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Executive Summary of

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%).¹
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.

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

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