

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 856 (Second Edition)

SHORT TITLE: Modify Charter School Law.

SPONSOR(S): Representatives Yongue, Lucas, Bell, and Wiley

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES	--	--	--	--	--
EXPENDITURES	300,618	300,618	300,618	300,618	300,618
POSITIONS (cumulative):	N/A				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Public Instruction, Local Education Agencies					
EFFECTIVE DATE: July 1, 2009					

BILL SUMMARY: This legislation amends GS 115C-238.29D(b) to raise the statewide cap on charter schools from 100 to 106 and to add a provision requiring the State Board to prioritize applications for schools that will be located within local school administrative units without charter schools. It revises standards for the State Board of Education's assessment of charter schools and requires that by the end of the second year of operation, the minimum standard for academic growth for a charter school shall be a year's growth in individual student performance in a school year. If the State Board of Education finds that a charter school has failed to meet its projected levels of improvement in student performance or had low levels of student performance for two consecutive years, the Board may terminate or fail to renew that charter. The bill also amends GS 115C-238.29F(g)(5) to clarify that the charter school must make a good faith effort to ensure that the applicant pool for admission reflects the racial and ethnic composition of the general population residing in the unit in which the school is located or of the special population that the school seeks to serve residing within the unit in which the school is located.

ASSUMPTIONS AND METHODOLOGY: North Carolina charter schools receive State and local funding support as guaranteed by G.S. 115C-238.29H. State funding for an existing charter school is based on the dollars per student (as measured by Average Daily Membership, or ADM)

of the Local Education Agency (LEA) in which the school is located. Funding for new charter schools is based on the dollars per ADM of the LEA in which the student is, or would be, currently enrolled. The total number of public school students attending a new charter school will reduce a LEA's initial allotment.

The redirection of funds from a LEA to a charter school has a net neutral impact on total State funding. However, State Board of Education policy holds LEAs harmless for potential reductions in the Central Office Administration, School Building Administration and Staff Development allotments if there is a reduction in an LEA's ADM for students attending charter schools. The impact of the hold harmless for these three allotments is to maintain overall funding to the LEAs for these allotments.

House Bill 856v2 would increase by six the number of charter schools that may operate in North Carolina. The bill requires the State Board of Education to prioritize applications for new charter schools that will be located within LEAs without charter schools. All of North Carolina's largest LEAs already have a charter school, so for the purposes of estimating the fiscal impact of the hold harmless requirement for the three State allotments this Note uses a medium-sized LEA with an average-sized charter school membership of 150 students. The following table reflects the cost of holding harmless those three allotments if a new charter school with 150 students is approved in the LEA:

Allotment	Funding
Central Office Administration	\$13,623
School Building Administration	\$35,355
Staff Development	\$1,125
Total	\$50,103

If all six charter schools were added, this bill would have a total estimated fiscal impact of \$300,618.

SOURCES OF DATA: Department of Public Instruction

TECHNICAL CONSIDERATIONS: While this analysis uses a 150 student charter school in a medium sized county as a basis for comparison, a charter school may have as few as 65 students in membership. If the ADM per school is greater than 150 then the potential impact will be greater than the estimate above or vice versa.

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