

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 800

Short Title: Various Changes to Charter School Laws. (Public)

Sponsors: Representatives Bradford, Saine, Stone, and Grange (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, State and Local Government II

April 13, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING CHARTER
3 SCHOOLS.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. CHARTER SCHOOLS IN THE WORKPLACE**

7 **SECTION 1.(a)** G.S. 115C-218.45 reads as rewritten:

8 "**§ 115C-218.45. Admission requirements.**

9 ...

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

11 ...

12 (7) Limited to no more than fifty percent (50%) of the school's total enrollment,
13 children of permanent employees of a charter partner in accordance with
14 subsection (f1) of this section. If the number of applications from these
15 children exceed fifty percent (50%) of the school's total enrollment, these
16 children shall be accepted by a separate lottery.

17 (f1) For purposes of this section, a charter partner is any legal entity authorized to
18 transact business in this State under Chapter 55, 55A, 55B, 57D, or 59 of the General Statutes
19 and that has, acting individually or as part of a consortium of corporations, donated one or more
20 of the following to the charter school:

21 (1) The land on which the school is built.

22 (2) The school building or the space the school occupies. If the charter partner is
23 leasing the building or space to the school, the charter school may only give
24 enrollment priority if the lease provides that the building or space is made
25 available without cost and if the term of the lease is not less than the
26 duration of the charter.

27 (3) Major renovations to the existing school building or other capital
28 improvements including major investments in technology. For purposes of
29 this subdivision, a major renovation to the existing school building means
30 changes that provide significant opportunities for substantial improvement,
31 including, but not limited to, a structural change to the foundation, roof,
32 floor, or interior or exterior walls or extension of an existing facility to
33 increase its floor area, or an extensive alteration of an existing facility, such
34 as a change in its function or purpose, even if such renovation does not
35 include any structural change to the facility. A major investment in



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1 technology includes, but is not limited to, a donation of hardware, software,
2 Internet access, Internet hardware, enterprise systems, software licenses,
3 smart board technology, or audiovisual equipment. The value of a major
4 renovation or of an investment of technology shall be equal to at least fifty
5 percent (50%) of the State's per pupil allocation for charter schools for that
6 year multiplied by the charter school's average daily membership.

7 (f2) Each year that the charter school provides the charter partner with enrollment
8 priority, as described in subdivision (7) of subsection (f) of this section, the charter partner and
9 the charter school shall enter into a memorandum of understanding that shall specify the
10 duration of the priority and the methods by which the charter partner shall support the charter
11 school, including, but not limited to, internships for students, career counseling, academic
12 tutoring, or enrichment activities.

13 (f3) The enrollment priority described in subdivision (7) of subsection (f) of this section
14 shall not be implemented in a way that displaces students who are enrolled at the school at the
15 time the charter application or the material revision providing for the priority is approved by
16 the State Board of Education.

17"

18 **SECTION 1.(b)** G.S. 115C-218.1(b) is amended by adding a new subdivision to
19 read:

20 "(16) Whether the charter school intends to provide enrollment priority to the
21 children of a charter partner and, if so, identifying information for that
22 charter partner."

23 **SECTION 1.(c)** G.S. 115C-218.7 is amended by adding a new subsection to read:

24 "(e) Adoption of the enrollment priority described in G.S. 115C-218.45(f)(3)c. shall be
25 considered a material revision of the charter."

26 **SECTION 1.(d)** G.S. 115C-218.15 is amended by adding a new subsection to read:

27 "(b1) Persons affiliated with a charter partner, as defined in G.S. 115C-218.45(f1), are
28 eligible for membership on the board of directors of a charter school that provides enrollment
29 priority to charter partners, subject to the requirements of subsection (b) of this section, as
30 follows:

- 31 (1) Persons affiliated with the charter partner shall not constitute a majority of
32 the board.
33 (2) If the charter partner is leasing the building or space to the school, the lease
34 shall provide that the building or space is made available without cost and
35 the term of the lease shall not be less than the duration of the charter."
36

37 **PART II. ALLOW EMPLOYEES OF EDUCATION OR CHARTER MANAGEMENT** 38 **ORGANIZATIONS TO SERVE AS TEACHERS**

39 **SECTION 2.** G.S. 115C-218.90(a)(1) reads as rewritten:

40 "(1) An employee of a charter school is not an employee of the local school
41 administrative unit in which the charter school is located. The charter
42 school's board of directors shall employ and contract with necessary teachers
43 or contract with an education management organization or charter
44 management organization to provide teachers to perform the particular
45 service for which they are employed in the school; at least fifty percent
46 (50%) of these teachers shall hold teacher licenses. All teachers who are
47 teaching in the core subject areas of mathematics, science, social studies, and
48 language arts shall be college graduates.

49 The board also may employ necessary employees who are not required
50 to hold teacher licenses to perform duties other than teaching and may

1 contract for other services. The board may discharge teachers and
2 nonlicensed employees."
3

4 **PART III. REQUIRE A BOARD OF COUNTY COMMISSIONERS TO**
5 **APPROPRIATE A PER PUPIL AMOUNT OF FUNDS TO A CHARTER SCHOOL**
6 **FOR EACH STUDENT ENROLLED IN THE CHARTER SCHOOL WHO RESIDES IN**
7 **A LOCAL SCHOOL ADMINISTRATIVE UNIT LOCATED IN THAT COUNTY**

8 **SECTION 3.(a)** Article 14A of Chapter 115C of the General Statutes is amended
9 by adding the following new section to read:

10 **"§ 115C-218.106. Local funds for a charter school.**

11 For each student enrolled in a charter school, the board of county commissioners of the
12 county in which the local school administrative unit is located where the student resides shall
13 appropriate to that charter school an amount equal to the per pupil appropriation from the
14 county to the local school administrative unit or units for local current expense. By October 1
15 of each school year, the total membership of the charter school of students residing in the
16 county for the budget year shall be determined and certified to the charter school and the board
17 of county commissioners by the State Board of Education. The amount of the per pupil
18 appropriation that consists of revenue derived from supplemental taxes shall only be provided
19 to a charter school located in the tax district for which these taxes are levied and in which the
20 student resides. Funds shall be transferred from the board of county commissioners to a charter
21 school at the same time that funds are transferred to the local school administrative unit or
22 units."

23 **SECTION 3.(b)** G.S. 115C-218.105 reads as rewritten:

24 **"§ 115C-218.105. State and local funds for a charter school.**

25 (a) The State Board of Education shall allocate to each charter school:

- 26 (1) An amount equal to the average per pupil allocation for average daily
27 membership from the local school administrative unit allotments in which
28 the charter school is located for each child attending the charter school
29 except for the allocation for children with disabilities and for the allocation
30 for children with limited English proficiency;
31 (2) An additional amount for each child attending the charter school who is a
32 child with disabilities; and
33 (3) An additional amount for children with limited English proficiency attending
34 the charter school, based on a formula adopted by the State Board.

35 In accordance with G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for
36 annual adjustments to the amount allocated to a charter school based on its enrollment growth
37 in school years subsequent to the initial year of operation.

38 In the event a child with disabilities leaves the charter school and enrolls in a public school
39 during the first 60 school days in the school year, the charter school shall return a pro rata
40 amount of funds allocated for that child to the State Board, and the State Board shall reallocate
41 those funds to the local school administrative unit in which the public school is located. In the
42 event a child with disabilities enrolls in a charter school during the first 60 school days in the
43 school year, the State Board shall allocate to the charter school the pro rata amount of
44 additional funds for children with disabilities.

45 (b) Funds allocated by the State Board of Education may be used to enter into
46 operational and financing leases for real property or mobile classroom units for use as school
47 facilities for charter schools and may be used for payments on loans made to charter schools for
48 facilities, equipment, or operations. However, State funds shall not be used to obtain any other
49 interest in real property or mobile classroom units. No indebtedness of any kind incurred or
50 created by the charter school shall constitute an indebtedness of the State or its political
51 subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith,

1 credit, or taxing power of the State or its political subdivisions. Every contract or lease into
2 which a charter school enters shall include the previous sentence. The school also may own
3 land and buildings it obtains through non-State sources.

4 ~~(e) If a student attends a charter school, the local school administrative unit in which
5 the child resides shall transfer to the charter school an amount equal to the per pupil share of
6 the local current expense fund of the local school administrative unit for the fiscal year. The per
7 pupil share of the local current expense fund shall be transferred to the charter school within 30
8 days of the receipt of monies into the local current expense fund. The local school
9 administrative unit and charter school may use the process for mediation of differences
10 between the State Board and a charter school provided in G.S. 115C-218.95(d) to resolve
11 differences on calculation and transference of the per pupil share of the local current expense
12 fund. The amount transferred under this subsection that consists of revenue derived from
13 supplemental taxes shall be transferred only to a charter school located in the tax district for
14 which these taxes are levied and in which the student resides.~~

15 ~~(d) The local school administrative unit shall also provide each charter school to which
16 it transfers a per pupil share of its local current expense fund with all of the following
17 information within the 30-day time period provided in subsection (e) of this section:~~

- 18 ~~(1) The total amount of monies the local school administrative unit has in each
19 of the funds listed in G.S. 115C-426(e).~~
- 20 ~~(2) The student membership numbers used to calculate the per pupil share of the
21 local current expense fund.~~
- 22 ~~(3) How the per pupil share of the local current expense fund was calculated.~~
- 23 ~~(4) Any additional records requested by a charter school from the local school
24 administrative unit in order for the charter school to audit and verify the
25 calculation and transfer of the per pupil share of the local current expense
26 fund.~~

27 ~~In addition, the local school administrative unit shall provide to the State Board of
28 Education all of the information required by this subsection for each charter school to which it
29 transfers a per pupil share of its local current expense fund. This information shall be provided
30 to the State Board of Education by November 1 of each year. The State Board shall adopt a
31 policy to govern the collection of this information. The State Board shall issue a letter of
32 noncompliance to a local school administrative unit that does not provide the State Board with
33 the information required by this subsection.~~

34 ~~(e) Prior to commencing an action under subsection (c) of this section, the complaining
35 party shall give the other party 15 days' written notice of the alleged violation. The court shall
36 award the prevailing party reasonable attorneys' fees and costs incurred in an action under
37 subsection (c) of this section. The court shall order any delinquent funds, costs, fees, and
38 interest to be paid in equal monthly installments and shall establish a time for payment in full
39 that shall be no later than one year from the entry of any judgment."~~

40 **SECTION 3.(c)** G.S. 153A-149(b) reads as rewritten:

41 "(b) Each county may levy property taxes without restriction as to rate or amount for the
42 following purposes:

- 43 (1) Courts. – To provide adequate facilities for and the county's share of the cost
44 of operating the General Court of Justice in the county.
- 45 (2) Debt Service. – To pay the principal of and interest on all general obligation
46 bonds and notes of the county.
- 47 (3) Deficits. – To supply an unforeseen deficiency in the revenue (other than
48 revenues of public enterprises), when revenues actually collected or received
49 fall below revenue estimates made in good faith and in accordance with the
50 Local Government Budget and Fiscal Control Act.
- 51 (4) Elections. – To provide for all federal, State, district and county elections.

- 1 (5) Jails. – To provide for the operation of a jail and other local confinement
2 facilities.
- 3 (6) Joint Undertakings. – To cooperate with any other county, city, or political
4 subdivision in providing any of the functions, services, or activities listed in
5 this subsection.
- 6 (7) Schools. – To provide for the county's share of the cost of kindergarten,
7 elementary, ~~secondary~~ and secondary public schools, including charter
8 schools chartered under Article 14A of Chapter 115C of the General
9 Statutes, and post-secondary public education.
- 10 (8) Social Services. – To provide for public assistance required by Chapters
11 108A and 111 of the General Statutes."

12 **SECTION 3.(d)** G.S. 115C-448(d) is repealed.

13 **SECTION 3.(e)** Section 8.35(e) of S.L. 2014-100 reads as rewritten:

14 "**SECTION 8.35.(e)** The State Board of Education shall provide State funding to a virtual
15 charter school participating in the pilot program as provided in ~~G.S. 115C-238.29H(a) and~~
16 ~~G.S. 115C-238.29H(a1).~~ G.S. 115C-218.105. The amount allocated pursuant to
17 ~~G.S. 115C-238.29H(a)(1)~~ G.S. 115C-218.105 shall not, however, include the allocation for
18 low-wealth counties supplemental funding and the allocation for small county supplemental
19 funding. Virtual charter schools participating in the pilot program shall also be subject to the
20 requirements in ~~G.S. 115C-238.29H(b) through G.S. 115C-238.29H(d).~~ G.S. 115C-218.105(b)
21 and G.S. 115C-218.106. The amount of local funds provided to participating schools pursuant
22 to ~~G.S. 115C-238.29H(b)~~ G.S. 115C-218.106 shall be the lesser of seven hundred ninety dollars
23 (\$790.00) per pupil or the amount computed in accordance with
24 ~~G.S. 115C-238.29H(b).~~ G.S. 115C-218.106."

25 **SECTION 3.(f)** This section is effective the date this act becomes law and applies
26 beginning with county budget ordinances adopted on or after that date.

27
28 **PART IV. MODIFY THE DECISION TIMELINE FOR THE CHARTER SCHOOL**
29 **FAST TRACK REPLICATION APPLICATION PROCESS**

30 **SECTION 4.(a)** Section 6.5 of S.L. 2014-101, as amended by Section 2 of S.L.
31 2016-79, reads as rewritten:

32 "**SECTION 6.5.** Upon recommendations by the Office of Charter Schools and the Charter
33 Schools Advisory Board, the State Board of Education shall adopt a process and rules for
34 fast-track replication of high-quality charter schools currently operating in the State. The State
35 Board of Education shall not require a planning year for applicants selected through the
36 fast-track replication process. In addition to the requirements for charter applicants set forth in
37 Part 6A of Article 16 of Chapter 115C of the General Statutes, the fast-track replication process
38 adopted by the State Board of Education shall, at a minimum, require a board of directors of a
39 charter school to demonstrate one of the following in order to qualify for fast-track replication:

- 40 (1) A charter school in this State governed by the board of directors has student
41 academic outcomes that are comparable to the academic outcomes of
42 students in the local school administrative unit in which the charter school is
43 located and can provide three years of financially sound audits.
- 44 (2) The board of directors agrees to contract with an education management
45 organization or charter management organization that can demonstrate that it
46 can replicate high-quality charter schools in the State that have proven
47 student academic success and financial soundness.

48 The State Board of Education shall ensure that the rules for a fast-track replication process
49 provide that decisions by the State Board of Education on whether to grant a charter through
50 the replication process are completed in less than 90 days from the application submission date.
51 The State Board shall provide a decision no later than October 15 of the year immediately

1 preceding the year of the proposed school opening. The State Board of Education shall adopt
2 rules and procedures required by this section within 90 days of the effective date of this act, and
3 report to the Joint Legislative Education Oversight Committee within 120 days of the effective
4 date of this act."

5 **SECTION 4.(b)** This section is effective the date this act becomes law and applies
6 beginning with applications submitted for fast-track replication of schools opening in the
7 2018-2019 school year.

8

9 **PART V. EFFECTIVE DATE**

10 **SECTION 5.** Except as otherwise provided, this act is effective when it becomes
11 law and applies beginning with the 2017-2018 school year.