

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 335
Committee Substitute Favorable 3/30/21
Committee Substitute #2 Favorable 3/31/21
Fourth Edition Engrossed 4/1/21
Senate Education/Higher Education Committee Substitute Adopted 6/16/21

Short Title: Timely Local Payments to Charter Schools.

(Public)

Sponsors:

Referred to:

March 22, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO REVISE REQUIREMENTS REGARDING THE TRANSFER OF FUNDS FROM
3 A LOCAL SCHOOL ADMINISTRATIVE UNIT TO A CHARTER SCHOOL TO
4 INCENTIVIZE THE TIMELY TRANSFER OF FUNDS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 115C-218.105 reads as rewritten:

7 "§ 115C-218.105. State and local funds for a charter school.

8 ...

9 (c) If a student attends a charter school, the local school administrative unit in which the
10 child resides shall transfer to the charter school an amount equal to the per pupil share of the local
11 current expense fund of the local school administrative unit for the fiscal year. The per pupil
12 share of the local current expense fund shall be transferred to the charter school within 30 days
13 of the later of (i) the receipt of monies into the local current expense fund or (ii) the receipt
14 by a local school administrative unit of the enrollment verification and transfer request document
15 as provided under subsections (c2) and (c3) of this section from the charter school. Charter
16 schools shall send the enrollment verification and transfer request document to the local school
17 administrative units on a monthly basis. If the local school administrative unit receives additional
18 monies into the local current expense fund following the initial transfer to the charter school, the
19 local school administrative unit shall transfer the per pupil share of those additional monies to
20 the charter school within 30 days of receipt of those monies.

21 (c1) If a local school administrative unit receives written notice directed to the
22 superintendent and school finance officer from a charter school that the per pupil share of the
23 local current expense fund has not been transferred as required by subsection (c) of this section,
24 the local school administrative unit shall pay a late fee of five percent (5%) on the amount if the
25 monies are not electronically transferred or, if mailed, not postmarked within 15 days of the
26 notice. Interest on the amount owed to the charter school shall accrue at eight percent (8%)
27 annually until the transfer is made. A local school administrative unit shall not owe late fees and
28 interest on (i) any amounts not owed under subsection (c) of this section or (ii) per pupil amounts
29 owed for any student whose information is ultimately shown to be materially incorrect on the
30 enrollment verification and transfer request document shared with the local school administrative
31 unit. A local school administrative unit shall be given an additional 30 days to make the transfer
32 of the per pupil share of the local current expense fund to a charter school for any month in which



1 the charter school fails to send the enrollment verification and transfer request document with
2 the information required by subsection (c2) of this section.

3 (c2) The Superintendent of Public Instruction shall, in consultation with charter schools
4 and local school administrative units, create a standardized enrollment verification and transfer
5 request document that each charter school shall use to request the per pupil share of the local
6 current expense fund from the local school administrative units. Charter schools shall only be
7 required to list the name, age, grade, address, date of charter enrollment, date of charter
8 withdrawal, district of residence, and student identification number of each student as provided
9 to the charter school by the student's parent or guardian in the enrollment verification and transfer
10 request document that the charter school submits to the local school administrative units. A
11 charter school, in its discretion, may take further steps to confirm the student's residence in a
12 particular local school administrative unit.

13 (c3) The Superintendent of Public Instruction shall, in consultation with charter schools
14 and local school administrative units, create a standardized procedure that local school
15 administrative units shall use when transferring the per pupil share of the local current expense
16 fund to charter schools. The standardized procedure for transfer of the per pupil share of the local
17 current expense fund shall require, to the extent practicable, that the local school administrative
18 units make the transfers by electronic transfer.

19 (c4) The local school administrative unit and charter school may use the process for
20 mediation of differences between the State Board and a charter school provided in
21 G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share
22 of the local current expense fund. In the event the local school administrative unit and the charter
23 school disagree on the amount owed to the charter school, the local school administrative unit
24 may delay transfer of the disputed amount but shall not delay the transfer of the undisputed
25 amount. The amount transferred under this subsection that consists of revenue derived from
26 supplemental taxes shall be transferred only to a charter school located in the tax district for
27 which these taxes are levied and in which the student resides.

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

- 31 (1) The total amount of monies the local school administrative unit has in each of
32 the funds listed in G.S. 115C-426(c).
- 33 (2) The student membership numbers used to calculate the per pupil share of the
34 local current expense fund.
- 35 (3) How the per pupil share of the local current expense fund was calculated.
- 36 (4) Any additional records requested by a charter school from the local school
37 administrative unit in order for the charter school to audit and verify the
38 calculation and transfer of the per pupil share of the local current expense
39 fund.

40 In addition, the local school administrative unit shall provide to the State Board of Education
41 all of the information required by this subsection for each charter school to which it transfers a
42 per pupil share of its local current expense fund. This information shall be provided to the State
43 Board of Education by November 1 of each year. The State Board shall adopt a policy to govern
44 the collection of this information. The State Board shall issue a letter of noncompliance to a local
45 school administrative unit that does not provide the State Board with the information required by
46 this subsection.

47 (e) Prior to commencing an action under subsection (c) of this section, the complaining
48 party shall give the other party 15 days' written notice of the alleged violation. The court shall
49 award the prevailing party reasonable attorneys' fees and costs incurred in an action under
50 subsection (c) of this section. The court shall order any delinquent funds, costs, fees, and interest

1 to be paid in equal monthly installments and shall establish a time for payment in full that shall
2 be no later than one year from the entry of any judgment.
3"
4 **SECTION 2.** This act is effective when it becomes law and applies beginning with
5 the 2021-2022 school year.