

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 522
Education/Higher Education Committee Substitute Adopted 5/6/19

Short Title: Various Changes to Charter School Laws.

(Public)

Sponsors:

Referred to:

April 3, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING CHARTER
3 SCHOOLS.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. AUTHORIZE COUNTIES TO PROVIDE CAPITAL FUNDS TO CHARTER**
7 **SCHOOLS**

8 **SECTION 1.1.** G.S. 115C-218.100(b) reads as rewritten:

9 "(b) Distribution of Assets. – Upon dissolution of a charter school, all net assets of the
10 charter school purchased with public funds shall be deemed the property of the local school
11 administrative unit in which the charter school is ~~located~~-located, except capital-sourced assets.
12 For purposes of this subsection, capital-sourced assets include (i) capital funds provided to a
13 charter school by one or more counties pursuant to G.S. 115C-218.105(b1) and (ii) net assets
14 purchased or improved with such funds, up to the total amount of the funds provided.
15 Capital-sourced assets shall be deemed the property of the counties or counties providing the
16 funding and, if applicable, divided between the counties in proportion to the funds provided."

17 **SECTION 1.2.** G.S. 115C-218.105 is amended by adding the following new
18 subsections to read:

19 "(b1) Counties may provide funds to charter schools by direct appropriation as set forth in
20 G.S. 153A-458. These funds shall be used only for the following purposes:

21 (1) The acquisition of real property for school purposes, including, but not limited
22 to, school sites, playgrounds, and athletic fields.

23 (2) The acquisition, construction, reconstruction, enlargement, renovation, or
24 replacement of buildings and other structures, including, but not limited to,
25 buildings for classrooms and laboratories, physical and vocational educational
26 purposes, libraries, auditoriums, and gymnasiums.

27 (3) The acquisition or replacement of furniture and furnishings, instructional
28 apparatus, and similar items of furnishings and equipment.

29 (b2) If a charter school uses funds provided in subsection (b1) of this section to acquire or
30 improve property, the amount provided by the county must be evidenced by a promissory note
31 and secured by a deed of trust on the property acquired or improved by the funds. The county
32 may subordinate the deed of trust to other liens to facilitate the acquisition or improvement of
33 the property secured by the deed of trust. In the event that a charter school repays the county in
34 the amount of the capital funds provided, the county shall, for the property acquired or improved
35 by the funds, execute and file a deed of release or other documentation of satisfaction showing
36 the charter school repaid the county in the amount of the capital funds provided."



1 **SECTION 1.3.** G.S. 153A-149(c) reads as rewritten:

2 "(c) Each county may levy property taxes for one or more of the purposes listed in this
3 subsection up to a combined rate of one dollar and fifty cents (\$1.50) on the one hundred dollars
4 (\$100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate
5 limitation are:

6 ...

7 (8a) Charter Schools. – To provide capital funds for charter schools as authorized
8 by G.S. 153A-458.

9 "

10 **SECTION 1.4.** Chapter 153A of the General Statutes is amended by a new section
11 to read:

12 "**§ 153A-458. Charter schools.**

13 Each county is authorized to appropriate funds and lease real property to schools chartered
14 under Article 14A of Chapter 115C of the General Statutes. Counties may provide funds only for
15 the purposes set forth in G.S. 115C-218.105(b1)."

16 **SECTION 1.5.** This Part applies beginning with the 2019-2020 fiscal year.

17
18 **PART IV. CLARIFY CHARTER SCHOOL RENEWAL STANDARDS**

19 **SECTION 4.1.** G.S. 115C-218.6 reads as rewritten:

20 "**§ 115C-218.6. Review and renewal of charters.**

21 (a) The State Board of Education shall review the operations of each charter school at
22 least once prior to the expiration of its charter to ensure that the school is meeting the expected
23 academic, financial, and governance standards.

24 (b) The State Board of Education shall renew a charter upon the request of the chartering
25 entity for subsequent periods of 10 years, unless one of the following applies:

26 (1) The charter school has not provided financially sound audits for the
27 immediately preceding three years.

28 (2) ~~The charter school's student academic outcomes for the immediately~~
29 ~~preceding three years have not been comparable to the academic outcomes of~~
30 ~~students in the local school administrative unit in which the charter school is~~
31 ~~located.~~ The percent of students who scored at or above proficient for all
32 end-of-grade and end-of-course tests taken in the previous school year, as
33 required by G.S. 115C-174.11(c)(1), is at least five percentage points lower in
34 the charter school than in the local school administrative unit where the charter
35 school is located.

36 (3) The charter school is not, at the time of the request for renewal of the charter,
37 substantially in compliance with State law, federal law, the school's own
38 bylaws, or the provisions set forth in its charter granted by the State Board of
39 Education.

40 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,
41 then the State Board may renew the charter for a period of less than 10 years or not renew the
42 charter."

43 **SECTION 4.2.** This Part applies to applications for the renewal of the charter of a
44 charter school submitted on or after the effective date of this act.

45
46 **PART V. APPLICATION BACKGROUND CHECK STANDARDS**

47 **SECTION 5.(a)** G.S. 115C-218.1 reads as rewritten:

48 "**§ 115C-218.1. Eligible applicants; contents of applications; submission of applications for**
49 **approval.**

50 (a) Any nonprofit corporation seeking to establish a charter school may apply to establish
51 a charter school. If the applicant seeks to convert a public school to a charter school, the

1 application shall include a statement signed by a majority of the teachers and instructional support
2 personnel currently employed at the school indicating that they favor the conversion and evidence
3 that a significant number of parents of children enrolled in the school favor conversion.

4 (b) The application shall contain at least the following information:

- 5 (1) A description of a program that implements one or more of the purposes in
6 G.S. 115C-218.
- 7 (2) A description of student achievement goals for the school's educational
8 program and the method of demonstrating that students have attained the skills
9 and knowledge specified for those student achievement goals.
- 10 (3) The governance structure of the school including the names of the initial
11 members of the board of directors of the nonprofit, tax-exempt corporation
12 and the process to be followed by the school to ensure parental involvement.
13 A teacher employed by the board of directors to teach in the charter school
14 may serve as a nonvoting member of the board of directors for the charter
15 school.
- 16 (4) The local school administrative unit in which the school will be located.
- 17 (5) Admission policies and procedures.
- 18 (6) A proposed budget for the school and evidence that the financial plan for the
19 school is economically sound.
- 20 (7) Requirements and procedures for program and financial audits.
- 21 (8) A description of how the school will comply with G.S. 115C-218.20,
22 115C-218.25, 115C-218.30, 115C-218.40, 115C-218.45, 115C-218.50,
23 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75,
24 115C-218.80, 115C-218.85, and 115C-218.90.
- 25 (9) Types and amounts of insurance coverage, including bonding insurance for
26 the principal officers of the school, to be obtained by the charter school.
- 27 (10) The term of the charter.
- 28 (11) The qualifications required for individuals employed by the school.
- 29 (12) The procedures by which students can be excluded from the charter school
30 and returned to a public school. Notwithstanding any law to the contrary, any
31 local board may refuse to admit any student who is suspended or expelled
32 from a charter school due to actions that would lead to suspension or expulsion
33 from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until
34 the period of suspension or expulsion has expired.
- 35 (13) The number of students to be served, which number shall be at least 80, and
36 the minimum number of teachers to be employed at the school, which number
37 shall be at least three. However, the charter school may serve fewer than 80
38 students or employ fewer than three teachers if the application contains a
39 compelling reason, such as the school would serve a geographically remote
40 and small student population.
- 41 (14) Information regarding the facilities to be used by the school and the manner
42 in which administrative services of the school are to be provided.
- 43 (15) The process for conducting a weighted lottery that reflects the mission of the
44 school if the school desires to use a weighted lottery.
- 45 (16) A nationwide criminal background check for each member of the board of
46 directors of the proposed charter school to ensure that the member has not
47 been convicted, at a minimum, of any crime listed in G.S. 115C-332 or a
48 substantially similar crime in another state. The criminal background check
49 shall include all of the following components:
 - 50 a. A Social Security number trace, including locations returned on at
51 least a county-by-county basis.

1 b. Any known aliases.

2 (17) A certification from each member of the board of directors certifying whether
3 the board member has been convicted of any felony or misdemeanor. If the
4 board member has been convicted of a felony or misdemeanor, the
5 certification shall include a listing of the year of the charge, the charge, and
6 the disposition of the charge.

7 (c) The State Board shall establish reasonable fees of no less than five hundred dollars
8 (\$500.00) and no more than one thousand dollars (\$1,000) for initial and renewal charter
9 applications, in accordance with Article 2A of Chapter 150B of the General Statutes. No
10 application fee shall be refunded in the event the application is rejected or the charter is revoked."

11 **SECTION 5.(b)** This Part applies to applications for initial charters received on or
12 after the effective date of this act.

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14 **PART VIII. REMOVE THE CAP ON ENROLLMENT GROWTH OF VIRTUAL**
15 **CHARTER SCHOOLS PARTICIPATING IN THE VIRTUAL CHARTER SCHOOL**
16 **PILOT PROGRAM**

17 **SECTION 8.1.** Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of
18 S.L. 2018-5, reads as rewritten:

19 **"SECTION 8.35.(b)** The virtual charter schools participating in the pilot program authorized
20 by this section shall be subject to the statutes and rules applicable to charter schools pursuant to
21 Article 14A of Chapter 115C of the General Statutes, except as follows:

22 (1) The maximum student enrollment in any participating school shall be no
23 greater than 1,500 in its first year of operation and may increase annually by
24 twenty percent (20%) for each participating ~~school up to a maximum student~~
25 ~~enrollment of 2,592 in the fourth year of the pilot school.~~ The State Board of
26 Education may ~~waive-increase~~ this maximum student enrollment threshold,
27 beginning in the fourth year of the school's operation, if the State Board
28 determines that doing so would be in the best interest of North Carolina
29 students.

30 (2) The maximum overall ratio of teachers to students for kindergarten through
31 eighth grade shall be 1:50, and for ninth through twelfth grade shall be 1:150.

32 (3) A student who regularly fails to participate in courses may be withdrawn from
33 enrollment pursuant to procedures adopted by the virtual charter school. The
34 procedures adopted by the virtual charter school shall ensure that (i) fair notice
35 is provided to the parent and student and (ii) an opportunity is provided, prior
36 to withdrawal of the student by the school, for the student and parent to
37 demonstrate that failure to participate in courses is due to a lawful absence
38 recognized under Part I of Article 26 of Chapter 115C of the General Statutes
39 and any applicable rules adopted by the State Board of Education."

40 **SECTION 8.2.** This Part applies beginning with the 2019-2020 school year.

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42 **PART IX. EFFECTIVE DATE**

43 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes
44 law.