

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 750

Short Title: Charter School Flexibility/Pilot. (Public)

Sponsors: Representatives Lambeth, Glazier, and Hanes (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Education.

April 11, 2013

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE A PILOT PROGRAM FOR LOCAL BOARDS OF EDUCATION  
TO ACT AS THE CHARTERING ENTITY FOR CHARTER SCHOOLS IN A LOCAL  
SCHOOL ADMINISTRATIVE UNIT AND CONVERT EXISTING PUBLIC SCHOOLS  
TO CHARTER SCHOOLS.

The General Assembly of North Carolina enacts:

**SECTION 1.** The State Board of Education shall implement a five-year Local Board of Education Charter School Oversight Pilot Program in up to 10 local school administrative units selected by the State Board of Education. The purpose of the pilot program is to expand on the options for local boards of education to improve student learning and provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system.

**SECTION 2.** The pilot program shall provide local boards of education in the local administrative units selected by the State Board of Education the opportunity to (i) act as the chartering entity of a charter school with the authority to approve and revoke a charter school's charter and (ii) approve the conversion of an existing public school to a charter school as follows:

(1) **Local charter schools. –**

- a. **Application to a local board of education as the chartering entity.**  
– An applicant may apply to the local board of education of the local administrative unit in which the school will be located for approval to establish a local charter school. An application submitted under this section shall be in lieu of submitting a preliminary application to a board of trustees of a constituent institution of The University of North Carolina or an application to the State Board of Education to establish a charter school pursuant to G.S. 115C-238.29B.
- b. **Application contents. –** The application to the local board of education shall contain at least the following information:
1. A description of a program that implements one or more of the purposes in G.S. 115C-238.29A.
  2. A description of the manner in which the local charter school shall share resources and collaborate with the local school board of education in the local school administrative unit in which the local charter school will be located, including allocation of costs.



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3. A plan for the provision of food services to students.
  4. A description of student achievement goals for the local charter school's educational program and the method of demonstrating that students have attained the skills and knowledge specified for those student achievement goals.
  5. The governance structure of the local charter school, including the names of the proposed initial members of the board of directors of the nonprofit, tax-exempt corporation and the process to be followed by the local charter school to ensure parental involvement.
  6. Admission policies and procedures.
  7. A proposed budget for the local charter school and evidence that the financial plan for the local charter school is economically sound.
  8. Requirements and procedures for program and financial audits.
  9. A description of how the local charter school shall comply with G.S. 115C-238.29F.
  10. Types and amounts of insurance coverage, including bonding insurance for the principal officers of the school, to be obtained by the local charter school.
  11. The term of the charter.
  12. The qualifications required for individuals employed by the local charter school.
  13. The procedures by which students can be excluded from the local charter school and returned to another public school. Notwithstanding any law to the contrary, any local board may refuse to admit any student who is suspended or expelled from a local charter school due to actions that would lead to suspension or expulsion from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.
  14. The number of students to be served, which number shall be at least 65, and the minimum number of teachers to be employed at the local charter school, which number shall be at least three. However, the local charter school may serve fewer than 65 students or employ fewer than three teachers if the application contains a compelling reason, such as the local charter school would serve a geographically remote and small student population.
  15. Information regarding the facilities to be used by the local charter school and the manner in which administrative services of the local charter school are to be provided.
- c. **Time for submission.** – The local charter school shall submit its application to the local board of education to establish a local charter school no later than six months prior to the beginning of the school year in which the local charter school will first enroll students.
- d. **Approval of a local charter school application.** – When a local board of education receives an application to establish a local charter school in the local school administrative unit, the superintendent or designee shall review the local charter school application. Following

- 1 review of the application, the superintendent shall recommend to the  
2 local board of education whether to approve or disapprove the  
3 application. The local board of education may approve an application  
4 to establish a local charter school if it finds that the application (i)  
5 meets the requirements adopted by the local board of education that,  
6 at a minimum, meet the standards adopted by the State Board of  
7 Education and (ii) demonstrates the school would improve student  
8 learning and achieve one or more of the purposes set out in  
9 G.S. 115C-238.29A. The local board of education shall act within 45  
10 days on all applications and appeals after receipt.
- 11 e. **Grant of initial charter.** – The local board of education may  
12 authorize a local charter school before the applicant has secured its  
13 space, equipment, facilities, and personnel if the applicant indicates  
14 the authority is necessary for it to raise working capital. The State  
15 Board of Education shall not allocate any funds to the local charter  
16 school until the school has obtained space. The local board of  
17 education may grant the initial charter for a period not to exceed five  
18 years.
- 19 f. **Revisions to the local charter application and enrollment growth.**  
20 – A material revision of the provisions of a charter application shall  
21 be made only upon the approval of the local board of education. It  
22 shall not be considered a material revision of a charter application  
23 and shall not require the prior approval of the local board of  
24 education for a local charter school to increase its enrollment during  
25 the local charter school's second year of operation and annually  
26 thereafter (i) by up to twenty percent (20%) of the local charter  
27 school's previous year's enrollment or (ii) in accordance with planned  
28 growth as authorized in the charter. Other enrollment growth shall be  
29 considered a material revision of the charter application, and the  
30 local board of education may approve such additional enrollment  
31 growth of greater than twenty percent (20%) only if the local board  
32 finds that:
- 33 1. The actual enrollment of the local charter school is within ten  
34 percent (10%) of its maximum authorized enrollment;
  - 35 2. The local charter school has commitments for ninety percent  
36 (90%) of the requested maximum growth;
  - 37 3. The local charter school is not currently identified as  
38 low-performing;
  - 39 4. The local charter school meets generally accepted standards  
40 of fiscal management; and
  - 41 5. It is otherwise appropriate to approve the enrollment growth.
- 42 g. **Disapproval of a local charter school application.** – The local  
43 board of education's disapproval of an application is final and shall  
44 not be subject to appeal. If a local board of education fails to act on  
45 an application within the time frame set forth in sub-subdivision d. of  
46 this subdivision or disapproves an applicant's charter application to  
47 establish a local charter school in the local administrative district, the  
48 applicant may apply to the State Board of Education to establish a  
49 State charter school in accordance with G.S. 115C-238.29B.
- 50 h. **Notification to the State Board of Education of local charter**  
51 **school approval.** – The local board of education shall submit

1 application materials from each local charter school it approves  
2 under this section to the State Board of Education within 14 days  
3 after the date of final approval by the local board. The local board of  
4 education shall also notify the State Board of material revisions to  
5 any applications of a local charter school approved under this section  
6 within 14 days of the date of the approval of the revision by the local  
7 board. If the local board of education fails to submit the information  
8 required by this sub-subdivision to the State Board of Education  
9 within 30 days of the approval of a local charter school, the State  
10 Board is authorized to delay the establishment of the local charter  
11 school until such time it receives the information.

12 i. **State and local funds for a local charter school. –**

13 1. Notwithstanding any other provision of law, the State Board  
14 of Education shall allocate to each local charter school:

15 I. State allocations for school related staffing and  
16 supplies, including teacher and principal allotments  
17 calculated according to State funding formulas used  
18 for local school administrative units allocations. If the  
19 local charter school does not use the State salary  
20 schedules for teachers and principals, the teacher and  
21 principal allotments shall be converted to cash  
22 allocations.

23 II. All other State allocations for the local school  
24 administrative unit shall be allotted for the local  
25 charter school on a per pupil basis, except for the  
26 allocation for children with disabilities, the allocation  
27 for children with limited English proficiency, and the  
28 allocation for student transportation, if the local  
29 charter school agreement requires the local school  
30 administrative unit to provide transportation services  
31 to the local charter school.

32 III. An additional amount for each child attending the  
33 local charter school who is a child with disabilities.

34 IV. An additional amount for children with limited  
35 English proficiency attending the local charter school,  
36 based on a formula adopted by the State Board.

37 2. Notwithstanding the provisions of G.S. 115C-426, the  
38 following funds shall be established for local charter schools  
39 participating in the pilot program:

40 I. A local transportation expense fund to include local  
41 appropriations for all transportation related expenses  
42 for eligible school-age students in K-12 for travel to  
43 and from school and between schools, such as  
44 contract transportation, transportation personnel other  
45 than school administrative personnel, bus drivers'  
46 salaries, benefits, fuels, and other costs as defined in  
47 the Uniform Chart of Accounts.

48 II. A local accountability services fund to include local  
49 appropriations for the purpose of implementing the  
50 requirements in Part 3 of Article 8B of Chapter 115C  
51 of the General Statutes.

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- III. A local fund of supplemental monies provided to public schools based on the poverty level of students served in a particular public school to include local allocations provided to certain schools located within the local school administrative unit based on the poverty level of students served in the particular school.
3. The State Board shall allow for annual adjustments to the amount allocated to a local charter school based on its enrollment growth in school years subsequent to the initial year of operation.
4. In the event a child with disabilities leaves the local charter school and enrolls in another public school during the first 60 school days in the school year, the local charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the other public school is located. In the event a child with disabilities enrolls in a local charter school during the first 60 school days in the school year, the State Board shall allocate to the local charter school the pro rata amount of additional funds for children with disabilities.
5. Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for local charter schools and may be used for payments on loans made to local charter schools for facilities or equipment. However, State funds shall not be used to obtain any other interest in real property or mobile classroom units. No indebtedness of any kind incurred or created by the local charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the local charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. Every contract or lease into which a local charter school enters shall include the previous sentence. The school also may own land and buildings it obtains through non-State sources.
6. If a student attends a local charter school, the local school administrative unit in which the child resides shall transfer to the local charter school an amount equal to the per pupil local current expense appropriation to the local school administrative unit for the fiscal year, less the following amounts:
- I. Local allocations for transportation if the local charter agreement requires the local school administrative unit to provide transportation services to the local charter school.
- II. Local allocation for accountability services.
- III. Local allocations provided to certain schools located within the local school administrative unit based on the poverty level of students served in those particular

- 1 schools, unless the local charter school meets the  
2 criteria established by the local school administrative  
3 unit to be eligible to receive such funds.
- 4 7. If a student attends a local charter school, the local school  
5 administrative unit in which the student resides shall also  
6 transfer to the local charter school an amount equal to the per  
7 pupil amount derived from any sales and use taxes used by  
8 the county for public school capital outlay purposes under  
9 G.S. 105-487 and G.S. 105-502.
- 10 8. The amount transferred to a local charter school that consists  
11 of revenue derived from supplemental taxes shall be  
12 transferred only to a local charter school located in the tax  
13 district for which these taxes are levied and in which the  
14 student resides.
- 15 j. **Nonrenewal or termination of a local charter school.** – A local  
16 board of education that has approved a local charter school may  
17 terminate or not renew a charter upon any of the following grounds:  
18 1. Failure to meet the requirements for student performance  
19 contained in the charter.  
20 2. Failure to meet generally accepted standards of fiscal  
21 management.  
22 3. Violations of law.  
23 4. Material violation of any of the conditions, standards, or  
24 procedures set forth in the charter.  
25 5. Two-thirds of the faculty and instructional support personnel  
26 at the local charter school request that the charter be  
27 terminated or not renewed.  
28 6. Other good cause identified.
- 29 k. **Performance standards.** – The local board of education shall adopt  
30 criteria for adequate performance by a local charter school that at a  
31 minimum meets the performance standards adopted by the State  
32 Board of Education and shall identify local charter schools with  
33 inadequate performance. The criteria shall include a requirement that  
34 a local charter school that demonstrates no growth in student  
35 performance and has annual performance composites below sixty  
36 percent (60%) in any two years in a three-year period is inadequate.  
37 1. If a local charter school is inadequate in the first three years  
38 of the charter, the local charter school shall develop a  
39 strategic plan to meet specific goals for student performance  
40 that are consistent with local board of education criteria and  
41 the mission approved in the charter school. The strategic plan  
42 shall be reviewed and approved by the local board of  
43 education. The local board of education is authorized to  
44 terminate or not renew a charter for failure to demonstrate  
45 improvement under the strategic plan.  
46 2. If a local charter school is inadequate and has had a charter  
47 for more than four years, the local board of education is  
48 authorized to terminate or not renew the charter.
- 49 l. **Accountability for local charter schools.** -  
50 1. A local charter school is subject to the financial audits, the  
51 audit procedures, and the audit requirements adopted by the

- 1 local board of education of the local school administrative  
2 unit in which the local charter school is located. These audit  
3 requirements may include the requirements of the School  
4 Budget and Fiscal Control Act.
- 5 2. The local charter school shall comply with the reporting  
6 requirements established by the State Board of Education in  
7 the Uniform Education Reporting System.
- 8 3. The local charter school shall report at least annually to the  
9 local board of education the information required by the local  
10 board and the State Board of Education.
- 11 m. **Grievance process.** – The local board of education shall develop and  
12 implement a process to address contractual and other grievances  
13 between a local charter school and the local board during the time of  
14 its charter.
- 15 n. **Revocation or nonrenewal of local charter school's charter.** – If a  
16 local board of education revokes or does not renew a local charter  
17 school's charter during the period of the pilot program, the local  
18 board shall report the action to the State Board of Education. The  
19 local board of education shall also annually report to the State Board  
20 any local charter schools required to adopt a strategic plan under  
21 sub-subdivision k. of this subdivision. The State Board is authorized  
22 to intervene and revoke a local charter school's charter if it  
23 determines that the local board of education has not addressed a  
24 charter school's inadequate performance in a timely manner or for  
25 any reason listed in sub-subdivision j. of this subdivision.
- 26 o. **Exemptions.** – Except as otherwise provided in this act and pursuant  
27 to the provisions of its charter, a local charter school is (i) exempt  
28 from statutes and rules applicable to public schools located in the  
29 local school administrative unit and (ii) subject to the statutes and  
30 rules applicable to charter schools.
- 31 (2) **District charter schools.** –
- 32 a. **Proposal to the superintendent.** – The superintendent of a local  
33 school administrative unit shall consider a proposal submitted by a  
34 principal of a public school in the local school administrative unit to  
35 convert the public school into a district charter school. Upon the  
36 superintendent's approval, the principal of the school shall  
37 collaborate with school staff, parents of students enrolled in the  
38 school, and community and business partners to develop an  
39 application to submit to the local board to convert the public school  
40 to a district charter school.
- 41 b. **Application contents.** – An application prepared by the principal of  
42 the school shall contain at least the following information:
- 43 1. The composition of a school committee with five to nine  
44 members to act as the advisory committee of the district  
45 charter school.
- 46 2. A description of a program that implements one or more of  
47 the purposes in G.S. 115C-238.29A, including the uniqueness  
48 of the delivery model and likelihood of academic success for  
49 students.
- 50 3. A description of student achievement goals for the district  
51 charter school's educational program and the method of

- 1 demonstrating that students have attained the skills and  
2 knowledge specified for those student achievement goals.
- 3 4. The process to be followed by the district charter school to  
4 ensure parental involvement.
- 5 5. Admission policies and procedures.
- 6 6. A proposed budget for the district charter school, including  
7 any proposed salary or benefit changes and staffing changes  
8 involving current school employees, and evidence that the  
9 financial plan for the district charter school is economically  
10 sound.
- 11 7. Requirements and procedures for program and financial  
12 audits.
- 13 8. A description of how the district charter school shall comply  
14 with G.S. 115C-238.29F.
- 15 9. The proposed relationship between the advisory committee  
16 and the local board of education for the governance of the  
17 school.
- 18 10. The term of the charter.
- 19 11. The qualifications required for individuals employed by the  
20 district charter school. School personnel of a district charter  
21 school shall be subject to a criminal history check in  
22 accordance with G.S. 115C-332.
- 23 12. The procedures by which students can be excluded from the  
24 district charter school and returned to another public school  
25 located in the local school administrative unit.  
26 Notwithstanding any law to the contrary, any local board of  
27 education may refuse to admit to another public school any  
28 student who is suspended or expelled from a district charter  
29 school due to actions that would lead to suspension or  
30 expulsion from a public school under G.S. 115C-390.5  
31 through G.S. 115C-390.11 until the period of suspension or  
32 expulsion has expired.
- 33 13. The number of students to be served, which number shall be  
34 at least 65, and the minimum number of teachers to be  
35 employed at the district charter school, which number shall be  
36 at least three. However, the district charter school may serve  
37 fewer than 65 students or employ fewer than three teachers if  
38 the application contains a compelling reason, such as the  
39 district charter school would serve a geographically remote  
40 and small student population.
- 41 14. Information regarding the facilities to be used by the district  
42 charter school and the manner in which administrative  
43 services of the district charter school are to be provided.
- 44 c. **Approval of the application at the school level.** – The final  
45 application must be approved by a majority vote of the current school  
46 personnel and must be signed by the district school advisory  
47 committee, the principal, the president of the parent-teacher  
48 organization, and the chair of the school improvement team.
- 49 d. **Approval of the application by the local board and charter**  
50 **agreement.** – The superintendent shall review the application and  
51 recommend to the local board of education whether the application



1 should be approved or disapproved. The local board of education  
2 may approve an application to establish a local charter school if it  
3 finds that the application (i) meets the requirements adopted by the  
4 local board of education that, at a minimum, meet the standards  
5 adopted by the State Board of Education and (ii) demonstrates the  
6 school would improve student learning and achieve one or more of  
7 the purposes set out in G.S. 115C-238.29A. A district charter school  
8 shall operate under a charter that is a written agreement signed by the  
9 local board of education and the advisory committee. The agreement  
10 shall incorporate the information provided in the application and any  
11 terms and conditions imposed on the district charter school by the  
12 local board of education. The district charter school may open the  
13 next school year or no later than the following second school year. If  
14 the local board of education disapproves an application, the decision  
15 is final and shall not be subject to appeal.

16 e. **Notification to the State Board of Education.** – If approved by the  
17 local board of education, the board shall submit application materials  
18 from the district charter school to the State Board of Education  
19 within 14 days after the date of final approval by the local board. The  
20 local board of education shall also notify the State Board of material  
21 revisions to the agreement between the district charter school and the  
22 local board within 14 days of the date of the approval of the revision  
23 by the local board. If the local board of education fails to submit any  
24 of the information required under this sub-subdivision to the State  
25 Board of Education within 30 days of the approval of a district  
26 charter school, the State Board is authorized to delay the conversion  
27 to a district charter school until such time it receives the information.

28 f. **Enrollment preference.** – A district charter school shall give  
29 preference for admission to any child who is qualified under the laws  
30 of this State for admission to the local school administrative unit  
31 before permitting enrollment of non-domiciled students.

32 g. **Funds for a district charter school.** – A district charter school shall  
33 receive State and local funds in the same manner as a public school  
34 in accordance with the provisions of Chapter 115C of the General  
35 Statutes.

36 h. **Performance standards.** – The local board of education shall adopt  
37 criteria for adequate performance by a district charter school that, at a  
38 minimum, meets the performance standards adopted by the State  
39 Board of Education and any standards set forth in the charter  
40 agreement. The criteria shall include a requirement that a district  
41 charter school that demonstrates no growth in student performance  
42 and has annual performance composites below sixty percent (60%) in  
43 any two years in a three-year period is inadequate.

44 1. If a district charter school is inadequate in the first three years  
45 of the charter, the district charter school shall develop a  
46 strategic plan to meet specific goals for student performance  
47 that are consistent with local board of education criteria and  
48 the mission approved in the district charter school. The  
49 strategic plan shall be reviewed and approved by the local  
50 board of education. The local board of education is authorized

- 1 to terminate or not renew the charter agreement for failure to  
2 demonstrate improvement under the strategic plan.
- 3 2. If a district charter school is inadequate and has had a charter  
4 for more than four years, the local board of education is  
5 authorized to terminate or not renew the charter.
- 6 i. **Termination or nonrenewal of the district charter school charter**  
7 **agreement.** – A local board of education that has approved a district  
8 charter school under this subdivision may terminate or not renew a  
9 charter agreement upon any of the following grounds:
- 10 1. Failure to meet the requirements for student performance  
11 contained in the charter.
- 12 2. Failure to meet generally accepted standards of fiscal  
13 management.
- 14 3. Violations of law.
- 15 4. Material violation of any of the conditions, standards, or  
16 procedures set forth in the charter agreement.
- 17 5. Two-thirds of the faculty and instructional support personnel  
18 at the district charter school request that the charter be  
19 terminated or not renewed.
- 20 6. Other good cause identified.
- 21 j. **Grievance process.** – The local board of education shall develop and  
22 implement a process to address contractual and other grievances  
23 between a local charter school and the local board during the time of  
24 its charter.
- 25 k. **Revocation or nonrenewal of local charter school's charter.** – If a  
26 local board of education revokes or does not renew a district charter  
27 school's charter during the period of the pilot program, the local  
28 board shall report the action to the State Board of Education. The  
29 local board of education shall also annually report to the State Board  
30 any district charter schools required to adopt a strategic plan under  
31 sub-subdivision h. of this subdivision. The State Board is authorized  
32 to intervene and revoke a district charter school's charter agreement if  
33 it determines that the local board of education has not addressed a  
34 school's inadequate performance in a timely manner or for any reason  
35 listed in sub-subdivision i. of this subdivision.
- 36 l. **Reversion to a public school.** – Upon termination of a school's  
37 status as a district charter school, the local board of education shall  
38 revert to operating the school as a public school in accordance with  
39 applicable State laws and regulations. The local board of education  
40 shall adopt rules for reversion of a district charter school to a public  
41 school.
- 42 m. **Exemptions.** – Except as otherwise provided in this act and pursuant  
43 to the provisions of its charter agreement, a district charter school is  
44 (i) exempt from statutes and rules applicable to public schools  
45 located in the local school administrative unit and (ii) subject to the  
46 statutes and rules applicable to charter schools.

47 **SECTION 3.** A local charter school or district charter school participating in the  
48 pilot program shall, at a minimum, submit to the local board of education an annual compliance  
49 check of all Individual Education Programs for children with disabilities enrolled at the school.

50 **SECTION 4.** The State Board of Education shall make an interim report on or  
51 before January 1, 2016, and a final report on or before March 15, 2018, to the Joint Legislative

- 1 Education Oversight Committee on the school performance of the participating schools in the  
2 pilot program and recommendations on the implementation of the program statewide.  
3 **SECTION 5.** This act becomes effective July 1, 2013, and applies beginning with  
4 the 2013-2014 school year.