

**FY 2010-11 REPORT**  
**PUBLIC SCHOOL BUILDING CAPITAL FUND**  
**June 30, 2011**

**INTRODUCTION**

The 1987 Session of the North Carolina General Assembly passed legislation (the School Facilities Finance Act) establishing the Public School Building Capital Fund (PSBCF). The purpose of the fund is to assist county governments in meeting their public school building capital needs and their equipment needs under their local school technology plans. The fund was administered by the Office of State Budget and Management from 1987 through June 30, 2003, when administration of the PSBCF was transferred by legislative action to the Department of Public Instruction.

The Public School Building Capital Fund /ADM Fund uses part of the corporate income tax revenues (about 7.25%) to provide counties with an allocation based on average daily membership. Counties may let their allocations accrue until they are ready to use them for a specific project, at which time they must match (1:3) the amount withdrawn from the state. A total of \$1.3 billion has been allotted (approved for use on specific projects) since 1987; the current fund balance to be allotted is \$26 million.

**Public School Building Capital Fund (ADM Fund) – Fiscal Year Totals**

<b>Fiscal Year</b>	<b>Corporate Tax Revenue</b>	<b>Interest on Tax Revenue</b>	<b>Interest on Disbursing Account</b>	<b>Project Allotment</b>	<b>Unallotted Balance</b>
1987-88	79,711,466.77	2,475,125.99	101,216.34	8,603,813.86	73,683,995.24
1988-89	60,005,342.26	9,028,343.75	1,156,249.21	44,677,884.66	99,196,045.80
1989-90	37,422,143.66	8,831,204.87	2,022,116.86	81,000,952.55	66,470,558.64
1990-91	27,087,077.02	4,955,875.14	3,293,270.75	59,750,680.23	42,056,101.32
1991-92	27,424,644.08	3,191,823.22	1,954,730.19	36,681,753.72	37,945,545.09
1992-93	32,048,197.15	2,693,952.36	1,514,789.63	33,726,233.86	40,476,250.37
1993-94	34,681,537.93	2,875,198.89	1,188,908.83	34,423,458.70	44,798,437.32
1994-95	41,811,028.84	3,538,817.80	1,398,019.52	37,306,768.51	54,239,534.97
1995-96	50,717,766.10	4,736,336.55	1,418,246.78	49,178,619.49	61,933,264.91
1996-97	48,317,423.71	4,882,099.32	1,765,060.30	42,364,730.24	74,533,118.00
1997-98	56,174,376.61	5,932,978.01	1,448,980.88	53,067,568.30	85,021,885.20
1998-99	62,451,346.39	6,033,638.81	1,689,276.11	60,097,863.97	95,098,282.54
1999-00	79,038,850.61	6,601,704.52	2,075,448.04	67,271,838.73	115,542,446.98
2000-01	48,410,798.61	6,527,308.58	2,698,783.15	103,812,864.58	69,366,472.74
2001-02	43,881,577.31	4,148,930.43	2,223,675.10	42,912,257.94	76,708,397.64
2002-03	0.00	2,890,037.39	783,101.83	27,411,212.69	52,970,324.17
2003-04	57,164,133.05	2,355,596.37	596,053.88	38,251,633.60	74,834,473.87
2004-05	77,897,426.15	2,524,368.24	616,845.33	54,866,440.27	101,006,673.32
2005-06	97,732,199.85	4,523,116.56	726,993.08	78,679,602.36	125,309,380.45
2006-07	108,675,188.71	6,193,330.14	1,106,598.12	91,152,590.65	150,131,906.77
2007-08	86,709,100.57	7,869,381.02	1,158,954.22	146,649,859.20	99,219,483.38
2008-09	49,098,195.65	4,253,833.16	702,369.99	91,716,795.56	61,557,086.62
2009-10	0.00	926,011.50	225,866.42	18,355,912.19	44,353,052.35
2010-11	0.00	337,532.41	85,605.20	18,723,899.24	26,052,290.72
<b>Totals</b>	<b>1,206,459,821.03</b>	<b>108,326,545.03</b>	<b>31,951,159.76</b>	<b>1,320,685,235.10</b>	

The fund was frozen by the Legislature for 2002-03 because of state budget shortfalls. Also, School Planning, NCDPI

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current economic conditions resulted in the 3<sup>rd</sup> and 4<sup>th</sup> Quarter revenues of 2008-09 and all revenues for FY 2009-10, and 2010-11 being diverted away from the PSBCF.

In 2006, the North Carolina Education Lottery began to provide funding through the channel of the Public School Building Capital Fund. One-half of lottery sales are returned to the public as prizes; 15% is used for administrative expenses, and 35% is divided among the educational programs. Of the educational programs share, 40% is directed for school construction through the PSBCF. (40% of 35% = 14% of total lottery revenue.)

**Public School Building Capital Fund (Lottery) - Fiscal Year Totals**

Fiscal Year	Lottery Revenue	Interest on Lottery Revenue	Interest on Disbursing Account	Project Allotment	Unallotted Balance
2006-07	102,384,597.00	1,913,370.25	233,909.70	42,299,649.67	62,232,227.28
2007-08	128,887,893.00	5,045,560.83	967,847.54	92,355,256.80	104,778,271.85
2008-09	123,821,061.00	4,988,190.54	954,669.58	139,871,080.32	94,671,112.65
2009-10	209,575,479.00	2,880,644.51	541,131.05	148,982,629.10	158,685,738.11
2010-11	145,805,007.00	1,705,969.62	361,964.22	157,152,512.01	149,406,166.94
	710,474,037.00	16,533,735.75	3,059,522.09	580,661,127.90	

*Note: Lottery Revenue is recorded here in the month it was actually made available to the LEAs. Second Quarter and Fourth Quarter FY 2008-09 lottery revenues were actually made available in FY 2009-10. Fourth Quarter FY 2009-10 was actually made available in August 2010. April and May 2011 revenue was distributed in June 2011, but June revenue will not be distributed until FY 2011-12.*

**SOURCE OF FUNDS / ALLOCATIONS**

The Department of Revenue deposits a percentage of the Corporate Income Tax into the Public School Building Capital Fund quarterly. Corporate income tax collections deposited into the Fund are to be allocated to the counties on a per average daily membership (ADM) basis. Legislation of the 2009 Session included the redirection of the 2009-10 and 2010-11 corporate tax away from the PSBCF, so revenue was zero for that biennium.

Funding from the Lottery is distributed four times per year, but the dates of distribution are not mandated by law. Allocations among the Local Education Agencies (LEAs) are based on ADM (65% of the money) and on property tax rate in the LEA (35% of the money). A city LEA will receive lottery funding separate from the county LEA. In FY 2008-09 and 2009-10, there was a supplementary distribution to those LEAs which did not participate in the 35% share, so that all LEAs receive the same amount per ADM. In FY 2010-11, distribution was made solely on the basis of ADM.

Cash balances in the Public School Building Capital Fund and monies transferred from the Fund into county disbursing accounts earn interest. All interest earned is deposited into the Public School Building Capital Fund and allocated to counties based on each balance.

**ALLOWABLE TYPES OF CAPITAL OUTLAY PROJECTS & USES OF FUNDS**

PSBCF money may be used for the following general types of projects:

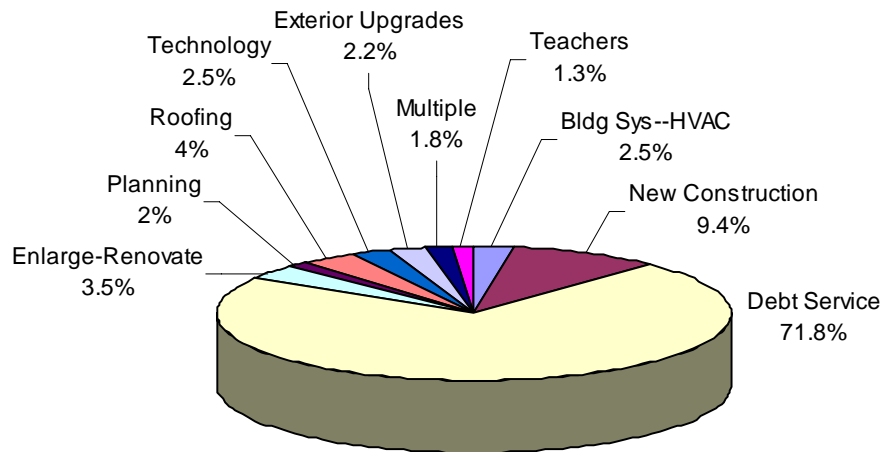
1. Purchase of Land for Public School Buildings
2. Planning/Design Fees “
3. Construction “
4. Renovation “
5. Enlargement “
6. Repair “
7. School Technology (from Corporate Tax funds only; not from Lottery).

Funds may also be used to retire certain indebtedness incurred by a county for public school facilities, if a county does not need all or part of the funds allocated to it for public school capital outlay projects as listed above. In addition, for FY 2010-11 only, Lottery revenue earned during that fiscal year may be used for salaries of classroom teachers.

The following table and graph show the dollar value of all types of projects funded through the Public School Building Capital Fund in the 2010-11 fiscal year. Approximately \$175.9 million was approved for use.

**FY 2010-11 PSBCF - Use of Funds**

Project Type	Corporate Tax		Lottery		TOTAL			
	Count	Allotted	Count	Allotted	Count	Allotted	percent	
Bldg Sys--General	12	153,789.11	14	933,661.22	26	1,087,450.33	0.62% *	
Bldg Sys--HVAC	35	920,313.57	47	3,391,293.71	82	4,311,607.28	2.45%	
New Construction	3	6,717,466.84	7	9,745,230.00	10	16,462,696.84	9.36%	
Debt Service	13	4,271,102.00	123	122,024,752.98	136	126,295,854.98	71.81%	
Enlarge-Renovate	5	(161,344.97)	24	6,261,313.39	29	6,099,968.42	3.47%	
Land Purchase	1	270,000.00	2	(449,999.00)	3	(179,999.00)	-0.10% *	
Planning & Design	9	84,148.95	47	2,692,159.00	56	2,776,307.95	1.58%	
Repairs--General	28	376,397.09	64	1,921,751.62	92	2,298,148.71	1.31% *	
Repairs--Roofing	28	1,824,391.17	45	4,339,811.86	73	6,164,203.03	3.50%	
Technology	17	4,371,108.00	0	-	17	4,371,108.00	2.49%	
Exterior Upgrades	14	(103,472.52)	61	3,954,361.23	75	3,850,888.71	2.19%	
Teachers	0	-	16	2,338,176.00	16	2,338,176.00	1.33%	
		<b>165</b>	<b>18,723,899.24</b>	<b>450</b>	<b>157,152,512.01</b>	<b>615</b>	<b>175,876,411.25</b>	<b>1.00</b>



**FY 2010-11 PSBCF Allotments (ADM plus Lottery)**

("Multiple" includes General Building Systems\*, Land Purchases\*, and General Repairs\*.)

**APPLICATION PROCESS**

Counties/LEAs submit a completed application form, signed by the chairs of the Board of Education and the County Commissioners to School Planning, NC Department of Public Instruction. Applications received before the 25<sup>th</sup> of each month are processed by the end of the month. Funds for approved projects are transferred to the county disbursing account in the Office of State Treasurer on the last day of the month and are usually available on the

first of the following month. Technology funds are transferred to the Technology Trust Fund and should be available for drawdown after the next scheduled Allotment Revision of the following month.

### **FORMS AND REPORTS**

Application form, procedures manual, 10-year planning projections, and quarterly reports for each county are posted on the Internet at <http://www.schoolclearinghouse.org/> under "Public School Building Capital Fund". Reports are updated monthly to show project allotments and interest earned, and updated quarterly after corporate tax and lottery receipts are deposited to the fund.

As indicated above, lottery revenue is entered into the School Planning reports in the month it is made available for use. The report titled "Lottery Fund Distribution 2010-11" found at <http://www.schoolclearinghouse.org/otherinf/ADMFund/LotteryDistributionJun11.pdf> shows those funds made available during FY 2010-11, not including the June 2011 revenue. Lottery commission reports which reflect the 12-month period of FY 2010-11 will therefore differ from the data in this report.

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Questions or comments about this report, or about the Public School Building Capital Fund, the ADM portion of the Fund, or the Lottery portion of the fund, may be directed to

Kenneth M. Phelps  
Architect / School Planning Consultant  
School Planning Section  
NC Department of Public Instruction  
301 North Wilmington Street  
Raleigh, NC 27601-2825

telephone (919) 807-3561  
fax (919) 807-3558  
e-mail: [ken.phelps@dpi.nc.gov](mailto:ken.phelps@dpi.nc.gov)