

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 779
Committee Substitute Favorable 4/24/17
Committee Substitute #2 Favorable 4/25/17
Fourth Edition Engrossed 4/26/17

Short Title: Charter School Changes.

(Public)

Sponsors:

Referred to:

April 13, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE CHARTER SCHOOL LAWS.
3 The General Assembly of North Carolina enacts:

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5 **PART I. EXPANSION OF GROWTH EXCEPTION FOR MATERIAL REVISIONS OF**
6 **CHARTERS**

7 **SECTION 1.(a)** G.S. 115C-218.7(b) reads as rewritten:

8 "(b) Enrollment growth of greater than twenty percent (20%) shall be considered a
9 material revision of the ~~charter~~ charter for any charter school identified as low-performing. The
10 State Board may approve such additional enrollment growth of greater than twenty percent
11 (20%) only if it finds all of the following:

- 12 (1) The actual enrollment of the charter school is within ten percent (10%) of its
13 maximum authorized enrollment.
14 (2) The charter school has commitments for ninety percent (90%) of the
15 requested maximum growth.
16 ~~(3) The charter school is not currently identified as low performing.~~
17 (4) The charter school meets generally accepted standards of fiscal management.
18 (5) The charter school is, at the time of the request for the enrollment increase,
19 substantially in compliance with State law, federal law, the charter school's
20 own bylaws, and the provisions set forth in its charter granted by the State
21 Board."

22 **SECTION 1.(b)** G.S. 115C-217.7 is amended by adding a new subsection to read:

23 "(b1) Enrollment growth of greater than thirty percent (30%) shall be considered a
24 material revision of the charter for any charter school that is not identified as low-performing.
25 The State Board may approve such additional enrollment growth of greater than thirty percent
26 (30%) only if it finds all of the following:

- 27 (1) The actual enrollment of the charter school is within ten percent (10%) of its
28 maximum authorized enrollment.
29 (2) The charter school has commitments for ninety percent (90%) of the
30 requested maximum growth.
31 (3) The charter school meets generally accepted standards of fiscal management.
32 (4) The charter school is, at the time of the request for the enrollment increase,
33 substantially in compliance with State law, federal law, the charter school's



1 own bylaws, and the provisions set forth in its charter granted by the State
2 Board."

3 **SECTION 1.(c)** G.S. 115C-218.8 reads as rewritten:

4 "**§ 115C-218.8. Nonmaterial revisions of charters.**

5 It shall not be considered a material revision of a charter and shall not require prior
6 approval of the State Board for a charter school to do any of the following:

- 7 (1) Increase its enrollment during the charter school's second year of operation
8 and annually thereafter ~~by up to twenty percent (20%) of the school's~~
9 ~~previous year's enrollment~~ in accordance with G.S. 115C-218.7(b) or G.S.
10 115C-218.7(b1).
11 (2) Increase its enrollment during the charter school's second year of operation
12 and annually thereafter in accordance with planned growth as authorized in
13 its charter.
14 (3) Expand to offer one grade higher or lower than the charter school currently
15 offers if the charter school has (i) operated for at least three years, (ii) has
16 not been identified as continually low-performing as provided in
17 G.S. 115C-218.94, and (iii) has been in financial compliance as required by
18 the State Board."

19 **SECTION 1.(d)** This section is effective when it becomes law and applies to
20 approvals for material changes on or after that date.

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22 **PART II. ENROLLMENT PRIORITIES FOR STUDENTS PREVIOUSLY ENROLLED**
23 **IN CHARTERS**

24 **SECTION 2.** G.S. 115C-218.45(f) reads as rewritten:

25 "(f) The charter school may give enrollment priority to any of the following:

- 26 (1) Siblings of currently enrolled students who were admitted to the charter
27 school in a previous year. For the purposes of this section, the term
28 "siblings" includes any of the following who reside in the same household:
29 half siblings, stepsiblings, and children residing in a family foster home.
30 (2) Siblings of students who have completed the highest grade level offered by
31 that school and who were enrolled in at least four grade levels offered by the
32 charter school or, if less than four grades are offered, in the maximum
33 number of grades offered by the charter school.
34 (3) Limited to no more than fifteen percent (15%) of the school's total
35 enrollment, unless granted a waiver by the State Board of Education, the
36 following:
37 a. Children of the school's full-time employees.
38 b. Children of the charter school's board of directors.
39 (4) A student who was enrolled in the charter school within the two previous
40 school years but left the school (i) to participate in an academic study abroad
41 program or a competitive admission residential program or (ii) because of
42 the vocational opportunities of the student's parent.
43 (5) A student who was enrolled in another charter school in the State in the
44 previous school year that does not offer the student's next grade level.
45 (6) A student who was enrolled in another charter school in the State in the
46 previous school year that does not offer the student's next grade level and
47 both of the charter schools have an enrollment articulation agreement to
48 accept students or are governed by the same board of directors.
49 (7) A student who was enrolled in another charter school in the State in the
50 previous school year."
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PART III. DISAGGREGATION OF STUDENT PERFORMANCE DATA

SECTION 3.(a) G.S. 115C-218.110(b) reads as rewritten:

"(b) The State Board of Education shall review and evaluate the educational effectiveness of the charter schools authorized under this Article and the effect of charter schools on the public schools in the local school administrative unit in which the charter schools are located. The Board shall report annually no later than January 15 to the Joint Legislative Education Oversight Committee on the following:

- (1) The current and projected impact of charter schools on the delivery of services by the public schools.
- (2) Student academic progress in the charter schools as measured, where available, against the academic year immediately preceding the first academic year of the charter schools' operation.
- (2a) The student performance data based on the Education Value-Added Assessment System (EVAAS) for charter school students disaggregated by years of student enrollment on the basis of race, sex, grade level, ethnicity, free or reduced lunch status, and disability status in the charter school for the following categories:
 - a. Charter schools.
 - b. Virtual charter schools.
 - c. Dropout prevention and recovery program charter schools.
- (3) Best practices resulting from charter school operations.
- (4) Other information the State Board considers appropriate.

Notwithstanding the requirements for disaggregated data, the report shall not include any personally identifiable student data, as defined in G.S. 115C-402.5."

SECTION 3.(b) This section is effective when it becomes law and applies to reports submitted on or after January 1, 2018.

PART IV. CHARTER SCHOOLS AND NC PRE-K

SECTION 4.(a) G.S. 115C-218(c)(3) reads as rewritten:

- "(3) Powers and duties. – The Office of Charter Schools shall have the following powers and duties:
- a. Serve as staff to the Advisory Board and fulfill any task and duties assigned to it by the Advisory Board.
 - b. Provide technical assistance and guidance to charter schools operating within the State.
 - c. Provide technical assistance and guidance to nonprofit corporations seeking to operate charter schools within the State.
 - d. Provide or arrange for training for charter schools that have received preliminary approval from the State Board.
 - e. Assist approved charter schools and charter schools seeking approval from the State Board in coordinating services with the Department of Public Instruction.
 - e1. Assist certain charter schools seeking to participate in the NC prekindergarten program in accordance with G.S. 115C-218.115.
 - f. Other duties as assigned by the State Board."

SECTION 4.(b) G.S. 115C-218.45(f), as amended by Section 2 of this act, reads as rewritten:

"(f) The charter school may give enrollment priority to any of the following:

- (1) Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this section, the term

1 "siblings" includes any of the following who reside in the same household:
2 half siblings, stepsiblings, and children residing in a family foster home.

3 (2) Siblings of students who have completed the highest grade level offered by
4 that school and who were enrolled in at least four grade levels offered by the
5 charter school or, if less than four grades are offered, in the maximum
6 number of grades offered by the charter school.

7 (2a) A student who was enrolled in a preschool program operated by the charter
8 school in the prior year.

9 (3) Limited to no more than fifteen percent (15%) of the school's total
10 enrollment, unless granted a waiver by the State Board of Education, the
11 following:

12 a. Children of the school's full-time employees.

13 b. Children of the charter school's board of directors.

14 (4) A student who was enrolled in the charter school within the two previous
15 school years but left the school (i) to participate in an academic study abroad
16 program or a competitive admission residential program or (ii) because of
17 the vocational opportunities of the student's parent.

18 (5) A student who was enrolled in another charter school in the State in the
19 previous school year that does not offer the student's next grade level.

20 (6) A student who was enrolled in another charter school in the State in the
21 previous school year that does not offer the student's next grade level and
22 both of the charter schools have an enrollment articulation agreement to
23 accept students or are governed by the same board of directors.

24 (7) A student who was enrolled in another charter school in the State in the
25 previous school year."

26 **SECTION 4.(c)** Article 14A of Chapter 115C of the General Statutes is amended
27 by adding a new section to read:

28 **"§ 115C-218.115. Operation of NC Pre-K programs.**

29 (a) A charter school may apply to a local contracting agency to participate in the NC
30 prekindergarten (NC Pre-K) program as a local program site offering families a high-quality
31 prekindergarten experience. A charter school that seeks to operate as a NC Pre-K program site
32 may request administrative and technical assistance from the Office of Charter Schools with its
33 application to the local contracting agency if the charter school meets all of the following:

34 (1) The charter school has operated as a charter school for at least three school
35 years.

36 (2) The charter school is not currently identified as low-performing.

37 (3) The charter school meets generally accepted standards of fiscal management.

38 (4) The charter school is substantially in compliance with State law, federal law,
39 the charter school's own bylaws, and the provisions set forth in its charter
40 granted by the State Board.

41 (b) The Office of Charter Schools, in consultation with the Department of Health and
42 Human Services, Division of Child Development and Early Education, shall assist a charter
43 school under subsection (a) of this section with determining whether the charter school's
44 proposed program meets (i) the building standards set forth in subsection (c) of this section and
45 any other State standards for the charter school to be licensed as a child care facility and (ii) the
46 standards required to be selected as a site under the NC Pre-K program. If the charter school
47 does not meet these standards, the Office of Charter Schools shall provide assistance to the
48 charter school in identifying any obstacles to its participation in the NC Pre-K program.

49 (c) A charter school that otherwise meets all of the requirements for a child care facility
50 license may use an existing or newly constructed classroom in the charter school for three- and

1 four-year-old preschool students without modifications to the classroom or building if the
2 classroom meets all of the following:

- 3 (1) Has at least one toilet and one sink for hand washing.
- 4 (2) Meets kindergarten standards for overhead light fixtures.
- 5 (3) Meets kindergarten standards for floors, walls, and ceilings.
- 6 (4) Has floors, walls, and ceilings that are free from mold, mildew, and lead
7 hazards."

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9 **PART V. MODULAR UNIT TAX EXEMPTION FOR ALL SCHOOLS**

10 **SECTION 5.(a)** G.S. 105-275 is amended by adding a new subdivision to read:

11 "(49) A mobile classroom or modular unit that is occupied by a school and is
12 wholly and exclusively used for educational purposes, as defined in
13 G.S. 105-278.4(f), regardless of the ownership of the property. For the
14 purposes of this subdivision, the term "school" means a public school,
15 including any school operated by a local board of education in a local school
16 administrative unit; a nonprofit charter school; a regional school; a nonprofit
17 nonpublic school regulated under Article 39 of Chapter 115C of the General
18 Statutes; or a community college established under Article 2 of Chapter
19 115D of the General Statutes."

20 **SECTION 5.(b)** This section is effective for taxes imposed for taxable years
21 beginning on or after July 1, 2017.

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23 **PART VI. EFFECTIVE DATE**

24 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes
25 law.