, returning to levels (in terms of proportional contributions) that occurred in 2004-05, 2005-06, and 2006-07.

*Table 3. Proportional spending by expenditure category*

Expenditure Category	Year						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Classroom instruction	45.5%	44.7%	45.2%	46.5%	46.8%	46.5%	45.2%
Special instruction	13.1%	12.9%	12.7%	13.5%	13.0%	13.7%	13.0%
Supplementary classroom instruction	3.3%	3.3%	3.1%	1.5%	1.7%	1.9%	3.3%
Support for instruction	3.0%	3.0%	3.1%	4.1%	4.2%	4.4%	4.7%
Professional development	1.0%	1.1%	1.1%	1.0%	0.9%	0.9%	0.8%
Support for students	6.4%	6.4%	6.6%	5.4%	5.5%	5.6%	5.6%
Extracurricular activities	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
Transportation	3.2%	3.3%	3.3%	3.9%	4.0%	4.0%	4.1%
Maintenance	7.2%	7.1%	6.9%	6.7%	6.8%	7.0%	7.8%
Food services	5.3%	5.3%	5.0%	4.9%	4.9%	4.8%	4.9%
School leadership	6.8%	6.8%	6.9%	7.2%	7.2%	7.1%	6.7%
Miscellaneous	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%
Community services	0.4%	0.3%	0.3%	0.8%	0.7%	0.5%	0.5%
Capital outlay	3.7%	4.7%	4.9%	4.2%	4.0%	3.2%	3.1%

Figure 2 (following page) illustrates the stability of allocations over time, indicating a stable funding base with established priorities

*Figure 2. Changes in proportional allocation, selected categories*



Overall, the analysis of expenditures presented in Table 2 demonstrates reduced expenditures in recent years. Although the data cannot provide an explanation for these reductions, it is logical to assume that they are related to one or both of the twin budgetary stressors faced by many states in the current climate: the loss of State Fiscal Stabilization Funds through the American Recovery and Reinvestment Act (ARRA) funding and the reduction of state-level education budgets. Table 3, however, illustrates that, despite a downturn in per-pupil funding, the state’s commitment, examined through proportions of total spending, has remained relatively stable across expenditure categories, particularly those categories that represent core technology functions: classroom, special and supplementary classroom instruction; support for instruction; professional development; and school leadership.

***Expenditure by Revenue Source***

In times of fiscal austerity, LEAs may adjust their budgets by using funds from one revenue source to replace lost funds from another. For example, the relative stability of educational expenditures in North Carolina demonstrated in Tables 2 and 3 might result from states using federal funds described above to replace lost state funding in critical areas. Replacement of this nature was the intent of the State Fiscal Stabilization Fund of ARRA. To investigate this issue more fully, Tables 4 through 6 present the proportion of expenditures in each category by revenue source for 2007-08 through 2010-11.

Tables 4 and 5 present the proportion and per-pupil amount of expenditures, respectively, that come from state sources, by expenditure category. One class of expenditure components includes those functions associated with instruction. The state share of funding for classroom instruction, for example (Table 4), decreased from 81% in 2007-08 to 77% in 2009-10 and 2010-11. The state share for special instruction and support for instruction dipped in 2009-10 but returned to historical levels in 2010-11. In each of these cases, state spending in real dollars increased (Table 5, following page). This indicates additional spending coming from another source to create a pattern of increased real-dollar funding and a decrease in the state share of overall expenditures in these categories. The state share of expenditures for supplementary classroom instruction decreased dramatically from 33% in 2007-08 to only 9% in 2010-11, and the state share for professional development decreased from 35% in 2007-08 to 16% in 2010-11. In each of these cases, real-dollar funding also decreased significantly.

Another class of expenditure categories includes ancillary activities that support instruction and core technologies. Within this class of categories, the state share of spending for extracurricular activities declined dramatically from 14% in 2007-08 to 0.2% in 2010-11. The state share of transportation spending increased from 43% to 78%, and the state share for maintenance declined from 33% to 17% between 2007-08 and 2010-11. These patterns also are reflected in overall real-dollar expenditures. Overall, the state share for total expenditures rebounded slightly from historical lows to 60% in 2011, but it still remains below historical high levels of the state share in 2007-08 (64%) and 2008-09 (63%).

*Table 4. Percentage of spending, state revenue, 2007-08 through 2010-11*

<b>Expenditure Category</b>	<b>Year</b>			
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Classroom instruction	80.5%	79.5%	77.5%	77.2%
Special instruction	65.1%	65.5%	60.2%	65.8%
Support for instruction	49.2%	47.8%	46.7%	48.0%
Supplementary classroom instruction	33.1%	29.2%	23.5%	9.3%
Professional development	34.7%	33.9%	27.6%	16.2%
Support for students	71.3%	69.9%	69.7%	75.1%
Extracurricular activities	13.8%	13.7%	13.7%	0.2%
Transportation	43.1%	44.0%	43.8%	78.4%
Maintenance	33.1%	33.5%	23.5%	16.6%
Food services	3.8%	4.1%	3.6%	2.3%
School leadership	68.0%	66.4%	56.2%	56.8%
Miscellaneous	27.1%	24.6%	0%	0%
Community services	0.1%	0.1%	0.1%	0.1%
Capital outlay	0%	0%	0%	0%
<b>Total expenditures</b>	<b>64.2%</b>	<b>62.5%</b>	<b>59.4%</b>	<b>60.1%</b>

Table 5: Per-pupil spending, state revenue, 2007-08 through 2010-11

Expenditure Category	Year			
	2007-08	2008-09	2009-10	2010-11
Classroom instruction	\$3,887.94	\$3,948.13	\$3,567.59	\$3,580.98
Special instruction	\$840.54	\$901.39	\$827.66	\$850.07
Support for instruction	\$411.98	\$419.71	\$406.02	\$440.78
Supplementary classroom instruction	\$34.79	\$34.47	\$25.05	\$10.76
Professional development	\$28.06	\$26.54	\$20.59	\$12.82
Support for students	\$411.98	\$419.71	\$406.02	\$440.78
Extracurricular activities	\$2.57	\$2.44	\$2.31	\$0.04
Transportation	\$206.14	\$208.26	\$195.79	\$331.44
Maintenance	\$230.61	\$242.45	\$164.22	\$132.88
Food services	\$15.23	\$19.46	\$11.71	\$6.30
School leadership	\$497.45	\$502.63	\$402.77	\$405.16
Miscellaneous	\$0.12	\$0.02	\$0.00	\$0.00
Community services	\$0.05	\$0.44	\$0.04	\$0.04
Capital outlay	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total expenditures</b>	<b>\$6,424.61</b>	<b>\$6,635.58</b>	<b>\$5,935.82</b>	<b>\$6,181.09</b>

Tables 6 and 7 (following pages) show contributions from federal spending and changes in real dollar amounts, respectively. Categories that show increases in the federal proportion of total spending seem to offset some of the reductions in state shares noted above. For example, decreases in the state share for supplementary classroom instruction seem to be offset by increases in the federal share from 34% in 2010 to 61% in 2011. This aligns with the figures in Table 7 that show a \$39.24 per-pupil increase in spending from federal sources, offsetting an approximately \$14 per-pupil drop in state real dollar contributions. Similarly, the federal share of expenditures for professional development increased from 35% to 61% (a \$10 increase in real dollars per pupil) while the state share for professional development decreased 38%—or a little under \$8 per pupil. When examining more ancillary expenditure categories, we see that the federal share decreased along with the state share. For example, the federal share of extracurricular activities dropped 14 percentage points (the state share declined by 13 percentage points), and the federal share of maintenance expenditures dropped 12 points (the state share declined by 7 points). In one case—transportation—the federal share of expenditures dropped 15 points—or approximately \$61 per pupil—which offset increases in the state share.

These findings suggest that LEAs might be shifting federal funds to cover decreases in state contributions for instructional activities, but that federal funds for more ancillary expenditure categories are decreasing in tandem with decreases in state shares, with transportation expenditures being an exception. Overall, the federal share of total expenditures decreased to 12% in 2010-11 from 14% in 2009-10, which is still above 2008-09 and 2009-10 levels of 10%. In real-dollar terms, the federal contributions in 2009-10 and 2010-11 were higher than previous years, even though the 2010-11 federal contribution was \$131.04 per pupil less than the contribution in 2009-10.



Table 6. Percentage of spending, federal revenue, 2007-08 through 2010-11

Expenditure Category	Year			
	2007-08	2008-09	2009-10	2010-11
Classroom instruction	6.2%	6.7%	10.1%	11.4%
Special instruction	21.7%	21.4%	26.5%	25.7%
Support for instruction	15.8%	16.0%	18.1%	14.8%
Supplementary classroom instruction	23.0%	24.4%	27.9%	42.6%
Professional development	30.0%	31.3%	34.8%	60.6%
Support for students	8.2%	8.1%	8.6%	6.6%
Extracurricular activities	13.6%	13.6%	13.8%	0%
Transportation	18.6%	18.4%	18.9%	4.5%
Maintenance	10.9%	10.7%	21.0%	9.3%
Food services	3.7%	4.0%	3.8%	0.4%
School leadership	0.9%	13.3%	12.9%	12.2%
Miscellaneous	24.2%	26.2%	0.2%	0%
Community services	0.5%	0.4%	0.4%	0.3%
Capital outlay	0%	0%	0%	0.0%
<b>Total expenditures</b>	<b>9.6%</b>	<b>10.2%</b>	<b>14.1%</b>	<b>12.5%</b>

Table 7: Real dollar per-pupil spending, federal revenue, 2007-08 through 2010-11

Expenditure Category	Year			
	2007-08	2008-09	2009-10	2010-11
Classroom instruction	\$309.17	\$341.47	\$475.31	\$541.52
Special instruction	\$310.11	\$281.81	\$359.41	\$339.10
Support for instruction	\$37.46	\$73.35	\$83.46	\$76.45
Supplementary classroom instruction	\$27.10	\$49.38	\$53.26	\$92.50
Professional development	\$27.72	\$26.42	\$29.34	\$39.21
Support for students	\$45.57	\$37.77	\$39.92	\$34.42
Extracurricular activities	\$2.32	\$2.36	\$2.29	\$0.00
Transportation	\$77.09	\$62.09	\$79.29	\$18.24
Maintenance	\$69.38	\$71.52	\$142.81	\$72.18
Food services	\$15.14	\$19.19	\$13.47	\$1.63
School leadership	\$85.69	\$85.84	\$86.88	\$82.56
Miscellaneous	\$0.03	\$0.02	\$0.00	\$0.00
Community services	\$0.28	\$0.25	\$0.23	\$0.25
Capital outlay	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total expenditures</b>	<b>\$999.57</b>	<b>\$1,090.36</b>	<b>\$1,476.46</b>	<b>\$1,345.43</b>

Table 8 reports spending by category derived from local sources, and Table 9 (following page) reports local per-pupil spending. From 2007-08 to 2010-11, the local share of support for instruction expenditures increased 12 percentage points, despite marginal changes in state and federal shares, from \$406.02 to \$440.78. Local shares for supplementary classroom instruction decreased by \$10 per pupil, or 12 points, presumably offset by the 15-point increase in federal shares. Among ancillary expenditure categories, local funding takes on a lion's share of maintenance expenditures, increasing to 71% in 2010-11 from 45% in 2007-08. This \$232 increase in maintenance contribution offsets approximately \$102 in reductions from federal and local sources. Over the period, the local share of public school expenditures has increased about 3 percentage points to reach a total of nearly 20% in 2010-11.

Analysis of Tables 4 through 9 indicates that there is some shifting of expenditures across revenue sources in North Carolina schools. In some key instructional categories, schools are shifting expenses to federal revenues and away from state sources. In addition, local revenue is being used in greater proportion to support other, non-instructional categories.

*Table 8. Percentage of spending, local revenue, 2007-08 through 2010-11*

<b>Expenditure Category</b>	<b>Year</b>			
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Classroom instruction	11.6%	11.8%	10.5%	10.0%
Special instruction	9.6%	9.5%	9.0%	6.6%
Support for instruction	21.8%	22.6%	21.3%	32.7%
Supplementary classroom instruction	29.0%	30.1%	24.3%	12.2%
Professional development	21.0%	20.5%	20.4%	15.4%
Support for students	15.2%	16.6%	15.4%	14.7%
Extracurricular activities	55.1%	54.3%	53.6%	88.0%
Transportation	20.3%	19.8%	19.6%	15.4%
Maintenance	45.1%	44.9%	43.8%	70.9%
Food services	4.2%	4.2%	3.7%	0.6%
School leadership	30.2%	30.9%	29.6%	29.9%
Miscellaneous	24.0%	26.1	0.3%	0%
Community services	42.2%	42.0%	32.1%	17.9%
Capital outlay	0.5%	0.8%	0.1%	0.3%
<b>Total expenditures</b>	<b>16.8%</b>	<b>17.2%</b>	<b>15.9%</b>	<b>19.5%</b>

Table 9: Real dollar per-pupil spending, local revenue, 2007-08 through 2010-11

Expenditure Category	Year			
	2007-08	2008-09	2009-10	2010-11
Classroom instruction	\$572.62	\$590.62	\$489.00	\$466.97
Special instruction	\$270.27	\$174.45	\$107.17	\$84.76
Support for instruction	\$111.16	\$106.41	\$87.54	\$139.15
Supplementary classroom instruction	\$66.48	\$76.96	\$57.13	\$33.70
Professional development	\$20.34	\$14.86	\$12.13	\$7.89
Support for students	\$90.96	\$97.18	\$77.77	\$78.30
Extracurricular activities	\$30.92	\$31.33	\$29.72	\$36.99
Transportation	\$70.75	\$92.58	\$74.30	\$60.32
Maintenance	\$326.72	\$331.44	\$317.70	\$550.52
Food services	\$17.52	\$20.03	\$12.22	\$1.94
School leadership	\$245.47	\$237.50	\$201.01	\$208.65
Miscellaneous	\$0.14	\$0.04	\$0.00	\$0.00
Community services	\$49.75	\$37.13	\$4.38	\$1.56
Capital outlay	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total expenditures</b>	<b>\$1,889.88</b>	<b>\$1,890.05</b>	<b>\$1,576.64</b>	<b>\$1,960.07</b>

### ***Vertical Equity in State Funding***

One final piece of historical analysis involves examining the degree to which total North Carolina expenditure patterns are consistent with the principle of *vertical equity*. Experts agree that it costs more to educate certain types of students—for example, students living in poverty or special needs students—than students who do not live in poverty. Spending is considered to have greater vertical equity when additional resources are directed to LEAs or schools that have more students who require more resources to achieve desired educational outcomes. The North Carolina funding formula includes additional funds for low-wealth systems and disadvantaged students that are intended to improve the state’s vertical equity. Moreover, since courts have determined that the state formula plus local contributions plus federal revenues comprise a statewide funding system, it is important to understand how these multiple funding sources interact with regard to LEAs and schools with more challenging students. It is clear that federal officials had vertical equity in mind as they designed RttT, with its focus on low-performing schools and its mandate to use student poverty measures as a means for allocating local funds.

This analysis examines the vertical equity of the entire funding structure in North Carolina, which includes contributions from local, state, federal, and non-profit sources. In this analysis of vertical equity, total per-pupil expenditures in key expenditure categories were examined in

relation to school-level poverty. Additional variables in this analysis were used to control for other factors that might affect per-pupil expenditures, such as school type, school size, school location, school performance, school racial and ethnic demographic characteristics, and individual LEA characteristics. Because student race/ethnicity and income variables often are highly related in educational studies, interaction terms between student race/ethnicity and poverty (eligibility for free or reduced-price lunch) variables also were used. Table 10 presents the results of this analysis, with coefficients that reflect changes in expenditures for every one-percent increase in the number of students in poverty in a given North Carolina school, holding the above-listed factors constant.

The patterns of these findings are noteworthy. Between 2004-05 and 2006-07, associations between school-level student poverty and critical expenditure categories—classroom instruction, school leadership, and total expenditures per pupil—were significant and negative, meaning that increases in school-level student poverty were associated with decreased expenditures in these areas. For example, a one-percent increase in school-level poverty was associated with decreases of total expenditures per pupil of approximately \$18 in 2004-05, and of \$23 in 2005-06. For context, the 2004-05 figures represented 6.85% of the per-pupil expenditure for a teacher receiving average salary and benefits and teaching in an upper elementary grade classroom with 22 students. The \$23 dollar figure for 2005-06 represents 8.9%.<sup>8</sup>

*Table 10. Associations with school poverty by spending category and year, key expenditure categories*

Expenditure Category	Year						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Classroom instruction	<b>-\$6.97</b>	<b>-\$15.74</b>	<b>-\$13.19</b>	-\$0.12	-\$8.58	\$64.39	<b>\$9.35</b>
Special instruction	<b>-\$8.28</b>	-\$1.01	\$4.97	-\$0.21	\$13.83	<b>\$8.23</b>	<b>\$12.25</b>
Supplementary classroom instruction	<b>5.10</b>	<b>\$3.78</b>	<b>\$2.68</b>	\$0.70	<b>\$1.57</b>	<b>\$2.06</b>	\$145.02
Support for instruction	\$0.27	\$0.02	-\$0.31	-\$1.01	\$0.92	\$99.39	<b>\$121.22</b>
Professional development	-\$0.37	-\$1.29	-\$0.32	-\$0.07	\$0.19	-\$10.67	\$20.72
School leadership	<b>-\$5.43</b>	<b>-\$5.77</b>	<b>-\$4.38</b>	-\$3.31	\$3.07	\$106.67	-\$30.30
Cumulative spending	<b>-\$18.01</b>	<b>-\$23.24</b>	-\$10.94	-\$8.12	\$22.55	<b>\$22.67</b>	<b>\$29.08</b>

Note: **Bold** = significant at  $p < 0.05$

Beginning in 2009-10, however, these negative associations ceased, and some expenditure categories such as total expenditures (\$23 per pupil) and special instruction expenditures (\$8 per pupil) were shown to have positive and significant associations with school-level poverty. By the

<sup>8</sup> Sources: North Carolina Public Schools Statistical Profiles (<http://www.ncpublicschools.org/fbs/resources/data/>) and North Carolina Public Schools Allotment Policy Manual (<http://www.ncpublicschools.org/fbs/allotments/general/>); author's calculations.

2010-11 academic year, which includes RttT funding, a one-percent increase in student poverty as measured by the proportion of students eligible for free and reduced-price lunch is associated with a \$9 per-pupil increase in funding for classroom instruction, and a \$12 increase in per-pupil funding for special instruction. The association with instructional support is \$121 per pupil, confirming the analyses of funding amounts above that indicated an increased commitment to spending in this area (a combined \$79 increase in per-pupil spending from federal, state, and local sources between 2009-10 and 2010-11). Across all expenditure categories in 2010-11, the cumulative effect of poverty on overall per-pupil spending is positive and significant, with a \$29 increase in per-pupil spending for every one-percent increase in student poverty at the school level. To provide some context about the magnitude of this figure, it represents 14.54% of the per-pupil expenditures for an average teacher with 22 pupils.

While only one year of positive results precludes broad generalization, these findings indicate that over the past few years North Carolina public school funding switched from being characterized as vertically inequitable to either neutral or, in some important instructional expenditure categories, to providing additional per-pupil support, based on school-level student poverty levels. Results from the analysis of 2010-11 data in particular indicate positive and significant expenditure patterns supportive of schools with higher levels of student poverty, and therefore greater vertical equity.

### ***Race to the Top at the Local Level in North Carolina***

The analyses in the preceding sections provide a picture of baseline public school funding in North Carolina. While there are notable changes in some categories, the overall picture of funding is that of considerable stability even in the midst of recent economic challenges. Many of the most notable changes in funding as analyzed above occurred in 2010-11, the first year of RttT funding; it remains to be seen whether these deviations represent the beginning of new patterns or an idiosyncratic, one-year shift in funding and priorities.

The final task of this report is to detail and analyze the amount and relative impact of RttT spending in North Carolina schools. The first section examines RttT funding through an analysis of LEA plans, while the second section examines RttT funding via an examination of LEA expenditures.

Table 11 (following page) provides results from an NCDPI analysis of LEA DSWs, which outline proposed LEA spending priorities by RttT initiative. The total average amount of funding available to LEAs amounts to \$142.76 per pupil over the four years of the grant, or about \$35.69 per pupil per year. The largest LEA-level RttT focus area, in terms of proposed LEA funding, is the area of Data Systems, which accounts for about 35% of proposed local spending. Spending on data systems includes training and development, software and hardware purchases, and professional development for teachers and administrators related to the development and use of online assessments, student information, and other related systems. The second-largest focus area is Great Teachers and Leaders. Proposals within this initiative include strategic staffing initiatives and differentiated pay proposals. The third-largest area for proposed spending is the Cloud Computing Initiative, which includes state-required spending as well as LEA proposals to align with Cloud implementation. Examples of these aligned local activities/expenditures include

purchases of hardware and software, professional development, and staffing. These expenditures that are aligned with Cloud implementation total \$5,690,777.

Table 11: Proposed LEA and charter school expenditures by RttT initiative

Initiative	Total RttT dollars	Percentage of total	Percentage of total without required Cloud contribution
Data Systems	\$ 69,748,976.50	35.4%	44.2%
Great Teachers and Leaders	\$ 42,007,245.00	21.3%	26.6%
Cloud	\$ 40,330,153.00	20.5%	0.6%*
Standards and Assessments	\$ 18,020,296.00	9.1%	11.4%
Turning Around the Lowest-Achieving Schools	\$ 18,244,641.00	9.3%	11.6%
STEM	\$ 5,720,007.00	2.9%	3.6%
Evaluation	\$ 3,088,877.00	1.6%	2.0%
<b>Total</b>	<b>\$ 197,160,195.50</b>	<b>100%</b>	<b>100%</b>

Source: NCDPI, Race to the Top Project Management Office; Some LEAs designated a total of \$5,690,777 for activities that align with the development of the Education Cloud. In addition, \$2,839,804.50 was pending classification at the time of this analysis.

Table 12 presents another NCDPI analysis of LEA-proposed spending via a different set of expenditure categories. These categories were designed to be more mutually exclusive but still reach across the scope of all of the RttT initiatives listed above.

Table 12: Proposed LEA and charter school expenditures by category

Category	Number of participating LEAs/ Charters	Dollars	Activities	Percent of dollars	Percent of activities
Professional Development	125	\$ 31,182,518	761	20.8%	42.8%
Technology	114	\$ 73,369,542	424	48.9%	23.8%
Strategic Staffing	61	\$ 22,519,060	354	15.0%	19.9%
Personnel	40	\$ 19,834,154	181	13.2%	10.2%
Planning	25	\$ 880,023	50	0.6%	2.8%
New Schools Model	3	\$ 2,216,262	10	1.5%	0.6%
Materials	8	\$ 2,525,146	29	1.6%	1.5%
Direct services to students	27	\$ 5,002,544	93	3.2%	4.8%
<b>Totals</b>	<b>n/a</b>	<b>\$157,843,456</b>	<b>1,932</b>	<b>100%</b>	<b>100%</b>

Source: NCDPI, Race to the Top Project Management Office; author's calculations. Charter schools are included in this analysis. Thirty activities totaling \$7,635,463 were unclassified and not included in totals. These activities accounted for 1.6% of all activities and 4.7% of all dollars. The totals also do not include the funds held back for Cloud.

Note that professional development activities comprise 43% of proposed activities but only 21% of proposed spending, while proposed spending under the technology objective comprises 49% of dollars but only 24% of activities. The three most popular objectives in terms of activities are professional development, technology, and strategic staffing. Professional development includes training on Common Core standards, online educator evaluation systems, the EVAAS system, and other initiatives, reflecting the tremendous investment LEAs are making to get personnel up to speed in support of state-level RttT initiatives. Technology involves hardware and software to support use of the Cloud computing infrastructure. Strategic staffing includes activities such as differentiated pay, teacher and leader recruitment, and mentoring and partnerships with higher education organizations.

In 2010-11, 104 of 115 LEAs spent RttT funds at either the central office level or in schools; 16 charter schools also spent RttT funds that year. These combined expenditures totaled \$12,604,054.98. The sections that follow describe these expenditures in greater detail.

### *LEA<sup>9</sup> Spending, 2010-11*

Over the course of the 2010-11 academic year, 151 schools in 33 LEAs reported spending RttT funds. In addition, 81 LEAs reported spending RttT funds at the LEA level, but did not report school-level spending. It is possible that some of these LEAs spent money directly on specific schools but did not code these expenditures at the school level. The combined total for LEA RttT expenditures was \$12,580,518.67. Table 13 (following page) reports all LEA RttT spending by total and per pupil.

At the LEA level, \$218,937.22 were coded as RttT expenses but were not coded in a manner that allowed allocation into one of the expenditure categories. These expenditures are listed parenthetically in Table 13 and labeled as “Benefits” and “Government transfer.”<sup>10</sup> The removal of these expenditures reduces the overall per-pupil amount of RttT funds expended from \$11.92 to \$11.70—a difference of \$0.22 per pupil.

The total per-pupil amount of \$11.92 is approximately 33% of the average available per-pupil/per-year allocation of \$35.69 described in the introduction. Recall that the \$35.69 figure assumes equal expenditures every year and that LEAs may have strategized to spend additional funds in later years of the RttT grant. The reduced amount of local RttT spending in the 2010-11 academic year may reflect this trend. Later analysis will determine the trajectory of spending over time.

Four expenditure categories accounted for almost the entirety of LEA and school-level RttT expenditures. Classroom instruction accounted for \$7.58 per pupil, or 63.57% of total. Support

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<sup>9</sup> In the final two sections of this report, “LEA” refers to a non-charter school LEA only.

<sup>10</sup> In the expenditure classification system, payments for benefits are allocated into an expenditure category based on the position that the benefits are tied to. For example, benefits affiliated with teachers are categorized as “classroom instruction”. When analyzing LEA budgets, some funds from RttT were coded as being used for “benefits” without an attendant position. Similarly, some funds were categorized as “government transfer” but were not allocated to a specific purpose that would allow categorization into the expenditure categories. We chose to report these categories while also providing an adjusted total spending amount.

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for instruction accounted for \$3.51 per pupil, or 29.41% of total RttT expenditures. Of a smaller magnitude were expenditures on professional development (\$0.46 per pupil, or 3.83%) and school leadership (\$0.14, or 1.20%). These four categories accounted for over 98% of LEA and school-level spending of RttT funds.

*Table 13. Total and per-pupil RttT expenditures by expenditure category, LEAs*

<b>Category</b>	<b>Total combined school/LEA spending</b>	<b>Total LEA spending per pupil</b>	<b>% of total</b>
Classroom instruction	\$7,997,300.26	\$7.58	63.57%
Special instruction	\$0.00	\$0.00	0.00%
Support for instruction	\$3,699,751.88	\$3.51	29.41%
Supplementary classroom instruction	\$8,500.00	\$0.01	0.07%
Professional development	\$483,444.68	\$0.46	3.83%
Support for students	\$0.00	\$0.00	0.00%
Extracurricular activities	\$0.00	\$0.00	0.00%
Transportation	\$1,019.85	< \$0.01	0.01%
Maintenance	\$0.00	\$0.00	0.00%
Food services	\$0.00	\$0.00	0.00%
School leadership	\$150,542.70	\$0.14	1.20%
Miscellaneous	\$8,459.32	\$0.01	0.08%
Community services	\$0.00	\$0.00	0.00%
Capital outlay	\$0.00	\$0.00	0.00%
District administration	\$231,499.98	\$0.22	1.84%
<b>Total expenditures</b>	<b>\$12,580,518.67</b>	<b>\$11.92</b>	<b>100.00%</b>
(Benefits)	(\$135,602.67)	\$0.14	--
(Government transfer)	(\$83,334.55)	\$0.08	--
<b>Adjusted total</b>	<b>\$12,361,581.45</b>	<b>\$11.70</b>	<b>--</b>



*Charter School Spending, 2010-11*

Over the course of the 2010-11 academic year, 16 out of 27 participating charter schools reported spending \$23,536.31 in RttT funds. In North Carolina, charter schools function both as schools and as LEAs. Table 14 (following page) reports all RttT spending for charter schools by total and per pupil. The expenditure data that the charter schools submitted was categorized using the same procedures used to classify the expenditure data submitted by the state's LEAs.

For charter schools, \$1,355.86 were coded as RttT expenses but were not coded in a manner that allowed allocation into one of the expenditure categories. These expenditures are listed parenthetically in Table 13 and labeled as "Benefits" and "Government transfer." The removal of these expenditures reduces the overall per-pupil amount of RttT funds expended from \$ \$83.24 to \$77.37—a difference of \$5.87 per pupil.

The total per-pupil amount of \$83.24 is approximately 233% of the average available per-pupil/per-year allocation of \$35.69 described in the introduction. Recall that the \$35.69 figure assumes equal expenditures every year and that charter schools may have strategized to spend additional funds in later years of the RttT grant. Charter schools spending above this average per-pupil/per-year figure indicate reduced expenditures in the later years of the grant.

Three expenditure categories accounted for almost the entirety of charter school RttT expenditures. District administration accounted for \$54.20 dollars per pupil, or approximately 65% of all expenditures—though, since charter schools function as LEAs in North Carolina, there may be little distinction for charter schools between district administration and school leadership. Professional development accounted for \$14.07 per pupil, or approximately 17% of all RttT expenditures. Of a smaller magnitude were expenditures for school leadership (\$3.14 per pupil, or 3.8%) and supplementary classroom instruction (\$3.01 per pupil, or 3.6%). These four categories accounted for over 89% of charter school spending of RttT funds.

Table 14. Total and per-pupil RttT expenditures by expenditure category, charter schools

Category	Total charter spending (n=16)	Total charter spending per pupil	% of total
Classroom instruction	\$608.06	\$2.07	2.49%
Special instruction	\$0.00	\$0.00	0.00%
Support for instruction	\$188.25	\$1.32	1.59%
Supplementary classroom instruction	\$464.24	\$3.01	3.62%
Professional development	\$3,525.05	\$14.07	16.90%
Support for students	\$0.00	\$0.00	0.00%
Extracurricular activities	\$0.00	\$0.00	0.00%
Transportation	\$0.00	\$0.00	0.00%
Maintenance	\$0.00	\$0.00	0.00%
Food services	\$0.00	\$0.00	0.00%
School leadership	\$522.10	\$3.14	3.77%
Miscellaneous	\$0.00	\$0.00	0.00%
Community services	\$0.00	\$0.00	0.00%
Capital outlay	\$0.00	\$0.00	0.00%
District administration	\$16,872.75	\$54.20	65.11%
<b>Total expenditures</b>	<b>\$23,536.31</b>	<b>\$83.24</b>	<b>100.00%</b>
(Benefits)	(\$1,208.00)	\$4.83	--
(Government transfer)	(\$147.86)	\$1.04	--
<b>Adjusted total</b>	<b>\$22,180.45</b>	<b>\$77.37</b>	<b>--</b>

The expenditure patterns in 2010-11 were quite different for LEAs and participating charter schools. There are at least four reasons why this may be so: (1) charter school expenditure data may not be as accurate as the audited LEA data; (2) charter schools may record their expenditures in a different manner than do LEAs; (3) charter schools elected to spend their first year of RttT funds in very different ways than did LEAs; and/or (4) economies of scale may work against charter schools, resulting in much higher per-pupil costs in administering RttT funds. Since a charter school functions both as a school and as an LEA, there may be overlapping compliance requirements that drive administrative costs upwards. The relatively small first-year total expenditure amount (about \$23,500) and the small number of charter schools that expended funds in 2010-11 (16) limit the ability to draw meaningful conclusions at this time; over the next few months we will explore each of these possibilities and present our findings in subsequent reports.

## **Conclusions and Next Steps**

The purpose of this report was to establish a baseline understanding of school spending in North Carolina, from which additional analyses of the deployment and use of RttT funds can be conducted. Through 2010-11, state educational expenditures have fallen about 7% below their 2008-09 peak, but over the same period those expenditures also have become more equitable, with a higher proportion tied to expenditures that are intended to meet the needs of more challenging students. Findings further indicate that LEAs in North Carolina are turning their attention toward instructional expenditure categories and prioritizing these expenditure areas by strategically shifting funds from multiple sources to meet these needs. Of note is the apparent increased emphasis—both for spending in general and for RttT spending in particular—on the expenditure category identified as “Support for Instruction.” This category includes expenditures for: media services; technical support for teachers; salaries and benefits for certain technology support personnel; and curriculum development, support, and funding for Limited English Proficient students, gifted students, and alternative instructional programs.

Recommendations from this initial examination are primarily technical in nature. First, this report encourages continued monitoring of LEA expenditures to ensure that supplantation of local or state funds with federal RttT funds is avoided and LEA RttT funds are used to support innovative reforms. In addition, LEAs RttT expenditures should be monitored to ensure that they have coded all expenditures appropriately as school or central office expenditures.

In future evaluations of LEA expenditures, responses from a survey of LEA finance officers (administered in the summer of 2012) and data from site visits to select LEAs will be used to report on LEA planning and distribution of local RttT funds. In addition, annual RttT expenditure reports will supplement the findings of this initial report concerning funding trends overall and by source of funding. Finally, an omnibus report at the end of the RttT grant period will examine changes in productivity across schools and LEAs and the degree to which local RttT funding appears to have contributed to these changes.

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**Appendix A. LEAs and RttT Allocations**

<b>LEA No.</b>	<b>LEA/Charter School Name</b>	<b>Total RttT Allocation</b>	<b>Share of NC Education Cloud Costs</b>	<b>Available RttT Allocation</b>
010	Alamance-Burlington Schools	2,481,186	429,733	2,051,453
020	Alexander County Schools	495,188	85,765	409,423
030	Alleghany County Schools	204,426	35,406	169,020
040	Anson County Schools	725,551	125,663	599,888
050	Ashe County Schools	397,369	68,823	328,546
060	Avery County Schools	365,325	63,273	302,052
070	Beaufort County Schools	1,128,915	195,524	933,391
080	Bertie County Schools	749,756	129,855	619,901
090	Bladen County Schools	1,119,484	193,891	925,593
100	Brunswick County Schools	1,969,318	341,080	1,628,238
110	Buncombe County Schools	3,523,771	610,306	2,913,465
111	Asheville City Schools	1,028,642	178,157	850,485
120	Burke County Schools	1,589,056	275,220	1,313,836
130	Cabarrus County Schools	1,661,982	287,850	1,374,132
132	Kannapolis City Schools	684,875	118,618	566,257
140	Caldwell County Schools	1,368,281	236,982	1,131,299
150	Camden County Schools	73,933	12,805	61,128
160	Carteret County Schools	891,950	154,483	737,467
170	Caswell County Schools	402,219	69,663	332,556
180	Catawba County Schools	1,087,520	188,355	899,165
181	Hickory City Schools	615,473	106,598	508,875
182	Newton Conover City Schools	421,242	72,958	348,284
190	Chatham County Schools	878,103	152,085	726,018
200	Cherokee County Schools	551,508	95,520	455,988
210	Edenton/Chowan Schools	401,553	69,548	332,005
220	Clay County Schools	142,585	24,696	117,889
230	Cleveland County Schools	3,192,546	552,939	2,639,607
240	Columbus County Schools	1,327,508	229,921	1,097,587
241	Whiteville City Schools	612,796	106,134	506,662
250	Craven County Schools	2,121,344	367,410	1,753,934
260	Cumberland County Schools	10,200,402	1,766,678	8,433,724
270	Currituck County Schools	244,716	42,384	202,332
280	Dare County Schools	292,491	50,659	241,832
290	Davidson County Schools	1,587,904	275,020	1,312,884

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291	Lexington City Schools	1,086,885	188,245	898,640
292	Thomasville City Schools	801,124	138,752	662,372
300	Davie County Schools	407,532	70,583	336,949
310	Duplin County Schools	1,610,717	278,971	1,331,746
320	Durham Public Schools	5,534,098	958,489	4,575,609
330	Edgecombe County Schools	1,070,030	185,326	884,704
340	Forsyth County Schools	9,685,633	1,677,521	8,008,112
350	Franklin County Schools	1,090,441	188,861	901,580
360	Gaston County Schools	5,197,053	900,113	4,296,940
370	Gates County Schools	211,908	36,702	175,206
380	Graham County Schools	221,453	38,355	183,098
390	Granville County Schools	903,135	156,420	746,715
400	Greene County Schools	582,490	100,886	481,604
410	Guilford County Schools	12,025,181	2,082,723	9,942,458
420	Halifax County Schools	1,775,457	307,504	1,467,953
421	Roanoke Rapids City Schools	447,618	77,526	370,092
422	Weldon City Schools	453,120	78,479	374,641
430	Harnett County Schools	2,894,341	501,291	2,393,050
440	Haywood County Schools	995,299	172,383	822,916
450	Henderson County Schools	1,452,078	251,496	1,200,582
460	Hertford County Schools	718,513	124,444	594,069
470	Hoke County Schools	1,169,581	202,568	967,013
480	Hyde County Schools	133,926	23,196	110,730
490	Iredell-Statesville Schools	1,713,661	296,801	1,416,860
491	Mooresville City Schools	228,246	39,532	188,714
500	Jackson County Schools	452,694	78,405	374,289
510	Johnston County Schools	3,132,525	542,544	2,589,981
520	Jones County Schools	217,233	37,624	179,609
530	Lee County Schools	1,140,616	197,552	943,064
540	Lenoir County Public Schools	1,712,977	296,682	1,416,295
550	Lincoln County Schools	1,034,876	179,237	855,639
560	Macon County Schools	587,325	101,723	485,602
570	Madison County Schools	383,492	66,420	317,072
580	Martin County Schools	770,239	133,403	636,836
590	Mcdowell County Schools	787,348	136,366	650,982
600	Charlotte-Mecklenburg Schools	18,318,594	3,172,723	15,145,871

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610	Mitchell County Schools	282,835	48,986	233,849
620	Montgomery County Schools	618,370	107,100	511,270
630	Moore County Schools	1,260,956	218,393	1,042,563
640	Nash-Rocky Mount Schools	3,112,024	538,993	2,573,031
650	New Hanover County Schools	3,759,737	651,175	3,108,562
660	Northampton County Schools	747,643	129,489	618,154
670	Onslow County Schools	3,366,966	583,148	2,783,818
680	Orange County Schools	329,440	57,058	272,382
681	Chapel Hill-Carrboro Schools	533,792	92,451	441,341
690	Pamlico County Schools	234,621	40,636	193,985
700	Pasquotank County Schools	1,091,198	188,992	902,206
710	Pender County Schools	812,625	140,744	671,881
720	Perquimans County Schools	287,743	49,836	237,907
730	Person County Schools	589,023	102,017	487,006
740	Pitt County Schools	3,848,306	666,514	3,181,792
750	Polk County Schools	224,593	38,898	185,695
760	Randolph County Schools	2,646,880	458,432	2,188,448
761	Asheboro City Schools	1,277,820	221,314	1,056,506
770	Richmond County Schools	1,359,169	235,404	1,123,765
780	Robeson County Schools	7,814,425	1,353,434	6,460,991
790	Rockingham County Schools	2,020,514	349,947	1,670,567
800	Rowan-Salisbury Schools	2,412,369	417,815	1,994,554
810	Rutherford County Schools	1,568,541	271,667	1,296,874
820	Sampson County Schools	1,354,891	234,663	1,120,228
821	Clinton City Schools	556,797	96,436	460,361
830	Scotland County Schools	1,559,576	270,114	1,289,462
840	Stanly County Schools	1,037,873	179,756	858,117
850	Stokes County Schools	554,146	95,976	458,170
860	Surry County Schools	1,265,215	219,132	1,046,083
861	Elkin City Schools	121,003	20,958	100,045
862	Mount Airy City Schools	361,357	62,586	298,771
870	Swain County Schools	192,534	33,346	159,188
880	Transylvania County Schools	430,989	74,646	356,343
890	Tyrrell County Schools	139,451	24,153	115,298
900	Union County Public Schools	2,139,959	370,634	1,769,325
910	Vance County Schools	1,422,771	246,419	1,176,352



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<b>LEA No.</b>	<b>LEA/Charter School Name</b>	<b>Total RttT Allocation</b>	<b>Share of NC Education Cloud Costs</b>	<b>Available RttT Allocation</b>
920	Wake County Schools	12,417,126	2,150,607	10,266,519
930	Warren County Schools	645,830	111,855	533,975
940	Washington County Schools	550,820	95,400	455,420
950	Watauga County Schools	301,000	52,132	248,868
960	Wayne County Public Schools	3,111,190	538,849	2,572,341
970	Wilkes County Schools	1,264,013	218,923	1,045,090
980	Wilson County Schools	2,106,926	364,913	1,742,013
990	Yadkin County Schools	589,672	102,130	487,542
995	Yancey County Schools	391,930	67,881	324,049
01B	River Mill	0	0	0
01C	Clover Garden CS	0	0	0
01D	The Hawbridge School	0	0	0
06A	Grandfather Academy	0	0	0
06B	Crossnore Academy	88,179	15,272	72,907
07A	Washington Montessori	0	0	0
10A	Charter Day School	65,384	11,324	54,060
11A	Evergreen Community	0	0	0
11B	Art Space Charter School	22,121	3,831	18,290
11K	Francine Delaney	0	0	0
12A	New Dimensions	0	0	0
13A	Carolina International School	0	0	0
16A	Cape Lookout Marine	0	0	0
16B	The Tiller School	0	0	0
19A	Chatham Charter	0	0	0
19B	The Woods Charter	0	0	0
20A	Learning Center	15,078	2,611	12,467
24N	Columbus Charter School	14,591	2,527	12,064
26B	Alpha Academy	47,935	8,303	39,632
32A	Maureen Joy Charter School	59,194	10,252	48,942
32B	Healthy Start	83,667	14,491	69,176
32C	Carter Community	51,130	8,855	42,275
32D	Kestrel Heights School	0	0	0
32H	Research Triangle Ch.	0	0	0
32K	Central Park School for Children	0	0	0
32L	Voyager Academy	0	0	0
34B	Quality Education	79,216	13,720	65,496

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34C	Downtown Middle School	61,150	10,591	50,559
34D	Carter G. Woodson	0	0	0
34F	Forsyth Charter Academy	0	0	0
34G	Arts Based Elementary	11,767	2,038	9,729
35A	Crosscreek Charter School	0	0	0
36A	Highland Charter	23,226	4,023	19,203
36B	Piedmont Community Charter	33,888	5,869	28,019
41B	Greensboro Academy	0	0	0
41C	Guilford Preparatory Academy	64,348	11,145	53,203
41D	Phoenix Academy	0	0	0
41F	Triad Math & Science Academy	0	0	0
45A	The Mountain Community School	0	0	0
49B	American Renaissance Middle	18,827	3,261	15,566
49D	Success Institute	24,967	4,324	20,643
49E	Pine Lake Preparatory	0	0	0
50A	Summit Charter	0	0	0
51A	Neuse Charter School	0	0	0
54A	The Children's Village	43,286	7,497	35,789
54B	Kinston Charter Academy	91,511	15,849	75,662
55A	Lincoln Charter School	0	0	0
60A	The Community Charter	13,440	2,327	11,113
60B	Sugar Creek Charter	140,607	24,352	116,255
60C	Kennedy Charter Public	74,452	12,895	61,557
60D	Lake Norman Charter	0	0	0
60F	Metrolina Regional Scholars Academy	0	0	0
60G	Queen's Grant Community School	0	0	0
60H	Crossroads Charter HS	0	0	0
60I	Community School of Davidson	0	0	0
60J	Socrates Academy	0	0	0
60K	Charlotte Secondary	0	0	0
60L	KIPP: Charlotte	27,630	4,786	22,844
63A	Academy of Moore County	0	0	0
63B	STARS	0	0	0
64A	Rocky Mount Charter Public	93,405	16,177	77,228
65A	Cape Fear Center For Inquiry	0	0	0
65B	Wilmington Preparatory	15,587	2,700	12,887

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<b>LEA No.</b>	<b>LEA/Charter School Name</b>	<b>Total RttT Allocation</b>	<b>Share of NC Education Cloud Costs</b>	<b>Available RttT Allocation</b>
66A	Gaston College Preparatory	73,723	12,768	60,955
68A	Orange Charter School	0	0	0
68N	PACE Academy	0	0	0
69A	Arapahoe Charter School	29,856	5,171	24,685
73A	Bethel Hill Charter School	18,827	3,261	15,566
73B	Roxboro Community	0	0	0
78A	CIS Academy	0	0	0
79A	Bethany Community Middle School	0	0	0
81A	Thomas Jefferson Classical Acad.	0	0	0
84B	Gray Stone Day School	0	0	0
86T	Millennium Charter Academy	0	0	0
87A	Mountain Discovery Charter	13,544	2,346	11,198
88A	Brevard Academy	0	0	0
90A	Union Academy	0	0	0
91A	Vance Charter School	0	0	0
92B	Exploris Middle School	0	0	0
92D	Magellan Charter	0	0	0
92E	Sterling Montessori	0	0	0
92F	Franklin Academy	0	0	0
92G	East Wake Academy	0	0	0
92K	Raleigh Charter High School	0	0	0
92L	Torchlight Academy	107,780	18,667	89,113
92M	PreEminent Charter Academy	0	0	0
92N	Quest Academy	0	0	0
92P	Southern Wake Academy	0	0	0
92Q	Hope Elementary School	26,640	4,614	22,026
92R	Casa Esperanza	0	0	0
92S	Endeavor Charter School	0	0	0
93A	Haliwa-Saponi Tribal School	0	0	0
95A	Two Rivers Community School	0	0	0
96C	Dillard Academy	50,357	8,722	41,635
97D	Bridges	0	0	0
98A	Sallie B. Howard	213,671	37,007	176,664
	<b>Total LEAs and Charters</b>	200,000,000	34,639,376	165,360,624

**Appendix B. Expenditure Classifications, Expenditures Made, 2007-08 through Current**

<b>Expenditure Category</b>	<b>Description of Types of Expenses Included</b>	<b>Assignment of Expenditures</b>	
		<b>Purpose Code(s)</b>	<b>Object Code(s)</b>
Classroom instruction	Annual teacher salary, benefits, local salary supplements, bonuses, classroom materials for instruction of regular students	5100s Regular Instructional Programs	All (except 163, 196, 312)
		5111 JROTC Curricular Services	All (except 163, 196, 312)
		5112 Cultural Arts Curricular Services	All (except 163, 196, 312)
		5113 Physical Education Curricular Services	All (except 163, 196, 312)
		5114 Foreign Language Curricular Services	All (except 163, 196, 312)
		5115 Technology Curricular Services	All (except 163, 196, 312)
		5116 Homebound/Hospitalized Curricular Services	All (except 163, 196, 312)
		5120 CTE Curricular Services	All (except 163, 196, 312)
		5310s Alternative Instructional Services K-12	All (except 163, 196, 312)
5330s Remedial and Supplemental K-12 Services	All (except 163, 196, 312)		

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<b>Expenditure Category</b>	<b>Description of Types of Expenses Included</b>	<b>Assignment of Expenditures</b>	
		<b><i>Purpose Code(s)</i></b>	<b><i>Object Code(s)</i></b>
Special Instruction	Annual teacher salary, benefits, local salary supplements, bonuses, classroom materials for instruction of students with special needs	5200s Special Instructional Programs	All (except 163, 196, 312)
		5210 Children with Disabilities Curricula Services	All (except 163, 196, 312)
		5211 Homebound Curricular Services	All (except 163, 196, 312)
		5220s Special Populations CTE Curricular Services	All (except 163, 196, 312)
		5230s Pre-K Children with Disabilities Curricular Services	All (except 163, 196, 312)
		5260s Academically/Intellectually Gifted Curricular Services	All (except 163, 196, 312)
		5270s Limited English Proficiency Services	All (except 163, 196, 312)

Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
Supplementary classroom instruction	Salaries, benefits, and materials related to instructional programs outside the regular school day.	5340s Pre-K Readiness/Remedial and Supplemental Services	All
		5350s Extended Day/Year Instructional Services	All
		5351 Before/After School Instructional Services	All
		5352 Intersession Instructional Services	All
		5353 Summer School Instructional Services	All
		5354 Saturday School Instructional Services	All
		6304 Pre-K Readiness/Remedial and Supplemental Support Services	All
		6305 Extended Day/Year Instructional Support Services	All
Professional Development for Instruction	Expenditures related to staff development and new teacher orientation. These include expenditures for workshops and mentor salaries and benefits.	5100s Regular Instructional Programs	196 Workshop Participant 193 Mentor Pay 312 Workshop Expenses
		5200s Special Instructional Programs	196 Workshop Participant 193 Mentor Pay 312 Workshop Expenses
		***Any purpose code (once others are classified)	196 Workshop Participant 193 Mentor Pay 312 Workshop Expenses
		5870 Staff Development Unallocated	All

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<b>Expenditure Category</b>	<b>Description of Types of Expenses Included</b>	<b>Assignment of Expenditures</b>	
		<b><i>Purpose Code(s)</i></b>	<b><i>Object Code(s)</i></b>
Support for students	Salaries, benefits, and materials for guidance services, psychological services, speech, language pathology, and some health services related to instruction.	5320s Attendance-Social Work Services	All
		5830s Guidance Services	All
		5840s Health Services	All
		5850s Safety and Security Support Services	All
		5240s Speech, Language Pathology	All
		5250s Audiology Services	All
		6800s System-wide Pupil Support Services	All
		6810s Educational Media Support Services	All
		6830s Guidance Support Services	All
		6840s Health Support Services	All
		6850s Safety and Security Support Services	All
		6204 Speech and Language Pathology Support and Development Services	All
		6205 Audiology Support and Development Services	All
6302 Attendance and Social Work Support Services	All		

Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
Support for instruction Services	Expenditure related to media services, technical support for teachers, salaries and benefits for technology support personnel not coded for school and LEA administration.	***Any purpose code	414 Library Books
		***Any purpose code (After all other classifications)	418 Computer Software and Supplies
			462 Non-Capitalized Computer Equipment
		5800s School-Based Support Services	All
		5810s Educational Media Services	All
		5860s Instructional Technology Services	All
		5880s Parent Involvement Services	All
		5890s Volunteer Services	All
		6000s System-Wide Supporting Services	All
		6100s Support and Development Services	All
		6110s Regular Curricular Support and Development Services	All
		6111 JROTC Curricular Support and Development Services	All
		6112 Cultural Arts Curricular Support and Development Services	All
6113 Physical Education Curricular Support and Development Services	All		
6114 Foreign Language Curricular Support and Development Services	All		



Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
		6115 Technology and Curricular Support and Development Services	All
		6116 Homebound/Hospitalized Curricular Support and Development Services	All
		6120s CTE Curricular Support and Development Services	All
		6200s Special Populations Support and Development Services	All
		6201 Children with Disabilities Support and Development Services	All
		6202 CTE Children with Disabilities Curricula Support and Development Services	All
		6203 Pre-K Children with Disabilities Support and Development Services	All
		6206 Academically/Intellectually Gifted Support and Development Services	All
		6207 Limited English Proficiency Support and Development Services	All
		6300s Alternative Programs and Services Support and Development Services	All
		6301 Alternative Instructional Programs K-12 Support Services	All
		6303 Remedial and Supplemental Services K-12 Support Services	All

Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
		6400s Technology Support Services	All
		6401 Technology Services	All
		6402 Information Management Systems Services	All
		6403 Technology User Support Services	All
		6860 Instructional Technology Support Services	All
Extra-Curricular Activities	Expenditures related to school-sponsored activities for purposes such as motivation, enjoyment or improvement of skills. Participation is usually not required and credit is not given.	5500s Co-Curricular Instructional Programs	All
		5501 Athletics	All
		5502 Cultural Arts	All
		5503 School Clubs and Other Student Organizations	All
Transportation	Salaries and benefits for transportation personnel and other expenditures related to the daily transportation of pupils.	6550s Transportation of Pupils	All
School Maintenance & Utilities	Salaries, benefits, and supplies for activities related to cleaning, repairing, and maintaining school premises and the utility charges.	6500s Operational Support Services	All
		6530s Public Utility and Energy Services	All
		6540s Custodial/Housekeeping Services	All
		6580s Maintenance Services	All

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		<b><i>Purpose Code(s)</i></b>	<b><i>Object Code(s)</i></b>
Food Services	Salaries, materials, and food supplies for student nutrition activities.	7200s Nutrition Services	All
School Leadership	Salaries, benefits, and supplies related to the principal's office.	5400s School Leadership Services	All
		5401 School Principal	All
		5402 School Assistant Principal	All
		5403 School Treasurer	All
		5404 School Clerical Support	All
		5820s Student Accounting	All
		6820s Student Accounting Support Services	All
		***Purpose codes from District Administration that are assigned to a school***	All
District Administration	Salaries, benefits, supplies and other expenditures that support LEA level activities including the board of education, superintendents, business services, personnel services, statistical services, planning, research, evaluation services, etc.	6510s Communication Services	All
		6520s Printing and Copying Services	All
		6560s Warehouse and Delivery Services	All
		6570s Facilities Acquisitions and Construction Services	All
		6600s Financial and Human Resource Services	All
		6610s Financial Services	All
		6611 Financial Management Services	All
		6612 Purchasing Services	All

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		<b><i>Purpose Code(s)</i></b>	<b><i>Object Code(s)</i></b>
		6613 Risk Management Services	All
		6614 Resource Development Services	All
		6620s Human Resource Services	All
		6621 Human Resource Management	All
		6622 Recruitment Services	All
		6623 Staff Development Services	All
		6624 Salary and Benefits Services	All
		6700s Accountability Services	All
		6710s Student Testing Services	All
		6720s Planning, Research Development and Program Evaluation	All
		6900s Policy, Leadership, and Public Relations Services	All
		6910s Board of Education	All
		6920s Legal Services	All
		6930s Audit Services	All
		6931 Internal Audit	All
		6932 External Audit	All
		6940s Leadership Services	All
		6941 Office of the Superintendent	All
		6942 Deputy, Associate, and	All

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Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
		Assistants	
		6950s Public Relations, and Marketing Services	All
Miscellaneous	All other expenditures allocated to schools that could not be classified into one of the above categories (such as dental services). Includes miscoded accounting codes.	All purpose codes that are undefined in the Chart of Accounts or are broad overview categories that could not be cleanly classified	All
Categories below are not included in total per-pupil calculations			
Community Services	Activities that are not directly related to the provision of education for pupils in a local school administrative unit. These include services such as community recreation or civic programs and salaries for personnel related to these activities.	7000s Ancillary Services	All
		7100s Community Services	All
		7300 Adult Services	All
Capital Outlay	Acquisition of property, renovations, replacement of furnishings and acquisition of buses, etc.	9000s Capital Outlay  ****Any purpose code  ****Any purpose code	All  Fund=4 All object codes  571 Depreciation

Expenditure Category	Description of Types of Expenses Included	Assignment of Expenditures	
		Purpose Code(s)	Object Code(s)
Benefits	Benefits are reclassified back into the categories based on salaries	****Any purpose code	Object codes in the 200s
Category below has all charges dropped from the classification scheme			
Non-programmed Charges (Previously Omitted)		8000s Non-Programmed Charges	All
		8100s Payments to Other Governmental Units	All
		8200s Unbudgeted Funds	All
		8300s Debt Services	All
		8400s Interfund Transfers	All
		8500s Contingency	All
		8600s Educational Foundations	All
	8700s Scholarships	All	

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