

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 335
Committee Substitute Favorable 3/30/21
Committee Substitute #2 Favorable 3/31/21
Fourth Edition Engrossed 4/1/21

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

31 (c2) The Superintendent of Public Instruction shall, in consultation with charter schools
32 and local school administrative units, create a standardized enrollment verification and transfer
33 request document that each charter school shall use to request the per pupil share of the local
34 current expense fund from the local school administrative units. Charter schools shall only be



1 required to list the name, age, grade, address, and student identification number of each student
2 as provided to the charter school by the student's parent or guardian in the enrollment verification
3 and transfer request document that the charter school submits to the local school administrative
4 units. A charter school, in its discretion, may take further steps to confirm the student's residence
5 in a particular local school administrative unit.

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

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

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

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

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

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

46"

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