

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**HOUSE BILL 335
RATIFIED BILL**

AN ACT TO REVISE REQUIREMENTS REGARDING THE TRANSFER OF FUNDS FROM
A LOCAL SCHOOL ADMINISTRATIVE UNIT TO A CHARTER SCHOOL TO
INCENTIVIZE THE TIMELY TRANSFER OF FUNDS.

The General Assembly of North Carolina enacts:

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

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

...

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

(c1) If a local school administrative unit receives written notice directed to the superintendent and school finance officer from a charter school that the per pupil share of the local current expense fund has not been transferred as required by subsection (c) of this section, the local school administrative unit shall pay a late fee of three percent (3%) on the amount if the monies are not electronically transferred or, if mailed, not postmarked within 15 days of the notice. Interest on the amount owed to the charter school shall accrue at eight percent (8%) annually until the transfer is made. A local school administrative unit shall not owe late fees and interest on (i) any amounts not owed under subsection (c) of this section or (ii) per pupil amounts owed for any student whose information is ultimately shown to be materially incorrect on the enrollment verification and transfer request document shared with the local school administrative unit. A local school administrative unit shall be given an additional 30 days to make the transfer of the per pupil share of the local current expense fund to a charter school for any month in which the charter school fails to send the enrollment verification and transfer request document with the information required by subsection (c2) of this section.

(c2) The Superintendent of Public Instruction shall, in consultation with charter schools and local school administrative units, create a standardized enrollment verification and transfer request document that each charter school shall use to request the per pupil share of the local current expense fund from the local school administrative units. Charter schools shall only be required to list the name, age, grade, address, date of charter enrollment, date of charter withdrawal, district of residence, and student identification number of each student as provided to the charter school by the student's parent or guardian in the enrollment verification and transfer



request document that the charter school submits to the local school administrative units. A charter school, in its discretion, may take further steps to confirm the student's residence in a particular local school administrative unit.

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

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

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

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

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

(e) Prior to commencing an action under subsection (c) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (c) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than one year from the entry of any judgment.

...."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2021-2022 school year.

In the General Assembly read three times and ratified this the 28th day of June, 2021.

s/ Carl Ford
Presiding Officer of the Senate

s/ Jason Saine
Presiding Officer of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2021