

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H

2

HOUSE BILL 335
Committee Substitute Favorable 3/30/21

Short Title: Timely Local Payments to Charter Schools.

(Public)

Sponsors:

Referred to:

March 22, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO REVISE REQUIREMENTS REGARDING THE TRANSFER OF FUNDS FROM
3 A LOCAL SCHOOL ADMINISTRATIVE UNIT TO A CHARTER SCHOOL TO
4 INCENTIVIZE THE TIMELY TRANSFER OF FUNDS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 115C-218.105 reads as rewritten:
7 "§ 115C-218.105. State and local funds for a charter school.

8 ...
9 (c) If a student attends a charter school, the local school administrative unit in which the
10 child resides shall transfer to the charter school an amount equal to the per pupil share of the local
11 current expense fund of the local school administrative unit for the fiscal year. The per pupil
12 share of the local current expense fund shall be transferred to the charter school within 30 days
13 of the later of (i) the receipt of monies into the local current expense fund or (ii) the receipt
14 by a local school administrative unit of the enrollment verification and transfer request document
15 as provided under subsections (c2) and (c3) of this section from the charter school. Charter
16 schools shall send the enrollment verification and transfer request document to the local school
17 administrative units on a monthly basis. If the local school administrative unit receives additional
18 monies into the local current expense fund following the initial transfer to the charter school, the
19 local school administrative unit shall transfer the per pupil share of those additional monies to
20 the charter school within 30 days of receipt of those monies.

21 (c1) If a local school administrative unit receives notice from a charter school that the per
22 pupil share of the local current expense fund has not been transferred as required by subsection
23 (c) of this section, the local school administrative unit shall pay a late fee of five percent (5%) if
24 the monies are not transferred within 15 days of the notice. Interest on the amount owed to the
25 charter school shall accrue at eight percent (8%) annually until the transfer is made. A local
26 school administrative unit shall be given an additional 30 days to make the transfer of the per
27 pupil share of the local current expense fund to a charter school if the charter school fails to send
28 the enrollment verification and transfer request document with the information required by
29 subsection (c2) of this section.

30 (c2) The Superintendent of Public Instruction shall, in consultation with charter schools
31 and local school administrative units, create a standardized enrollment verification and transfer
32 request document that each charter school shall use to request the per pupil share of the local
33 current expense fund from the local school administrative units. Charter schools shall only be
34 required to list the name, age, grade, address, and student identification number of each student
35 as provided to the charter school by the student's parent or guardian in the enrollment verification
36 and transfer request document that the charter school submits to the local school administrative



1 units. A charter school, in its discretion, may take further steps to confirm the student's residence
2 in a particular local school administrative unit.

3 (c3) The Superintendent of Public Instruction shall, in consultation with charter schools
4 and local school administrative units, create a standardized procedure that local school
5 administrative units shall use when transferring the per pupil share of the local current expense
6 fund to charter schools. The standardized procedure for transfer of the per pupil share of the local
7 current expense fund shall require, to the extent practicable, that the local school administrative
8 units make the transfers by electronic transfer.

9 (c4) The local school administrative unit and charter school may use the process for
10 mediation of differences between the State Board and a charter school provided in
11 G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share
12 of the local current expense fund. In the event the local school administrative unit and the charter
13 school disagree on the amount owed to the charter school, the local school administrative unit
14 shall not delay the transfer of the undisputed amount. The amount transferred under this
15 subsection that consists of revenue derived from supplemental taxes shall be transferred only to
16 a charter school located in the tax district for which these taxes are levied and in which the student
17 resides.

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

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

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

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

43"

44 **SECTION 2.** This act is effective when it becomes law and applies beginning with
45 the 2021-2022 school year.