

Leandro Comprehensive Remedial Plan Update

The Leandro Comprehensive Remedial Plan (LCRP) approved by Judge Lee on June 7, 2021, gradually increases education funding over eight years to build capacity and minimize reversions. Table 1 shows the LCRP requirements for the plan’s seven thematic parts over the eight-year ramp-up.

Table 1: Leandro Comprehensive Remedial Plan

	Year 1 ¹ (FY 2020-21)	Year 2 (FY 2021-22)	Year 3 (FY 2022-23)	Year 4 (FY 2023-24)	Year 5 (FY 2024-25)	Year 6 (FY 2025-26)	Year 7 (FY 2026-27)	Year 8 (FY 2027-28)
Part I. Quality Teachers		\$15.0M	\$32.0M	\$60.5M	\$91.2M	\$120M	\$144.1M	\$161.7M
Part II. Quality Principals		\$8.7M	\$9.7M	\$14.7M	\$14.7M	\$14.7M	\$14.7M	\$14.7M
Part III. ² Finance System	\$75.2M	\$565.9M	\$853.5M	\$1,111.5M	\$1,753.9M	\$2,395.7M	\$3,038.5M	\$3,679.7M
Part IV. Assessment & Accountability ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Part V. Assistance and Turnaround		\$11.5M	\$28.9M	\$67.8M	\$81.7M	\$81.7M	\$88.4M	\$88.4M
Part VI. Early Education		\$76.4M	\$113.4M	\$346.5M	\$624.0M	\$925.1M	\$1,172.1M	\$1,458.2M
Part VII. Postsecondary and Career Alignment		\$13.2M	\$25.0M	\$50.4M	\$75.4M	\$100.2M	\$124.9M	\$150.0M
TOTAL	\$75.2M	\$690.7M	\$1,062.5M	\$1,651.4M	\$2,640.9M	\$3,637.5M	\$4,582.8M	\$5,552.8M

Funding Status

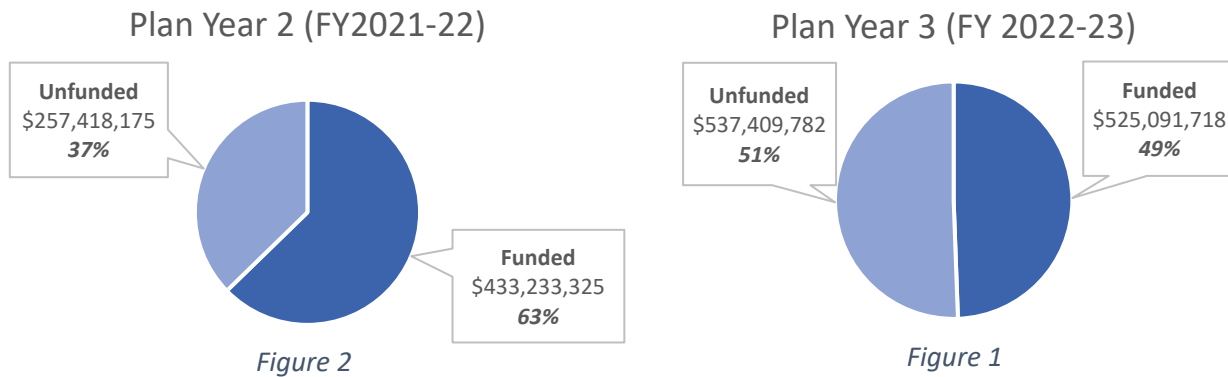
Governor Cooper’s Recommended [2021-23 budget \(SB622\)](#) fully funded Plan years two and three. The 2021-23 State Budget⁴ (Budget) funds these years at 63% and 49%, respectively as shown in Figure 1 and Figure 2.

¹ Y1 funding levels are mostly empty because the Plan wasn’t completed until late in FY 2020-21.

² Education compensation increases are included through Plan year 3. Beginning in year 4, additional compensation increases will be required based on a compensation study in the Plan. These numbers thus underestimate the total investment.

³ Part IV objectives are primarily policy based, so no funding is attached.

⁴ “2021-23 State Budget” or “Budget” refers to the Current Operations Appropriations Act of 2021 ([SL 2021-180](#)) as amended by two technical corrections laws, [SL 2021-189](#) and [SL 2022-6](#).



The LCRP lays out 44 funding priorities in year 2, and 42 in year 3.⁵ Of these, 24 items in year 2 and 22 items in year 3 received no funding in the Budget. Appendix A shows how much funding each LCRP item received.

In some cases, the LCRP calls for recurring (R) funds, but the Budget appropriated nonrecurring (NR) funds. Those amounts are considered funded, but recurring funds would be needed after this biennium to continue implementing the Plan. Without action by the General Assembly, nonrecurring funds are only available for the specified fiscal year.

Appendix A also indicates which agency will administer each item. Table 2 shows the total differences, by agency, between the LCRP and the Budget.

Table 2: Funding by Administering Agency

	Year 2 (FY 2021-22)			Year 3 (FY 2022-23)		
	In Plan	Funded	Underfunded	In Plan	Funded	Underfunded
DPI	\$ 597,551,500	\$ 419,866,224	\$ 177,685,276	\$ 924,501,500	\$ 508,558,580	\$ 415,942,920
DHHS	\$ 76,400,000	\$ 9,846,101	\$ 66,553,899	\$ 113,400,000	\$ 11,512,138	\$ 101,887,862
UNC	\$ 16,700,000	\$ 3,521,000	\$ 13,179,000	\$ 24,600,000	\$ 5,021,000	\$ 19,579,000
TOTAL	\$690,651,500	\$433,233,325	\$ 257,418,175	\$1,062,501,500	\$525,091,718	\$ 537,409,782

General Fund Availability

In the State Budget, the General Assembly appropriated funding for both years of the fiscal biennium (FY 2021-22 and FY 2022-23). When creating a budget, the General Assembly looks at “total availability” to determine how much funding is available. Total availability includes estimated General Fund tax revenues, estimated non-tax revenues, and one-time cash, such as that from the overcollection of tax revenues or reversion of unspent funds from the prior fiscal year⁶. The Budget anticipates FY 2021-22

⁵ Fewer items call for funding in year 3 because several of the year 2 items are for one-time studies.

⁶ A complete definition of “availability” can be found in the State Budget Act ([G.S. 143C-1-1.\(d\)](#))

total availability, after tax reductions and reservation of funds, to be \$28.41 billion and appropriates \$26.03 billion, leaving \$2.38 billion unappropriated. The Budget anticipates FY 2022-23 total availability, after tax reductions and reservation of funds, to be \$27.0 billion and appropriates \$26.98 billion, leaving less than \$22 million unappropriated.

Among the notable reservations, the Budget reserves \$1.134 billion in each year of the biennium to the State's Savings Reserve to bring the total unappropriated cash in that reserve to \$4.25 billion on July 1, 2022.

The state receives collections and disburses funds daily, meaning gross cash balance and unreserved cash balance are fluid numbers that change daily. The Office of the State Controller's (OSC) glossary defines unreserved cash as "cash available to finance appropriation expenditures." As of March 25, 2022, the gross cash balance was \$9.84 billion and the net unreserved cash balance was \$4.79 billion.⁷ On November 12, 2021 (the week before the General Assembly passed the Budget), the gross cash balance was \$14.5 billion, and the net unreserved cash balance was \$8.55 billion.

⁷ The NC Office of the State Controller (OSC) website publicly publishes the state's cash balance at www.osc.nc.gov. See specifically [Cash Watch November 15, 2021 | NC OSC](#) and [Cash Watch March 28, 2022 | NC OSC](#).