

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

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**HOUSE BILL 273  
Committee Substitute Favorable 5/14/13  
PROPOSED COMMITTEE SUBSTITUTE H273-PCS80368-TC-30**

Short Title: Charter School/LEA Accounting of Funds.

(Public)

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Sponsors:

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Referred to:

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March 12, 2013

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THAT CHARTER SCHOOLS MAY USE STATE FUNDS FOR  
2 OPERATIONAL LEASES AND MAY ASSIGN STATE FUNDS TO OBTAIN FUNDS  
3 FOR FACILITIES, EQUIPMENT, AND OPERATIONS; TO REQUIRE TRANSFER OF  
4 SUPPLEMENTAL TAXES FUNDS TO LOCAL CHARTER SCHOOLS OUTSIDE THE  
5 TAX DISTRICT ONLY IF SPECIFIC BALLOT LANGUAGE WAS USED WHEN  
6 APPROVED BY THE VOTERS; TO ELIMINATE OTHER FUNDS USED TO  
7 ACCOUNT FOR LOCAL SCHOOL ADMINISTRATIVE UNIT EXPENSES; AND TO  
8 REQUIRE ACCOUNTING OF CHARTER SCHOOL FUNDS AND A TIME LINE FOR  
9 THE TRANSFER OF FUNDS BY LOCAL BOARDS OF EDUCATION TO CHARTER  
10 SCHOOLS AND TO PROVIDE FOR ATTORNEYS' FEES, COSTS, AND INTEREST IN  
11 ACTIONS TO ENFORCE TRANSFERS.  
12

13 The General Assembly of North Carolina enacts:

14 **SECTION 1.** G.S. 115C-238.29H reads as rewritten:

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

- 16 (1) An amount equal to the average per pupil allocation for average daily  
17 membership from the local school administrative unit allotments in which  
18 the charter school is located for each child attending the charter school  
19 except for the allocation for children with disabilities and for the allocation  
20 for children with limited English proficiency;  
21 (2) An additional amount for each child attending the charter school who is a  
22 child with disabilities; and  
23 (3) An additional amount for children with limited English proficiency attending  
24 the charter school, based on a formula adopted by the State Board.

25 In accordance with G.S. 115C-238.29D(d), the State Board shall allow for annual  
26 adjustments to the amount allocated to a charter school based on its enrollment growth in  
27 school years subsequent to the initial year of operation.

28 In the event a child with disabilities leaves the charter school and enrolls in a public school  
29 during the first 60 school days in the school year, the charter school shall return a pro rata  
30 amount of funds allocated for that child to the State Board, and the State Board shall reallocate  
31 those funds to the local school administrative unit in which the public school is located. In the  
32 event a child with disabilities enrolls in a charter school during the first 60 school days in the  
33 school year, the State Board shall allocate to the charter school the pro rata amount of  
34 additional funds for children with disabilities.



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1 (a1) Funds allocated by the State Board of Education may be used to enter into  
2 operational and financing leases for real property or mobile classroom units for use as school  
3 facilities for charter schools and may be used for payments on loans made to charter schools for  
4 ~~facilities or equipment.~~ facilities, equipment, or operations. However, State funds shall not be  
5 used to obtain any other interest in real property or mobile classroom units. No indebtedness of  
6 any kind incurred or created by the charter school shall constitute an indebtedness of the State  
7 or its political subdivisions, and no indebtedness of the charter school shall involve or be  
8 secured by the faith, credit, or taxing power of the State or its political subdivisions. Every  
9 contract or lease into which a charter school enters shall include the previous sentence. The  
10 school also may own land and buildings it obtains through non-State sources.

11 (b) If a student attends a charter school, the local school administrative unit in which  
12 the child resides shall transfer to the charter school an amount equal to the per pupil share of  
13 the local current expense appropriation fund of to the local school administrative unit for the  
14 fiscal year. The per pupil share of the local current expense fund shall be transferred to the  
15 charter school within 30 days of the receipt of monies into the local current expense fund. Any  
16 necessary adjustments to this amount shall be made by the local school administrative unit  
17 within 30 days of the State Board of Education determining and certifying to the charter school  
18 its average daily membership for the school year. If the local school administrative unit fails to  
19 timely comply with the requirements of this subsection, interest at the legal rate as provided in  
20 G.S. 24-1 on the amount required to be transferred to the charter school shall accrue from the  
21 date of delinquency until that amount, together with any interest, is transferred to the charter  
22 school. The amount transferred under this subsection that consists of revenue derived from  
23 supplemental taxes shall be transferred only to a charter school located in the tax district for  
24 which these taxes are levied and in which the student ~~resides~~resides if the language on the  
25 ballot when approved by the voters specified that the supplemental taxes were only to be levied  
26 for students attending schools in that specific tax district.

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

30 (1) The total amount of monies the local school administrative unit has in each  
31 of the funds listed in G.S. 115C-426(c).

32 (2) The student membership numbers used to calculate the per pupil share of the  
33 local current expense fund.

34 (3) How the per pupil share of the local current expense fund was calculated.

35 (d) The court shall award the prevailing party in an action to enforce the provisions of  
36 subsection (b) of this section its reasonable attorneys' fees and costs incurred in bringing such  
37 an action. The court shall order any delinquent funds, costs, fees, and interest to be paid in  
38 equal monthly installments and shall establish a time for payment in full that shall be no later  
39 than three years from the entry of any judgment."

40 **SECTION 2.** G.S. 115C-426(c) reads as rewritten:

41 "(c) The uniform budget format shall require the following funds:

42 (1) The State Public School Fund.

43 (2) The local current expense fund.

44 (3) The capital outlay fund.

45 ~~In addition, other funds may be used to account for reimbursements, including indirect~~  
46 ~~costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method~~  
47 ~~pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust~~  
48 ~~funds, federal appropriations made directly to local school administrative units, funds received~~  
49 ~~for prekindergarten programs, and special programs. In addition, the appropriation or use of~~  
50 ~~fund balance or interest income by a local school administrative unit shall not be construed as a~~  
51 ~~local current expense appropriation.~~ In addition, other funds may be used only if necessary to

1 comply with a requirement by the donor that the local school administrative unit account for  
2 trust funds and federal grants restricted as to use.

3 Each local school administrative unit shall maintain those funds shown in the uniform  
4 budget format that are applicable to its operations."

5 **SECTION 3.** G.S. 143B-426.40A is amended by adding a new subsection to read:

6 "(m) Assignment of Funds Allocated by the State Board of Education to Charter Schools.  
7 – This section does not apply to assignments by charter schools to obtain funds for facilities,  
8 equipment, or operations pursuant to G.S. 115C-238.29H."

9 **SECTION 4.** This act is effective when it becomes law and applies beginning with  
10 the 2013-2014 school year. Section 1 of this act shall apply to any judgment entered after the  
11 effective date.