

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS35069-RQ-8 (03/05)

Short Title: Penalty for Late Payment of Monies/Charters. (Public)

Sponsors: Senator Tillman (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR A MONETARY PENALTY WHEN FUNDS ARE NOT  
3 TRANSFERRED WITHIN REQUIRED TIME LINES BETWEEN LOCAL SCHOOL  
4 ADMINISTRATIVE UNITS AND CHARTER SCHOOLS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 115C-218.15 reads as rewritten:

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

8 (a) The State Board of Education shall allocate to each charter school:

- 9 (1) An amount equal to the average per pupil allocation for average daily  
10 membership from the local school administrative unit allotments in which  
11 the charter school is located for each child attending the charter school  
12 except for the allocation for children with disabilities and for the allocation  
13 for children with limited English proficiency;  
14 (2) An additional amount for each child attending the charter school who is a  
15 child with disabilities; and  
16 (3) An additional amount for children with limited English proficiency attending  
17 the charter school, based on a formula adopted by the State Board.

18 In accordance with G.S. 115C-218.5(d), the State Board shall allow for annual adjustments  
19 to the amount allocated to a charter school based on its enrollment growth in school years  
20 subsequent to the initial year of operation.

21 In the event a child with disabilities leaves the charter school and enrolls in a public school  
22 during the first 60 school days in the school year, the charter school shall return a pro rata  
23 amount of funds allocated for that child to the State Board, and the State Board shall reallocate  
24 those funds to the local school administrative unit in which the public school is located. In the  
25 event a child with disabilities enrolls in a charter school during the first 60 school days in the  
26 school year, the State Board shall allocate to the charter school the pro rata amount of  
27 additional funds for children with disabilities.

28 (b) Funds allocated by the State Board of Education may be used to enter into  
29 operational and financing leases for real property or mobile classroom units for use as school  
30 facilities for charter schools and may be used for payments on loans made to charter schools for  
31 facilities, equipment, or operations. However, State funds shall not be used to obtain any other  
32 interest in real property or mobile classroom units. No indebtedness of any kind incurred or  
33 created by the charter school shall constitute an indebtedness of the State or its political  
34 subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith,  
35 credit, or taxing power of the State or its political subdivisions. Every contract or lease into



1 which a charter school enters shall include the previous sentence. The school also may own  
2 land and buildings it obtains through non-State sources.

3 (c) If a student attends a charter school, the local school administrative unit in which  
4 the child resides shall transfer to the charter school an amount equal to the per pupil share of  
5 the local current expense fund of the local school administrative unit for the fiscal year. The per  
6 pupil share of the local current expense fund shall be transferred to the charter school within 30  
7 days of the receipt of monies into the local current expense fund. The local school  
8 administrative unit and charter school may use the process for mediation of differences  
9 between the State Board and a charter school provided in G.S. 115C-218.95(d) to resolve  
10 differences on calculation and transference of the per pupil share of the local current expense  
11 fund. The amount transferred under this subsection that consists of revenue derived from  
12 supplemental taxes shall be transferred only to a charter school located in the tax district for  
13 which these taxes are levied and in which the student resides.

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

- 17 (1) The total amount of monies the local school administrative unit has in each  
18 of the funds listed in G.S. 115C-426(c).
- 19 (2) The student membership numbers used to calculate the per pupil share of the  
20 local current expense fund.
- 21 (3) How the per pupil share of the local current expense fund was calculated.
- 22 (4) Any additional records requested by a charter school from the local school  
23 administrative unit in order for the charter school to audit and verify the  
24 calculation and transfer of the per pupil share of the local current expense  
25 fund.

26 (e) Prior to commencing an action under subsection (c) of this section, the complaining  
27 party shall give the other party 15 days' written notice of the alleged violation. The court shall  
28 award the prevailing party reasonable attorneys' fees and costs incurred in an action under  
29 subsection (c) of this ~~section~~section along with a penalty of five percent (5%) of the monies  
30 that should have been transferred. The court shall order any delinquent funds, costs, ~~fees,~~fees,  
31 penalty, and interest to be paid in equal monthly installments and shall establish a time for  
32 payment in full that shall be no later than one year from the entry of any judgment."

33 **SECTION 2.** The act is effective when it becomes law and applies to any actions  
34 filed on or after that date.