Join the new school building boom in NC

Aug. 12, 2022

115th NCACC Annual Conference

Speakers

- **Brooks Matthews**
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- **Adam Pridemore**, *Presenter*
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- **Van Denton**, *Presenter*
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School building boom fueled with grants up to $50 million.

How big is the boom?

$359 million

+ $395 million

+ $431 million

$1.2 BILLION

invested in new schools

A little history lesson.

Key dates for state school construction funding:

1987

School Facilities Finance Act approved. Supported by corporate income taxes, it raised **$1.3 billion** for school construction. Financing ended in FY2009.

Key dates for state school construction funding:

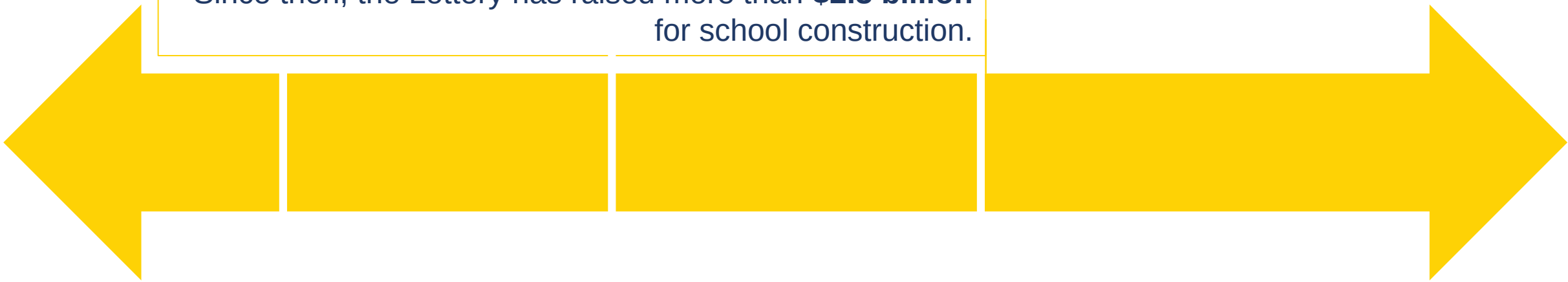
1996

State school construction bonds approved, providing **$1.8 billion** to help counties build and repair schools. Funds all used by 2005.

Key dates for state school construction funding:

2005

N.C. Education Lottery approved. Part of the money raised was allocated to school construction and repair. Since then, the Lottery has raised more than **$2.3 billion** for school construction.



Key dates for state school construction funding:

2017

Needs-Based Public School Capital Fund created, using **money raised by Education Lottery** to provide financial assistance to low-wealth counties to build new schools.

State's Renewed Commitment to School Construction

SL 2017-57, Section 5.3.(d):
It is the intent of the General Assembly to increase the amount of North Carolina Education Lottery net lottery revenues collected that is dedicated to assist local governments in meeting local school capital needs from 16.9% of net lottery revenues collected in the 2016-17 fiscal year to 40% of net lottery profits collected no later than the 2028-2029 fiscal year.

NC Education Lottery

How money raised by lottery was allocated for this year

School staff	$385,914,455
School Construction/Repair	$358,252,612
NC Pre-K	$78,252,110
Scholarships Reserve Fund	$41,194,733
LEA Transportation	$21,386,090
Total Allocations	**$885,000,000**

NC Education Lottery

Money raised by lottery supports three school capital funds

Capital Funds supported by the NC Education Lottery

Public School Building Capital Fund

- Original Funding – Corporate Tax Revenue
- $100 Million / Year
- ADM-Based Allotment

Needs-Based Public School Capital Fund (2017)

- Joint Application Process
- Critical Facility Needs
- Local Matching Funds

Public School Repair & Renovation Fund (2021)

- $30 Million / Year 1
- $50 Million / Year 2
- Equal Allotment to 100 Counties
- Repair, Renovation, Expansion of Classroom Facilities

https://www.dpi.nc.gov/districts-schools/district-operations/school-planning/capital-funding

Needs-Based Public School Capital Fund

Needs-Based Public School Capital Fund

- Created in 2017
- Provides grants for critical facility needs
- Requires joint applications from county and school board.
- Awarded based on rankings of economic factors and facility needs

Types of projects:

- New school buildings only
- Lease agreement options allowed
- Planning, design & construction
- Not for land purchases
- Not for LEED certification

Counties recommended improvements

K-12 Capital Goal for 2021-2022 Biennium:

Seek additional revenue sources, including a statewide bond referendum and expanded lottery proceeds, and changes to the Needs-Based Public School Capital Fund, to equitably address statewide public school and community college capital challenges.

Counties recommended improvements

K-12 Capital Goal for 2021-2022 Biennium:

Revisions will allow more equitable access to counties to take advantage of the fund include:

- Allowing funds to be used for renovations and improvements in addition to new construction.
- Reducing or eliminating local match requirements for Tier 1 & Tier 2 counties.
- Eliminating the five-year prohibition of receiving funds from the Public School Building Capital Fund if a county receives a needs-based grant.

Major changes made in 2021

SL 2021-180

- Creates Article 38B in G.S. 115C
- Significant Changes to the Needs-Based Grant

Increases Maximum Grants

- $30 million – Elementary Schools
- $40 million – Middle Schools
- $50 million – High Schools

Broadens Eligible Uses

- New Buildings, Additions, Repairs, and Renovations

Revises Local Matching Requirement

- Range from 0% to 35%

Major changes made in 2021

Changes Eligibility Criteria

- Adjusted Market Value of Taxable Real Property
- NC Department of Revenue (data source)

Eliminates 5-year ineligibility for PSBCF

- ADM-Based Allotments will resume – Q2 Funds

Eliminates 5-year restriction to re-apply

- Priority for applicants with no grant in past 3 years

Prior recipients – may apply for increase

- Project not yet under construction
- DPI shall prioritize these applications

Agreement / Reporting Requirements unchanged

Application Ranking Criteria (per SL 2021-180)

- Prior recipients applying for an increase.
- Counties designated as Tier 1 areas.
- Counties with greater need and less ability to generate tax revenue.
- Counties with a high debt-to-tax revenue ratio.
- Projects that address critical deficiencies.
- Projects with new construction or complete renovation.
- Projects that consolidate two or more schools.
- Counties that have not received a grant in three years.

NC Education Lottery

Needs-Based Public School Capital Fund

1st Year: FY 2017-18

- $30 million
- 4 grants (4 counties)

2nd Year: FY 2018-19

- $141 million
- 13 grants (12 counties)

3rd Year: FY 2019-20

- $73 million
- 6 grants (6 counties)

4th Year: FY 2020-21

- $115 million
- 14 grants (9 counties)

Total First 4 years

$359 million

NC Education Lottery

Needs-Based Public School Capital Fund

5th Year: Spring 2022

- $395 million
- 42 grants (28 counties)

5th Year: Fall 2022

- $431 million

Fall 2022 grant schedule

Sept. 1 – Application Deadline

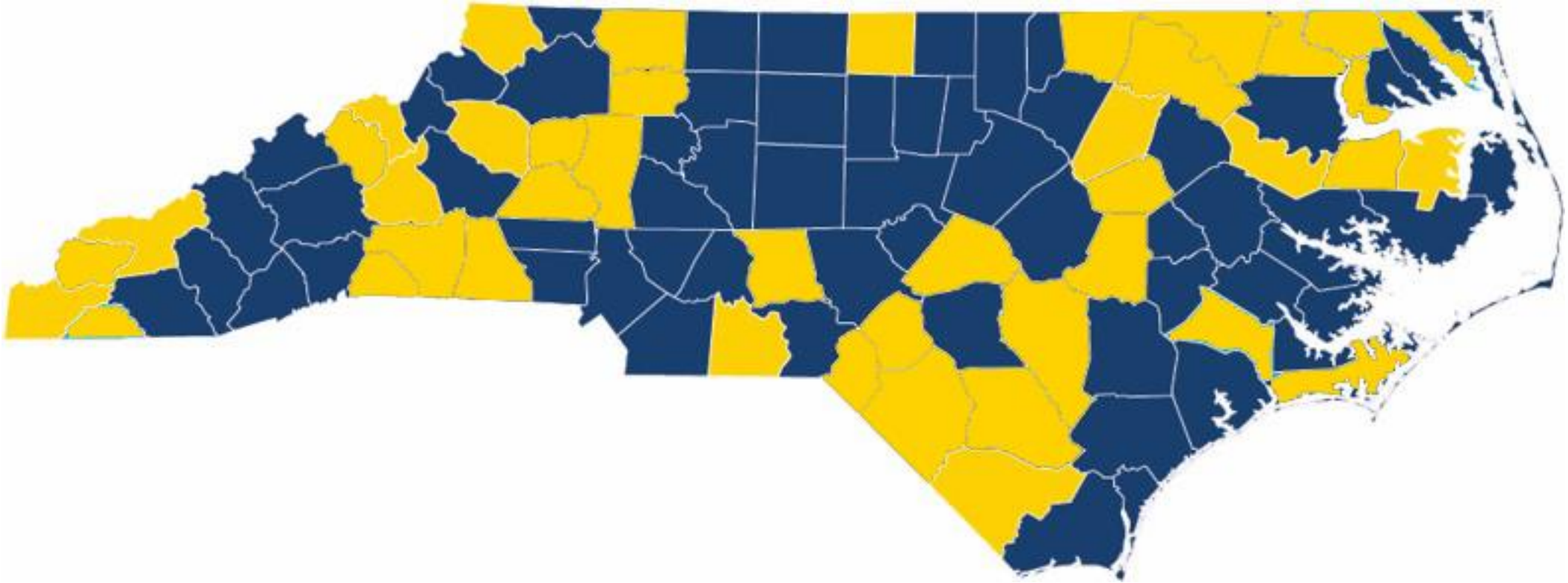
Oct. 25 – Awards Announced

Total Over 5 Years

$1.2 billion

NC Education Lottery

42 NC Counties have received Needs-Based Grants



Jones Senior High School
Jones County

Hayesville Primary School
Clay County

Granite Falls Middle School
Caldwell County

Ahoskie Elementary School
Hertford County

The Harnett County story

Northwest Harnett Elementary School
Harnett County

Questions