

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 539
Senate Finance Committee Substitute Adopted 9/21/15
Third Edition Engrossed 9/28/15

Short Title: Charter School Funding.

(Public)

Sponsors:

Referred to:

April 6, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR DAMAGES WHEN FUNDS ARE NOT TRANSFERRED
3 WITHIN REQUIRED TIME LINES BETWEEN LOCAL SCHOOL ADMINISTRATIVE
4 UNITS AND CHARTER SCHOOLS AND MODIFY CHARTER SCHOOL FUNDING
5 AND THE UNIFORM BUDGET FORMAT FOR LOCAL SCHOOL ADMINISTRATIVE
6 UNITS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** G.S. 115C-218.105(e) reads as rewritten:

9 "(e) Prior to commencing an action under subsection (c) of this section, the complaining
10 party shall give the other party 15 days' written notice of the alleged violation. The court shall
11 award the prevailing party reasonable attorneys' fees and court costs incurred in an action under
12 subsection (c) of this section. The court shall also award the prevailing party liquidated
13 damages in an amount equal to five percent (5%) of the monies that should have been
14 transferred under subsection (c) of this section as compensation for administrative expenses
15 incurred by the prevailing party due to the unavailability of those monies. The court shall order
16 any delinquent funds, court costs, fees, liquidated damages, and interest to be paid in equal
17 monthly installments and shall establish a time for payment in full that shall be no later than
18 one year from the entry of any judgment."

19 **SECTION 1.(b)** This section is effective when it becomes law and applies to any
20 actions filed on or after that date.

21 **SECTION 2.** G.S. 115C-426 reads as rewritten:

22 **"§ 115C-426. Uniform budget format.**

23 ...

24 (c) The uniform budget format shall require the following funds:

- 25 (1) The State Public School Fund.
26 (2) The local current expense fund.
27 (3) The capital outlay fund.

28 ~~In addition, other funds may be used to account for reimbursements, including indirect~~
29 ~~costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method~~
30 ~~pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust~~
31 ~~funds, federal appropriations made directly to local school administrative units, and funds~~
32 ~~received for prekindergarten programs. In addition, the appropriation or use of fund balance or~~
33 ~~interest income by a local school administrative unit shall not be construed as a local current~~
34 ~~expense appropriation included as a part of the local current expense fund.~~



1 (c1) In addition to the requirements of subsection (c) of this section, other funds may be
2 used only for the following:

- 3 (1) Moneys received for prekindergarten programs.
- 4 (2) Moneys received for the federal Junior Reserve Officer Training Corps
5 program.
- 6 (3) Federal grants or appropriations that are restricted as to use and that the
7 federal government requires to be held separately and not co-mingled.
- 8 (4) Rental fees for the use of facilities of public schools.
- 9 (5) Sales tax refunds.
- 10 (6) Tuition.
- 11 (7) Gifts or grants (i) that expressly exclude charter schools; (ii) that have been
12 expressly restricted by the donor or grantor to an individual school; (iii) that
13 were given, awarded, bequeathed, or applied for prior to October 15, 2015.
- 14 (8) Enterprise funds where the local school administrative unit collects a fee for
15 service.
- 16 (9) Fund balances used or accruing for the local school administrative unit's
17 current operating expenses.
- 18 (10) Interest income.
- 19 (11) Funds received for participation in federal Child Nutrition Programs, except
20 for indirect costs.
- 21 (12) Medicare and Medicaid reimbursements.
- 22 (13) Fees for actual costs.
- 23 (14) Funds for which the local school administrative unit is acting as the fiscal
24 agent and does not derive any benefit.

25 (c2) Each local school administrative unit shall maintain those funds shown in the
26 uniform budget format that are applicable to its operations.

27 ...

28 (e) The local current expense fund shall include appropriations sufficient, when added
29 to appropriations from the State Public School Fund, for the current operating expense of the
30 public school system in conformity with the educational goals and policies of the State and the
31 local board of education, within the financial resources and consistent with the fiscal policies of
32 the board of county commissioners. These appropriations shall be funded by revenues accruing
33 to the local school administrative unit by virtue of Article IX, Sec. 7 of the Constitution,
34 moneys made available to the local school administrative unit by the board of county
35 commissioners, supplemental taxes levied by or on behalf of the local school administrative
36 unit pursuant to a local act or G.S. 115C-501 to 115C-511, State money disbursed directly to
37 the local school administrative unit, and other moneys made available or accruing to the local
38 school administrative unit for the current operating expenses of the public school system.

39 (e1) As used in subsection (e) of this section, the phrase "other moneys made available
40 or accruing to the local school administrative unit" shall include, but is not limited to, all of the
41 following:

- 42 (1) Moneys received for indirect costs.
- 43 (2) Reimbursements, except for Medicare and Medicaid reimbursements.
- 44 (3) Sales tax revenues regardless of how they are distributed.
- 45 (4) Gifts and grants not subject to the restrictions set forth in subdivision (3) or
46 subdivision (7) of subsection (c1) of this section.
- 47 (5) Federal grants and appropriations made directly to local school
48 administrative units."

49 **SECTION 3.** Except as otherwise provided, this act becomes effective July 1,
50 2016, and applies beginning with the 2016-2017 school year.