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Executive Summary of

Local Education Agency Race to the Top Expenditures

Final Analysis of Expenditure Patterns and
Related Outcomes

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LOCAL EDUCATION AGENCY RACE TO THE TOP EXPENDITURES: FINAL ANALYSIS OF EXPENDITURE PATTERNS AND RELATED OUTCOMES

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 education reform. States receiving RttT funds were required to allocate half of the funds to participating local school districts and eligible charter schools, which we collectively refer to as local education agencies (LEAs). North Carolina pooled \$34,639,376 in locally-allocated funds to provide a computing infrastructure—the North Carolina Education Cloud (NCEdCloud)—to serve local needs statewide. LEAs were required to contribute funds from their local allocations on a prorated basis to this project, after which the amount allocated directly to LEAs was \$165,360,624.

The purpose of the direct allocation of funds to 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 RttT objectives. LEAs pursued multiple strategies for spending their RttT funds. In 2010-11, LEA RttT expenditures totaled \$13,008,043, or approximately \$8.96 per pupil. In 2011-12, LEA RttT expenditures totaled \$51,462,447, or approximately \$35.19 per pupil.¹ In 2012-13, LEA RttT expenditures totaled \$50,804,698, or approximately \$34.41 per pupil. In 2013-14, LEA RttT expenditures totaled \$38,325,516, or approximately \$25.69 per pupil.

The first LEA RttT expenditures report provided information on the amount of RttT funds allocated to LEAs, as well as a historical analysis of the equitable distribution of funds across schools and LEAs.² The second report updated those findings with an additional year of data and more sophisticated coding and expenditure-tracking techniques, investigated patterns of local RttT fund expenditures across time and by purpose, and reported on progress on establishment of the NCEdCloud.³ This final report has three purposes: 1) To describe LEA RttT fund expenditure; 2) To determine whether local-level RttT expenditures are associated with outcome measures; and 3) To describe the progress and cost-savings associated with the NCEdCloud.

Key Findings

1. By the end of the 2013-14 school year, 94.1% of the allocated LEA RttT funds had been spent, leaving 5.9% of LEA RttT allocations outstanding. According to updated LEA Detailed Scopes of Work (DSWs), 5.7% of funds were designated for spending during the 2014-15 school year, accounting for nearly all remaining LEA RttT funds.
2. Once planned 2014-15 allocations are taken into account, RttT-related spending for most traditional districts (96.5%) and participating charter schools (63.0%) was between 95% and 105% of planned spending levels, according to updated DSWs.⁴

¹ All expenditures for 2010-11 and 2011-12 have been updated since the release of the previous expenditures report.

² *Local Education Agency Race to the Top Expenditures: An Initial Analysis* (September 2012), http://cerenc.org/wp-content/uploads/2011/11/NC-RttT_Local-spending-baseline_9-4-12.pdf.

³ *Local Education Agency Race to the Top Expenditures: An Analysis of Fund Use and Expenditure Patterns* (June 2013), http://cerenc.org/wp-content/uploads/2011/11/Local-Spending_Y2_05-29-13_Full-Report.pdf.

⁴ No LEA was allowed to spend more than its allotted federal funds; the state initially covered LEA-level spending that exceeded RttT allocations and then collected reimbursements for that coverage from the over-charging LEAs.

3. From 2010-11 to 2013-14, 97.3% of total traditional district RttT expenditures fell into five key categories: Classroom Instruction (55.1%), Support for Instruction (26.4%), Professional Development (9.2%), LEA Administration (5.0%), and School Leadership (1.6%).
4. From 2010-11 to 2013-14, 97.6% of total charter school RttT expenditures fell into five key categories: Classroom Instruction (69.6%), Professional Development (16.6%), Support for Students (5.2%), School Leadership (4.2%), and Special Instruction (2.1%).
5. 82.0% of traditional district RttT expenditures fell into four key goods and services subcategories: Technology (42.1%), Instructional Personnel (15.4%), Bonus/Supplement/Extra Duty Pay (12.7%), and Contracted Services (12.3%). The two largest expenditure categories for charter schools were Instructional Personnel and Contracted Services, which each accounted for 31.4% of spending.
6. Three RttT objectives accounted for roughly 83% of LEAs' total RttT expenditures during this time: Data Systems to Support Infrastructure (47.5%), Great Teachers and Leaders (22.5%), and Standards and Assessment (13.0%).
7. Controlling for school demographics and prior school-level performance, RttT spending at the LEA level seems to have a limited relationship with student outcomes. The relationships should be interpreted with caution, however, because the analyses used for this report cannot definitively isolate the causal effects of the patterns of local expenditures from the effects of several other changes in the educational system during the time of the RttT grant. The analyses of student outcomes through 2014 suggest that increased per-pupil spending of RttT funds on Data Systems to Support Infrastructure may be associated with small *decreases* in End-of-Course (EOC) performance composite, while increased per-pupil expenditures on Turning Around the Lowest-Achieving Schools is associated with small *increases* in the EOC performance composite.
8. An analysis of student outcomes suggests that LEAs that spent more of the RttT funding earlier and LEAs that focused on a smaller number of sub-objectives saw greater increases in their high school graduation rates, compared to LEAs that spent more of their funding later in the grant and spread funding across more objectives. The graduation rate also appeared to increase more in LEAs where more funding was spent on activities related to the State Success Factors and the Great Teachers and Leaders objective.
9. Based on the experiences of four sample LEAs, all services of the NCEdCloud have not yet been implemented across all LEAs. While some LEAs report having experienced cost savings already, others do not yet report experiencing any cost savings. The varied experience appears to have been driven by how technologically advanced each LEA was prior to the commencement of the NCEdCloud initiative.
10. Cost savings related to the NCEdCloud cannot be confirmed using current expenditure data. In order to facilitate future evaluation, the state should direct LEAs to improve their application of existing Chart of Accounts' codes to provide a more detailed and consistent accounting of technology spending.

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