

GUIDANCE FOR SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION (PRC 071)

NC SL 2021-180 Section 7A.12

(School Year 2021-22)

Overview

This document is intended to provide guidance regarding expenditure of the supplemental funding for teacher compensation provided in Section 7A.12 of the Appropriation Act of 2021 (NC SL 2021-180). Through the Appropriations Act of 2021, the North Carolina General Assembly created a recurring appropriation to provide funding for LEAs and charter schools in North Carolina to provide salary supplements to teachers and school administrators in their units.

General Requirements

The allotment formula for the Supplemental Funds for Teacher Compensation (PRC 071) is outlined in the [Allotment Policy](#) for the PRC that was approved by the State Board on January 5, 2022. In addition to the allotment formula, Section 7A.12 includes the following requirements that must be adhered to when administering the funding:

- The local board of education is responsible for determining the distribution of the local supplement within the confines of the legislation. (7A.12.(a))
- No individual salary supplement shall exceed the per-teacher funding amount awarded to the LEA. (7A.12.(a)). The per-teacher funding amount for each LEA is provided on the allotment file on the website.
- PRC071 may only be used to provide supplements to the following:
 - Certified teachers and instructional support personnel. (7A.12.(b)(14)) Teachers and instructional support personnel are those who are required to be paid from the legislative certified teacher salary schedule and are typically the types of positions paid from State PRCs 001, 004, 006 and/or 007, and are working and coded to a school.
 - The funds may only be used for assistant principals and principals paid pursuant to G.S. 115C-285(a)(8), (8a) or (9) (i.e., an assistant principal or principal who is paid based on what they would earn as a teacher in that LEA). Funds may not be used to provide supplements to principals and assistant principals paid on their respective salary schedules. (7A.12.(b)(11))
 - PRC071 may not be used to provide supplements to central office employees or noncertified employees.
- An LEA that receives PRC 071 funds shall use the funds to supplement and not supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. (7A.12.(f))

Additional Information for Charter, Regional, and Lab Schools and the Innovative School District

- Charter, regional, and lab schools operating in an eligible county and the Innovative School District (ISD) will receive a per pupil share of the supplemental funds for teacher compensation through PRCs 036/038/044, in accordance with GS 115C-218.105. For FY 2021-22, due to the timing of calculating the allotments for PRC 071, this will result in an additional allotment of funds via PRC 036/038/044; in future fiscal years, these funds will be part of an eligible PSU's State base allocation. (7A.12.(d))
 - If a charter, regional, or lab school is located within a county that is ineligible due to having an adjusted market value of taxable real property of greater than the threshold established in SL 2021-180 Section 7A.12, the charter will not be eligible to receive a per pupil share of the supplemental funds for teacher compensation. For FY 2021-22, the counties that exceed the threshold are **Wake, Durham, Guilford, Mecklenburg, and Buncombe**.
- Charters, regional and lab schools and the ISD are not required to utilize the funds for salary supplements for teachers and eligible school administrators. However, Section 7A.12.(d) of the Appropriations Act does encourage charter schools receiving funding to provide salary supplements to teachers in the charter school.

Key Considerations

When planning for the expenditure of funds provided through PRC 071, LEAs and charter schools should ensure that they consider the following factors:

- As the legislation requires the governing bodies of each unit receiving funds to determine the distribution of funds, including whether an individual qualifying employee receives a supplement and the amount of the supplement provided, the local school board should develop and adopt an administrative process and/or applicable policy for determining the individuals to receive supplements and the amount of individual salary supplements.
- While the funding for this allotment is recurring, **the funding an LEA receives may vary from year to year** (including both the overall allotment amount and the per-teacher maximum supplement amount) depending on the budgeted amount and any changes in a county's taxable real property value, effective tax rate, and median household income. LEAs should take the potential for year-to-year changes in the allotment amounts and per-teacher maximums into consideration when developing their policies for implementing the supplements.
- The funding provided pursuant to PRC 071 is for salary supplements; employee compensation provided from these funds is to be treated as **salary** and is not to be considered a bonus or stipend. **These funds are subject to retirement.**

- An LEA or charter is permitted to determine the intervals of payment for the salary supplement funds to any individual employee (monthly, annually, bi-annually, quarterly, etc.). **The supplements do not have to be paid by January 31, 2022.**
- **An LEA is not restricted to providing supplements solely to State-funded teachers, nor is the LEA required to provide supplements to all State-funded teachers.** It is up to the local school board to determine which specific positions, regardless of funding source, that are to be provided the salary supplements.
- **An LEA is not required to provide the maximum per teacher supplement amount to any individual employee.** LEAs have the flexibility to determine the amounts of supplements provided for any individual position in accordance with identified staffing needs and may elect to provide amounts less than the maximum to allow for distribution to a broader range of teachers and eligible school administrators.