

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 209*

Short Title: Prohibit Ed. Funds Allocated by Tier. (Public)

Sponsors: Representatives Majeed and Alexander (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, Appropriations, Capital, if favorable, Appropriations, Education, if favorable, Appropriations, if favorable, Rules, Calendar, and Operations of the House

February 28, 2019

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE ALLOCATION OF GRANTS FOR THE NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND AND TO OTHERWISE PROHIBIT THE ALLOCATION OF EDUCATION FUNDS BASED ON THE ECONOMIC TIER DESIGNATIONS ASSIGNED BY THE DEPARTMENT OF COMMERCE.

The General Assembly of North Carolina enacts:

SECTION 1. Subsections (d) and (e) of Section 5.3 of S.L. 2017-57, as amended by Section 1.1(a) of S.L. 2017-187, Section 1.1 of S.L. 2017-212, Section 5.3 of S.L. 2018-5, and Section 3A.1(a) of S.L. 2018-80, read as rewritten:

"SECTION 5.3.(d) It is the intent of the General Assembly to increase the amount of North Carolina Education Lottery net lottery revenue collected that is dedicated to assist local governments in meeting local school capital needs from sixteen and nine-tenths percent (16.9%) of net lottery revenue collected in the 2016-2017 fiscal year to forty percent (40%) of net lottery revenue collected no later than the 2028-2029 fiscal year. To that end, there is created the Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Needs-Based Public School Capital Fund shall be used to award grants to counties ~~designated as a development tier one area or a development tier two area, as defined by G.S. 143B-437.08,~~ to assist with their critical public school building capital needs. The Superintendent of Public Instruction shall award grants to counties in accordance with the following priorities:

- (1) ~~Counties designated as development tier one areas.~~
- (2) Counties with greater need and less ability to generate sales tax and property tax revenue.
- (3) Counties with a high debt-to-tax revenue ratio.
- (4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

"SECTION 5.3.(e) Grant funds awarded under this section shall be subject to a matching requirement established by the Superintendent of Public Instruction of at least one dollar (\$1.00) of grant funds for every one dollar (\$1.00) in county funds from the recipient county as follows:county. Grant funds awarded to a county shall not exceed fifteen million dollars (\$15,000,000).



- 1 (1) ~~For a county designated as a development tier one area, the grant shall not~~
2 ~~exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)~~
3 ~~provided by the county. Grant funds awarded to a county designated as a~~
4 ~~development tier one area shall not exceed fifteen million dollars~~
5 ~~(\$15,000,000).~~
- 6 (2) ~~For a county designated as a development tier two area, the grant shall not~~
7 ~~exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds provided~~
8 ~~by the county. Grant funds awarded to a county designated as a tier two area~~
9 ~~shall not exceed ten million dollars (\$10,000,000).~~

10 Grant funds shall be used for the construction of new school buildings only. Grant funds shall
11 not be used for real property acquisition. Grant funds shall be disbursed in a series of payments
12 based on the progress of the project. To obtain a payment, the grantee shall submit a request for
13 payment along with documentation of the expenditures for which the payment is requested and
14 evidence that the matching requirement contained in ~~subsection (b)~~ of this section has been met.
15 Grant funds shall not be awarded to any county that has received an aggregate amount exceeding
16 eight million seven hundred fifty thousand dollars (\$8,750,000) in funds from the Public School
17 Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year. No county
18 may receive grant funds under this section more than once every five years. No portion of grant
19 funds may be used to acquire a Leadership in Energy and Environmental Design (LEED)
20 certification. For fiscal year 2018-2019, for the purposes of this section, a county shall be
21 considered to be designated as a development tier one area if (i) it was so designated by the
22 Department of Commerce in 2017 or 2018 and (ii) the county filed a grant application under this
23 section in 2017."

24 **SECTION 2.(a)** Subsections (c), (d), and (e) of Section 7.22 of S.L. 2017-57 are
25 repealed.

26 **SECTION 2.(b)** Notwithstanding any other provision of law, beginning with the
27 2019-2020 fiscal year, the Department of Public Instruction shall allocate in an equal amount per
28 school on a recurring basis the cooperative innovative high school supplemental allotment to
29 local school administrative units for each cooperative innovative high school located in the unit
30 that (i) is approved by the State Board of Education pursuant to G.S. 115C-238.51A(c) and (ii)
31 received funds for the cooperative innovative high school supplemental allotment for the
32 2017-2019 fiscal biennium.

33 **SECTION 3.** Notwithstanding any provision of law to the contrary, beginning with
34 the 2019-2020 fiscal year and subsequent fiscal years thereafter, no State agency responsible for
35 the allocation of State funds for education purposes to the elementary and secondary public
36 schools of the State, community colleges under the jurisdiction of the State Board of Community
37 Colleges, or the constituent institutions of The University of North Carolina shall be directed to
38 or shall use the economic development tier designation for a county assigned by the Department
39 of Commerce pursuant to G.S. 143B-437.08 as the basis for the allocation of those State funds,
40 including for grant programs, proceeds from the issuance of bonds, or supplemental allotments
41 to public schools and institutions of higher education supported by State funds.

42 **SECTION 4.** All laws and clauses of laws in conflict with this act are repealed.

43 **SECTION 5.** This act becomes effective July 1, 2019. Section 1 of this act applies
44 to grant applications submitted on or after that date.