

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**HOUSE BILL 273
Committee Substitute Favorable 5/14/13**

Short Title: Charter School/LEA Accounting of Funds. (Public)

Sponsors:

Referred to:

March 12, 2013

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THAT CHARTER SCHOOLS MAY USE STATE FUNDS FOR
2 OPERATIONAL LEASES AND MAY ASSIGN STATE FUNDS TO OBTAIN FUNDS
3 FOR FACILITIES, EQUIPMENT, AND OPERATIONS; TO REQUIRE TRANSFER OF
4 SUPPLEMENTAL TAX FUNDS TO LOCAL CHARTER SCHOOLS OUTSIDE THE
5 TAX DISTRICT; AND TO REQUIRE ACCOUNTING OF CHARTER SCHOOL FUNDS
6 AND A TIME LINE FOR THE TRANSFER OF FUNDS BY LOCAL BOARDS OF
7 EDUCATION TO CHARTER SCHOOLS AND TO PROVIDE FOR ATTORNEYS'
8 FEES, COSTS, AND INTEREST IN ACTIONS TO ENFORCE TRANSFERS.
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10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** G.S. 115C-238.29H reads as rewritten:

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

- 13 (1) An amount equal to the average per pupil allocation for average daily
14 membership from the local school administrative unit allotments in which
15 the charter school is located for each child attending the charter school
16 except for the allocation for children with disabilities and for the allocation
17 for children with limited English proficiency;
18 (2) An additional amount for each child attending the charter school who is a
19 child with disabilities; and
20 (3) An additional amount for children with limited English proficiency attending
21 the charter school, based on a formula adopted by the State Board.

22 In accordance with G.S. 115C-238.29D(d), the State Board shall allow for annual
23 adjustments to the amount allocated to a charter school based on its enrollment growth in
24 school years subsequent to the initial year of operation.

25 In the event a child with disabilities leaves the charter school and enrolls in a public school
26 during the first 60 school days in the school year, the charter school shall return a pro rata
27 amount of funds allocated for that child to the State Board, and the State Board shall reallocate
28 those funds to the local school administrative unit in which the public school is located. In the
29 event a child with disabilities enrolls in a charter school during the first 60 school days in the
30 school year, the State Board shall allocate to the charter school the pro rata amount of
31 additional funds for children with disabilities.

32 (a1) Funds allocated by the State Board of Education may be used to enter into
33 operational and financing leases for real property or mobile classroom units for use as school
34 facilities for charter schools and may be used for payments on loans made to charter schools for
35 ~~facilities or equipment.~~ facilities, equipment, or operations. However, State funds shall not be
36 used to obtain any other interest in real property or mobile classroom units. No indebtedness of



1 any kind incurred or created by the charter school shall constitute an indebtedness of the State
2 or its political subdivisions, and no indebtedness of the charter school shall involve or be
3 secured by the faith, credit, or taxing power of the State or its political subdivisions. Every
4 contract or lease into which a charter school enters shall include the previous sentence. The
5 school also may own land and buildings it obtains through non-State sources.

6 (b) If a student attends a charter school, the local school administrative unit in which
7 the child resides shall transfer to the charter school an amount equal to the per pupil share of
8 the local current expense appropriation fund of to the local school administrative unit for the
9 fiscal year. The per pupil share of the local current expense fund shall be transferred to the
10 charter school within 30 days of the receipt of monies into the local current expense fund. Any
11 necessary adjustments to this amount shall be made by the local school administrative unit
12 within 30 days of the State Board of Education determining and certifying to the charter school
13 its average daily membership for the school year. If the local school administrative unit fails to
14 timely comply with the requirements of this subsection, interest at the legal rate as provided in
15 G.S. 24-1 on the amount required to be transferred to the charter school shall accrue from the
16 date of delinquency until that amount, together with any interest, is transferred to the charter
17 school. The amount transferred under this subsection that consists of revenue derived from
18 supplemental taxes shall be transferred only to a charter school located in the tax district for
19 which these taxes are levied and in which the student resides.

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

23 (1) The total amount of monies the local school administrative unit has in each
24 of the funds listed in G.S. 115C-426(c).

25 (2) The student membership numbers used to calculate the per pupil share of the
26 local current expense fund.

27 (3) How the per pupil share of the local current expense fund was calculated.

28 (d) The court shall award the prevailing party in an action to enforce the provisions of
29 subsection (b) of this section its reasonable attorneys' fees and costs incurred in bringing such
30 an action. The court shall order any delinquent funds, costs, fees, and interest to be paid in
31 equal monthly installments and shall establish a time for payment in full that shall be no later
32 than three years from the entry of any judgment."

33 **SECTION 2.** G.S. 143B-426.40A is amended by adding a new subsection to read:

34 "(m) Assignment of Funds Allocated by the State Board of Education to Charter Schools.
35 – This section does not apply to assignments by charter schools to obtain funds for facilities,
36 equipment, or operations pursuant to G.S. 115C-238.29H."

37 **SECTION 3.** This act is effective when it becomes law and applies beginning with
38 the 2013-2014 school year.