

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 18

Short Title: Local School Admin. Unit Cash Management. (Public)

Sponsors: Representative Davis.

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

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

January 28, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE LOCAL SCHOOL ADMINISTRATIVE UNITS ADDITIONAL
3 FLEXIBILITY WITH RESPECT TO CASH MANAGEMENT.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 115C-438 reads as rewritten:

6 "§ 115C-438. Provision for disbursement of State money.

7 (a) The deposit of money in the State treasury to the credit of local school administrative
8 units shall be made in monthly installments, and additionally as necessary, at such time and in
9 such a manner as may be most convenient for the operation of the public school system. Before
10 an installment is credited, the school finance officer shall certify to the State Board of Education
11 the expenditures to be made by the local school administrative unit from the State Public School
12 Fund during the month. This certification shall be filed on or before the fifth day following the
13 end of the month preceding the period in which the expenditures will be made. The State Board
14 of Education shall determine whether the moneys requisitioned are due the local school
15 administrative unit, and upon determining the amount due, shall cause the requisite amount to be
16 credited to the local school administrative unit. Upon receiving notice from the State Treasurer
17 of the amount placed to the credit of the local school administrative unit, the finance officer may
18 issue State warrants up to the amount so certified.

19 Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement
20 System to the State Treasurer and the Office of State Budget and Management as to the default
21 of the local school administrative unit, the State Board of Education shall withhold from any
22 State appropriation due to the local school administrative unit an amount equal to the sum of all
23 delinquent contributions and payments due to the Retirement Systems Division and shall transmit
24 that amount to the Retirement Systems Division.

25 The State Board of Education may withhold money for payment of salaries for administrative
26 officers of local school administrative units if any report required to be filed with State school
27 authorities is more than 30 days overdue. The State Board of Education shall withhold money
28 for payment of salaries for the superintendent, finance officer, and all other administrative
29 officers charged with providing payroll information pursuant to G.S. 115C-12(18), if the local
30 school administrative unit fails to provide the payroll information to the State Board in a timely
31 fashion and substantially in accordance with the standards set by the State Board. The State Board
32 of Education shall also withhold money used for payment of salaries for the superintendent,
33 transportation director, and all other administrative officers or employees charged by the local
34 board of education or the local superintendent with implementing the Transportation Information
35 Management System, pursuant to G.S. 115C-240(d), if the State Board finds that a local school



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1 administrative unit is not progressing in good faith and is not using its best efforts to implement
2 the Transportation Information Management System.

3 (b) Notwithstanding any provision of this Article to the contrary, with respect to the
4 receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State
5 Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, local
6 school administrative units are subject to Article 6A of Chapter 147 of the General Statutes.

7 (c) Money in the State Public School Fund and State bond moneys shall be released only
8 on warrants drawn on the State Treasurer, signed by such local official as may be required by the
9 State Board of Education."

10 **SECTION 2.** G.S. 147-86.11(f)(1) reads as rewritten:

11 "(1) Moneys deposited with the State Treasurer remain on deposit with the State
12 Treasurer until final disbursement to the ultimate ~~payee-payee~~, except as
13 provided in G.S. 147-86.12."

14 **SECTION 3.** G.S. 147-86.12 reads as rewritten:

15 "(a) All local school administrative units and their officers and employees are subject to
16 the provision of G.S. 147-86.11 with respect to moneys required by law to be deposited with the
17 State Treasurer and with respect to moneys made available to the local school administrative unit
18 for expenditure by warrants drawn on the State Treasurer.

19 (b) With respect to disbursements made by local school administrative units and their
20 officers and employees, moneys deposited with the State Treasurer may be drawn on no earlier
21 than four business days prior to final disbursement to the ultimate payee. For purposes of this
22 subsection, "business day" means every day except Saturday, Sunday, or a federal banking
23 holiday.

24 (c) Notwithstanding G.S. 147-80, and subject to the provisions of Articles 30 and 31 of
25 Chapter 115C of the General Statutes, a local school administrative unit or school finance officer
26 may deposit moneys drawn on the State Treasurer pursuant to subsection (b) of this section in an
27 official depository designated by a local board of education pursuant to G.S. 115C-444(a)."

28 **SECTION 4.** This act is effective when it becomes law.