



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Criminal History Checks for School Positions.
Bill Number: House Bill 775 (Fourth Edition)
Sponsor(s): Rep. Biggs, Rep. N. Jackson, Rep. Cotham, and Rep. Willis

SUMMARY TABLE

FISCAL IMPACT OF H.B. 775, V.4 (\$ in millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
General Fund Revenue	-	-	-	-	-
<u>Less Expenditures</u>	-	-	-	-	-
General Fund Impact	No Fiscal Impact				

NET STATE IMPACT

No Fiscal Impact

Local Impact

Local Revenue	-	-	-	-	-
<u>Less Local</u>					
<u>Expenditures</u>	-	-	-	-	-

NET LOCAL IMPACT

No Estimate Available - Refer to Fiscal Analysis section

FISCAL IMPACT SUMMARY

H.B. 775 would mandate criminal history checks for both initial members of nonprofit corporations seeking to open a charter school and applicants for school personnel positions in public school units. These checks may be conducted by either the State Bureau of Investigation (SBI) or a consumer reporting agency.

Fees collected by the SBI for these checks are used to cover operational costs and would not impact the State's General Fund. Similarly, fees charged by third-party consumer reporting agencies would not affect the General Fund. The costs from increased criminal history checks would be passed along to the individuals required to complete the checks or covered by the nonprofit corporations seeking to open a charter school and public school units.



FISCAL ANALYSIS

State Impact

Part I of H.B. 775 requires criminal history checks for the initial members of the board of directors of a nonprofit corporation seeking to establish a charter school. Part II of the bill would also require criminal history checks for applicants for school personnel positions in all public school units.

These checks may be conducted by the State Bureau of Investigation (SBI) or a consumer reporting agency. Since the nonprofit corporations and public school units have a choice to either choose the state entity for criminal history checks or a third-party consumer reporting agency, it is unknown how many additional criminal history checks H.B. 775 would generate at SBI.

The fees that are generated by SBI for criminal history checks are used to cover the cost of running the checks and would not have a General Fund impact. Fees charged by a third-party consumer reporting agency also would not have a General Fund impact.

Part II-A modifies certain reporting requirements for misconduct by school employees to include the intentional infliction of emotional distress against a child in the definition of reportable misconduct, which would not have a fiscal impact.

Part II-B requires certain threats and assaults on teachers in public school units to be reported to law enforcement, which would not have a fiscal impact.

Part III of H.B. 775 encourages the State Board to align the licensure system with the Multistate Educator Lookup System established by the National Association of State Directors of Teacher Education and Certification, which would not have a fiscal impact.

Local Impact

Part I (Charter School Board Members):

Part I of H.B. 775 would require that the initial members of a board of a nonprofit organization seeking to become a charter school to complete a criminal history check.

On average, an additional six charter schools open each year. Charter school board of directors commonly have between five to nine board members. The cost of an SBI criminal history check is \$32, which includes the NC State Fingerprint-based Check and the National Fingerprint-based check, while third-party providers typically charge higher rates.

On average, the additional cost per year to implement the criminal history checks for the initial board members of a charter school would be \$1,344, with an estimated range of \$320 to \$2,880. Depending on the decisions of each nonprofit organization seeking to become a charter, these costs would either be covered by the nonprofit organization, by the individual board member, or a combination of both.



Methodology

The table below represents a range of expected local costs, assuming that the low cost SBI criminal history check option is selected rather than a third-party consumer reporting agency.

Table 1. Range of Costs for Charter School Board Member Criminal History Checks

	New Charter Schools (a)	Criminal History Check Cost (b)	Board Members (c)	Total (a) * (b) * (c)
Lower Estimate	2	\$32	5	\$320
Mid Estimate	6	\$32	7	\$1,344
Upper Estimate	10	\$32	9	\$2,880

Part II (Public School Units):

Under H.B. 775, public school units have the option to require an individual applicant to cover the cost of the required criminal history check for applicants to a public school unit. Individuals would be required to complete a criminal history check each time they apply to a new public school unit.

Fiscal Research estimates that between 30,000-40,000 individuals apply to work in public school units each year. At the \$32 criminal history check rate charged by SBI, the anticipated cost of the required checks for all public school personnel applicants would be \$960,000-\$1,280,000 per year.

Additionally, public school units, which include traditional public schools and charter schools, will be responsible for adopting a criminal history check policy, selecting a service provider (SBI or private agency), and processing, reviewing, and retaining written findings for each applicant.

These administrative responsibilities may have a minimal impact on some public school units. However, Fiscal Research anticipates that these costs could likely be absorbed within existing local budgets, particularly given that similar processes may already exist.

Additionally, public school units that currently cover optional criminal history check costs could choose to pass those costs to applicants under this bill, which could generate savings for some local public school units. Fiscal Research cannot estimate the impact due to the variability of decisions that would be made across different public school units.

Methodology

In Fiscal Year 2024-25, there were 188,103 full-time personnel employed by public school units in North Carolina. The North Carolina Department of Public Instruction does not provide public data on the number of part-time employees who would also be required to complete a criminal history check under H.B. 775. This analysis assumes that part-time personnel would add an additional 20% to the total school personnel, or 225,723 total public school personnel.

In FY 2023-24, the overall state attrition rate for teachers leaving the profession was 9.88% and the mobility rate for teachers switching to a new public school unit was 4.88%. If public school



units replace their personnel at the same rate that they lose them, we would expect that each year, approximately 15% of the State's public school personnel would be an applicant subject to the criminal history check requirements, or around 33,317 individuals.

This analysis assumes that the attrition and mobility rate for teachers is the same as other public school personnel.

It is likely that some public school units already require criminal history checks for certain positions. Currently, when checks are required, the public school unit covers the cost. Under H.B. 775, units could shift this cost to applicants. Since no comprehensive data is available on which units currently require checks, this analysis captures the total potential cost of newly required checks and does not net out existing expenditures.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC DPI Statistical Profile, Tables 16 and 16.1
NC DPI 2023-24 State of the Teaching Profession in North Carolina Report
State Bureau of Investigation

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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