

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL 337

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PROPOSED HOUSE COMMITTEE SUBSTITUTE S337-PCS85246-TC-41

Short Title: NC Charter School Advisory Board.

(Public)

Sponsors:

Referred to:

March 19, 2013

A BILL TO BE ENTITLED

AN ACT TO CREATE THE NORTH CAROLINA CHARTER SCHOOLS ADVISORY BOARD AND MAKE OTHER CHANGES TO CHARTER SCHOOL LAWS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-238.29A reads as rewritten:

"§ 115C-238.29A. Purpose. Purpose of charter schools and establishment of North Carolina Charter Schools Advisory Board.

(a) Purpose of Charter Schools. – The purpose of this Part is to authorize a system of charter schools to provide opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently of existing schools, as a method to accomplish all of the following:

- (1) Improve student learning;
- (2) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as at risk of academic failure or academically gifted;
- (3) Encourage the use of different and innovative teaching methods;
- (4) Create new professional opportunities for teachers, including the opportunities to be responsible for the learning program at the school site;
- (5) Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and
- (6) Hold the schools established under this Part accountable for meeting measurable student achievement results, and provide the schools with a method to change from rule-based to performance-based accountability systems.

(b) North Carolina Charter Schools Advisory Board. – There is created the North Carolina Charter Schools Advisory Board, hereinafter referred to in this Part as the Advisory Board. The Advisory Board shall be located administratively within the Department of Public Instruction and shall report to the State Board of Education.

- (1) Membership. – The State Superintendent of Public Instruction, or the Superintendent's designee, shall be the secretary of the Advisory Board and a



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1 nonvoting member. The Advisory Board shall consist of the following 11
2 voting members:

- 3 a. Three members appointed by the Governor, including the chair and
4 vice-chair of the Advisory Board.
- 5 b. Three members appointed by the General Assembly upon the
6 recommendation of the President Pro Tempore of the Senate, in
7 accordance with G.S. 120-121.
- 8 c. Three members appointed by the General Assembly upon the
9 recommendation of the Speaker of the House of Representatives, in
10 accordance with G.S. 120-121.
- 11 d. One member appointed by the State Board of Education.
- 12 e. The Lieutenant Governor or the Lieutenant Governor's designee.
- 13 (2) Covered board. – The Advisory Board shall be treated as a board for
14 purposes of Chapter 138A of the General Statutes.
- 15 (3) Qualifications of members. – Members appointed to the Advisory Board
16 shall collectively possess strong experience and expertise in public and
17 nonprofit governance, management and finance, assessment, curriculum and
18 instruction, public charter schools, and public education law. All appointed
19 members of the Advisory Board shall have demonstrated an understanding
20 of and a commitment to charter schools as a strategy for strengthening public
21 education.
- 22 (4) Terms of office and vacancy appointments. – Appointed members shall
23 serve four-year terms of office beginning on July 1. No appointed member
24 shall serve more than eight consecutive years. Vacancy appointments shall
25 be made by the appointing authority for the remainder of the term of office.
- 26 (5) Presiding officers and quorum. – The chair shall preside over the Advisory
27 Board's meetings. In the absence of the chair, the vice-chair shall preside
28 over the Advisory Board's meetings. A majority of the Advisory Board
29 constitutes a quorum.
- 30 (6) Meetings. – Meetings of the Advisory Board shall be held upon the call of
31 the chair or the vice-chair with the approval of the chair.
- 32 (7) Expenses. – Members of the Advisory Board shall be reimbursed for travel
33 and subsistence expenses at the rates allowed to State officers and
34 employees by G.S. 138-6(a).
- 35 (8) Powers and duties. – The Advisory Board shall have the following duties:
- 36 a. To make recommendations to the State Board of Education on the
37 adoption of rules regarding all aspects of charter school operation,
38 including time lines, standards, and criteria for acceptance and
39 approval of applications, monitoring of charter schools, and grounds
40 for revocation of charters.
- 41 b. To review applications and make recommendations to the State
42 Board for final approval of charter applications.
- 43 c. To make recommendations to the State Board on actions regarding a
44 charter school, including renewals of charters, nonrenewals of
45 charters, and revocations of charters.
- 46 d. To undertake any other duties and responsibilities as assigned by the
47 State Board."

48 **SECTION 1.(b) G.S. 115C-238.29B reads as rewritten:**

49 **"§ 115C-238.29B. Eligible applicants; contents of applications; submission of applications**
50 **for approval.**

1 (a) Any ~~person, group of persons, or~~ nonprofit corporation seeking to establish a charter
2 school may apply to establish a charter school. If the applicant seeks to convert a public school
3 to a charter school, the application shall include a statement signed by a majority of the
4 teachers and instructional support personnel currently employed at the school indicating that
5 they favor the conversion and evidence that a significant number of parents of children enrolled
6 in the school favor conversion.

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

8 (1) A description of a program that implements one or more of the purposes in
9 G.S. 115C-238.29A.

10 (2) A description of student achievement goals for the school's educational
11 program and the method of demonstrating that students have attained the
12 skills and knowledge specified for those student achievement goals.

13 (3) The governance structure of the school including the names of the ~~proposed~~
14 initial members of the board of directors of the nonprofit, tax-exempt
15 corporation and the process to be followed by the school to ensure parental
16 involvement.

17 (3a) The local school administrative unit in which the school will be located.

18 (4) Admission policies and procedures.

19 (5) A proposed budget for the school and evidence that the financial plan for the
20 school is economically sound.

21 (6) Requirements and procedures for program and financial audits.

22 (7) A description of how the school will comply with G.S. 115C-238.29F.

23 (8) Types and amounts of insurance coverage, including bonding insurance for
24 the principal officers of the school, to be obtained by the charter school.

25 (9) The term of the charter.

26 (10) The qualifications required for individuals employed by the school.

27 (11) The procedures by which students can be excluded from the charter school
28 and returned to a public school. Notwithstanding any law to the contrary,
29 any local board may refuse to admit any student who is suspended or
30 expelled from a charter school due to actions that would lead to suspension
31 or expulsion from a public school under G.S. 115C-390.5 through
32 G.S. 115C-390.11 until the period of suspension or expulsion has expired.

33 (12) The number of students to be served, which number shall be at least 65, and
34 the minimum number of teachers to be employed at the school, which
35 number shall be at least three. However, the charter school may serve fewer
36 than 65 students or employ fewer than three teachers if the application
37 contains a compelling reason, such as the school would serve a
38 geographically remote and small student population.

39 (13) Information regarding the facilities to be used by the school and the manner
40 in which administrative services of the school are to be provided.

41 (14) Repealed by Session Laws 1997-430, s. 1.

42 (c) ~~An applicant shall submit the application to a chartering entity for preliminary~~
43 ~~approval. A chartering entity may be:~~

44 (1) ~~The local board of education of the local school administrative unit in which~~
45 ~~the charter school will be located;~~

46 (2) ~~The board of trustees of a constituent institution of The University of North~~
47 ~~Carolina, so long as the constituent institution is involved in the planning,~~
48 ~~operation, or evaluation of the charter school; or~~

49 (3) ~~The State Board of Education.~~

50 ~~Regardless of which chartering entity receives the application for preliminary approval, the~~
51 ~~State Board of Education shall have final approval of the charter school.~~

1 Notwithstanding the provisions of this subsection, if the State Board of Education finds that
2 an applicant (i) submitted an application to a local board of education and received final
3 approval from the State Board of Education, but (ii) is unable to find a suitable location within
4 that local school administrative unit to operate, the State Board of Education may authorize the
5 charter school to operate within an adjacent local school administrative unit for one year only.
6 The charter school cannot operate for more than one year unless it reapplies, in accordance with
7 subdivision (1), (2), or (3) of this subsection, and receives final approval from the State Board
8 of Education.

9 (d) Unless an applicant submits its application under subsection (c) of this section to the
10 local board of education of the local school administrative unit in which the charter school will
11 be located, the applicant shall submit a copy of its application to that local board within seven
12 days of its submission under subsection (c) of this section. The local board may offer any
13 information or comment concerning the application it considers appropriate to the chartering
14 entity. The local board shall deliver this information to the chartering entity no later than
15 January 1 of the next calendar year. The applicant shall not be required to obtain or deliver this
16 information to the chartering entity on behalf of the local board. The State Board shall consider
17 any information or comment it receives from a local board and shall consider the impact on the
18 local school administrative unit's ability to provide a sound basic education to its students when
19 determining whether to grant preliminary and final approval of the charter school."

20 **SECTION 1.(c)** G.S. 115C-238.29C is repealed.

21 **SECTION 1.(d)** G.S. 115C-238.29D reads as rewritten:

22 "**§ 115C-238.29D. Final approval of applications for charter schools.**

23 (a) The State Board may grant final approval of an application if it finds (i) that the
24 application meets the requirements set out in this Part ~~and~~ such other requirements as may be
25 adopted by the State Board of ~~Education~~Education, (ii) that the applicant has the ability to
26 operate the school and would be likely to operate the school in an educationally and
27 economically sound manner, and (iii) that granting the application would achieve one or more
28 of the purposes set out in G.S. 115C-238.29A. The State Board shall act by ~~March~~ January 15
29 of a calendar year on all applications and appeals it receives prior to ~~February 15~~a date
30 established by the Office of Charter Schools for receipt of applications in the prior of that
31 calendar year. In reviewing applications for the establishment of charter schools within a local
32 school administrative unit, the State Board is encouraged to give preference to applications that
33 demonstrate the capability to provide comprehensive learning experiences to students identified
34 by the applicants as at risk of academic failure.

35 (b) Repealed by Session Laws 2011-164, s. 2(a), effective July 1, 2011.

36 (c) The State Board of Education may authorize a school before the applicant has
37 secured its space, equipment, facilities, and personnel if the applicant indicates the authority is
38 necessary for it to raise working capital. The State Board shall not allocate any funds to the
39 school until the school has obtained space.

40 (d) The State Board of Education may grant the initial charter for a period not to exceed
41 10 years and may renew the charter upon the request of the chartering entity for subsequent
42 periods not to exceed 10 years each. The State Board of Education shall review the operations
43 of each charter school at least once every five years to ensure that the school is meeting the
44 expected academic, financial, and governance standards.

45 A material revision of the provisions of a charter application shall be made only upon the
46 approval of the State Board of Education.

47 It shall not be considered a material revision of a charter application and shall not require
48 the prior approval of the State Board for a charter school to increase its enrollment during the
49 charter school's second year of operation and annually thereafter (i) by up to twenty percent
50 (20%) of the school's previous year's enrollment or (ii) in accordance with planned growth as
51 authorized in the charter. Other enrollment growth shall be considered a material revision of the

1 charter application, and the State Board may approve such additional enrollment growth of
2 greater than twenty percent (20%) only if the State Board finds ~~that all of the following:~~
that all of the following:

- 3 (1) The actual enrollment of the charter school is within ten percent (10%) of its
4 maximum authorized ~~enrollment;~~enrollment.
- 5 (2) The charter school has commitments for ninety percent (90%) of the
6 requested maximum ~~growth;~~growth.
- 7 ~~(3) The board of education of the local school administrative unit in which the~~
8 ~~charter school is located has had an opportunity to be heard by the State~~
9 ~~Board of Education on any adverse impact the proposed growth would have~~
10 ~~on the unit's ability to provide a sound basic education to its students;~~
- 11 (4) The charter school is not currently identified as
12 ~~low-performing;~~low-performing.
- 13 (5) The charter school meets generally accepted standards of fiscal
14 ~~management;~~and management.
- 15 (6) It is otherwise appropriate to approve the enrollment growth."

16 **SECTION 1.(e)** G.S. 115C-238.29E reads as rewritten:

17 **"§ 115C-238.29E. Charter school operation.**

18 (a) A charter school that is approved by the State shall be a public school within the
19 local school administrative unit in which it is located. ~~It shall be accountable to the local board~~
20 ~~of education if it applied for and received preliminary approval from that local board for~~
21 ~~purposes of ensuring compliance with applicable laws and the provisions of its charter. All~~
22 ~~other charter schools shall be accountable to the State Board for ensuring compliance with~~
23 ~~applicable laws and the provisions of their charters, except that any of these charter schools~~
24 ~~may agree to be accountable to the local board of the school administrative unit in which the~~
25 ~~charter school is located rather than to the State Board.~~charters.

26 (b) A charter school shall be operated by a private nonprofit corporation that shall have
27 received federal tax-exempt status no later than 24 months following final approval of the
28 application.

29 (c) A charter school shall operate under the written charter signed by the ~~entity to which~~
30 ~~it is accountable under subsection (a) of this section~~ State Board and the applicant. A charter
31 school is not required to enter into any other contract. The charter shall incorporate the
32 information provided in the application, as modified during the charter approval process, and
33 any terms and conditions imposed on the charter school by the State Board of Education. No
34 other terms may be imposed on the charter school as a condition for receipt of local funds.

35 (d) The board of directors of the charter school shall decide matters related to the
36 operation of the school, including budgeting, curriculum, and operating procedures.

37 (e) A charter school's specific location shall not be prescribed or limited by a local
38 board or other authority except a zoning authority. The school may lease space from a local
39 board of education or as is otherwise lawful in the local school administrative unit in which the
40 charter school is located. If a charter school leases space from a sectarian organization, the
41 charter school classes and students shall be physically separated from any parochial students,
42 and there shall be no religious artifacts, symbols, iconography, or materials on display in the
43 charter school's entrance, classrooms, or hallways. Furthermore, if a charter school leases space
44 from a sectarian organization, the charter school shall not use the name of that organization in
45 the name of the charter school.

46 At the request of the charter school, the local board of education of the local school
47 administrative unit in which the charter school will be located shall lease any available building
48 or land to the charter school unless the board demonstrates that the lease is not economically or
49 practically feasible or that the local board does not have adequate classroom space to meet its
50 enrollment needs. Notwithstanding any other law, a local board of education may provide a
51 school facility to a charter school free of charge; however, the charter school is responsible for

1 the maintenance of and insurance for the school facility. If a charter school has requested to
2 lease available buildings or land and is unable to reach an agreement with the local board of
3 education, the charter school shall have the right to appeal to the board of county
4 commissioners in which the building or land is located. The board of county commissioners
5 shall have the final decision-making authority on the leasing of the available building or land.

6 (f) Except as provided in this Part and pursuant to the provisions of its charter, a charter
7 school is exempt from statutes and rules applicable to a local board of education or local school
8 administrative unit."

9 **SECTION 1.(f)** G.S. 115C-238.29F reads as rewritten:

10 **"§ 115C-238.29F. General requirements.**

11 (a) Health and Safety Standards. – A charter school shall meet the same health and
12 safety requirements required of a local school administrative unit. The Department of Public
13 Instruction shall ensure that charter schools provide parents and guardians with information
14 about meningococcal meningitis and influenza and their vaccines at the beginning of every
15 school year. This information shall include the causes, symptoms, and how meningococcal
16 meningitis and influenza are spread and the places where parents and guardians may obtain
17 additional information and vaccinations for their children.

18 The Department of Public Instruction shall also ensure that charter schools provide parents
19 and guardians with information about cervical cancer, cervical dysplasia, human
20 papillomavirus, and the vaccines available to prevent these diseases. This information shall be
21 provided at the beginning of the school year to parents of children entering grades five ~~though~~
22 through 12. This information shall include the causes and symptoms of these diseases, how
23 they are transmitted, how they may be prevented by vaccination, including the benefits and
24 possible side effects of vaccination, and the places where parents and guardians may obtain
25 additional information and vaccinations for their children.

26 The Department of Public Instruction shall also ensure that charter schools provide students
27 in grades nine through 12 with information annually on the manner in which a parent may
28 lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500.

29 The Department of Public Instruction shall also ensure that the guidelines for individual
30 diabetes care plans adopted by the State Board of Education under G.S. 115C-12(31) are
31 implemented in charter schools in which students with diabetes are enrolled and that charter
32 schools otherwise comply with the provisions of G.S. 115C-375.3.

33 (b) School Nonsectarian. – A charter school shall be nonsectarian in its programs,
34 admission policies, employment practices, and all other operations and shall not charge tuition
35 or fees, except that a charter school may charge any fees that are charged by the local school
36 administrative unit in which the charter school is located. A charter school shall not be
37 affiliated with a nonpublic sectarian school or a religious institution.

38 (c) Civil Liability and Insurance. –

39 (1) The board of directors of a charter school may sue and be sued. The State
40 Board of Education shall adopt rules to establish reasonable amounts and
41 types of liability insurance that the board of directors shall be required by the
42 charter to obtain. The board of directors shall obtain at least the amount of
43 and types of insurance required by these rules to be included in the charter.
44 Any sovereign immunity of the charter school, of the organization that
45 operates the charter school, or its members, officers, or directors, or of the
46 employees of the charter school or the organization that operates the charter
47 school, is waived to the extent of indemnification by insurance.

48 (2) No civil liability shall attach to ~~any chartering entity, to~~ the State Board of
49 Education, or to any of their members or employees, individually or
50 collectively, for any acts or omissions of the charter school.

51 (d) Instructional Program. –

- 1 (1) The school shall provide instruction each year for at least 185 days or 1,025
2 hours over nine calendar months.
- 3 (2) The school shall design its programs to at least meet the student performance
4 standards adopted by the State Board of Education and the student
5 performance standards contained in the charter.
- 6 (3) A charter school shall conduct the student assessments required ~~for charter~~
7 ~~schools~~ by the State Board of Education.
- 8 (4) The school is subject to and shall comply with Article 9 of Chapter 115C of
9 the General Statutes and The Individuals with Disabilities Education
10 Improvements Act, 20 U.S.C. § 1400, et seq., (2004), as amended, shall
11 ~~comply with policies adopted by the State Board of Education for charter~~
12 ~~schools relating to the education of children with disabilities.~~
- 13 (5) The school is subject to and shall comply with Article 27 of Chapter 115C of
14 the General Statutes, except that a charter school may also exclude a student
15 from the charter school and return that student to another school in the local
16 school administrative unit in accordance with the terms of its ~~charter~~ charter
17 after due process.
- 18 (d1) Reading Proficiency and Student Promotion. –
- 19 (1) Students in the third grade shall be retained if the student fails to
20 demonstrate reading proficiency by reading at or above the third grade level
21 as demonstrated by the results of the State-approved standardized test of
22 reading comprehension administered to third grade students. The charter
23 school shall provide reading interventions to retained students to remediate
24 reading deficiency, which may include 90 minutes of daily, uninterrupted,
25 evidence-based reading instruction, accelerated reading classes, transition
26 classes containing third and fourth grade students, and summer reading
27 camps.
- 28 (2) Students may be exempt from mandatory retention in third grade for good
29 cause but shall continue to receive instructional supports and services and
30 reading interventions appropriate for their age and reading level. Good cause
31 exemptions shall be limited to the following:
- 32 a. Limited English Proficient students with less than two years of
33 instruction in an English as a Second Language program.
- 34 b. Students with disabilities, as defined in G.S. 115C-106.3(1), whose
35 individualized education program indicates the use of alternative
36 assessments and reading interventions.
- 37 c. Students who demonstrate reading proficiency appropriate for third
38 grade students on an alternative assessment of reading
39 comprehension. The charter school shall notify the State Board of
40 Education of the alternative assessment used to demonstrate reading
41 proficiency.
- 42 d. Students who demonstrate, through a student reading portfolio,
43 reading proficiency appropriate for third grade students.
- 44 e. Students who have (i) received reading intervention and (ii)
45 previously been retained more than once in kindergarten, first,
46 second, or third grades.
- 47 (3) The charter school shall provide notice to parents and guardians when a
48 student is not reading at grade level. The notice shall state that if the
49 student's reading deficiency is not remediated by the end of third grade, the
50 student shall be retained unless he or she is exempt from mandatory
51 retention for good cause. Notice shall also be provided to parents and

1 guardians of any student who is to be retained under this subsection of the
 2 reason the student is not eligible for a good cause exemption, as well as a
 3 description of proposed reading interventions that will be provided to the
 4 student to remediate identified areas of reading deficiency.

5 (4) The charter school shall annually publish on the charter school's Web site
 6 and report in writing to the State Board of Education by September 1 of each
 7 year the following information on the prior school year:

8 a. The number and percentage of third grade students demonstrating
 9 and not demonstrating reading proficiency on the State-approved
 10 standardized test of reading comprehension administered to third
 11 grade students.

12 b. The number and percentage of third grade students not demonstrating
 13 reading proficiency and who do not return to the charter school for
 14 the following school year.

15 c. The number and percentage of third grade students who take and
 16 pass the alternative assessment of reading comprehension.

17 d. The number and percentage of third grade students retained for not
 18 demonstrating reading proficiency.

19 e. The number and percentage of third grade students exempt from
 20 mandatory third grade retention by category of exemption as listed in
 21 subdivision (2) of this subsection.

22 (e) Employees. –

23 (1) An employee of a charter school is not an employee of the local school
 24 administrative unit in which the charter school is located. The charter
 25 school's board of directors shall employ and contract with necessary teachers
 26 to perform the particular service for which they are employed in the school;
 27 at least ~~seventy-five~~fifty percent (~~75%~~50%) of these teachers in grades
 28 kindergarten through five, at least fifty percent (50%) of these teachers in
 29 grades six through eight, and at least fifty percent (50%) of these teachers in
 30 grades nine through 12 shall hold teacher certificates. All teachers ~~in grades~~
 31 ~~six through 12~~ who are teaching in the core subject areas of mathematics,
 32 science, social studies, and language arts shall be college graduates.

33 The board also may employ necessary employees who are not required
 34 to hold teacher ~~certificates~~licenses to perform duties other than teaching and
 35 may contract for other services. The board may discharge teachers and
 36 ~~noncertificated~~nonlicensed employees.

37 (2) No local board of education shall require any employee of the local school
 38 administrative unit to be employed in a charter school.

39 (3) If a teacher employed by a local school administrative unit makes a written
 40 request for a leave of absence to teach at a charter school, the local school
 41 administrative unit shall grant the leave for one year. For the initial year of a
 42 charter school's operation, the local school administrative unit may require
 43 that the request for a leave of absence be made up to 45 days before the
 44 teacher would otherwise have to report for duty. After the initial year of a
 45 charter school's operation, the local school administrative unit may require
 46 that the request for a leave of absence be made up to 90 days before the
 47 teacher would otherwise have to report for duty. A local board of education
 48 is not required to grant a request for a leave of absence or a request to extend
 49 or renew a leave of absence for a teacher who previously has received a
 50 leave of absence from that school board under this subdivision. A teacher
 51 who has career status under G.S. 115C-325 prior to receiving a leave of

1 absence to teach at a charter school may return to a public school in the local
2 school administrative unit with career status at the end of the leave of
3 absence or upon the end of employment at the charter school if an
4 appropriate position is available. If an appropriate position is unavailable,
5 the teacher's name shall be placed on a list of available teachers and that
6 teacher shall have priority on all positions for which that teacher is qualified
7 in accordance with G.S. 115C-325(e)(2).

8 (4) The employees of the charter school shall be deemed employees of the local
9 school administrative unit for purposes of providing certain State-funded
10 employee benefits, including membership in the Teachers' and State
11 Employees' Retirement System and the State Health Plan for Teachers and
12 State Employees. The State Board of Education provides funds to charter
13 schools, approves the original members of the boards of directors of the
14 charter schools, has the authority to grant, supervise, and revoke charters,
15 and demands full accountability from charter schools for school finances and
16 student performance. Accordingly, it is the determination of the General
17 Assembly that charter schools are public schools and that the employees of
18 charter schools are public school employees. Employees of a charter school
19 whose board of directors elects to become a participating employer under
20 G.S. 135-5.3 are "teachers" for the purpose of membership in the North
21 Carolina Teachers' and State Employees' Retirement System. In no event
22 shall anything contained in this Part require the North Carolina Teachers'
23 and State Employees' Retirement System to accept employees of a private
24 employer as members or participants of the System.

25 (5) Education employee associations shall have equal access to charter school
26 employees as provided in G.S. 115C-335.9.

27 (e1) Criminal History Checks. –

28 (1) The board of directors of each charter school shall adopt a policy on whether
29 and under what circumstances an applicant for a school personnel position
30 shall be required to be checked for a criminal history before the applicant is
31 offered an unconditional job. The board of directors shall apply the policy
32 uniformly in requiring applicants for school personnel positions to be
33 checked for a criminal history. A board of directors of a charter school that
34 requires a criminal history check for an applicant may employ an applicant
35 conditionally while the board is checking the person's criminal history and
36 making a decision based on the results of the check. The board of directors
37 of a charter school shall not require an applicant to pay for the criminal
38 history check authorized under this subdivision.

39 (2) There shall be no liability for negligence on the part of the State Board of
40 Education or the board of directors of the charter school, or their employees,
41 arising from any act taken or omission by any of them in carrying out the
42 provisions of this subsection. The immunity established by this subsection
43 shall not extend to gross negligence, wanton conduct, or intentional
44 wrongdoing that would otherwise be actionable. The immunity established
45 by this subsection shall be deemed to have been waived to the extent of
46 indemnification by insurance, indemnification under Articles 31A and 31B
47 of Chapter 143 of the General Statutes, and to the extent sovereign immunity
48 is waived under the Tort Claims Act, as set forth in Article 31 of Chapter
49 143 of the General Statutes.

50 (f) Accountability. –

- 1 (1) The school is subject to the financial audits, the audit procedures, and the
 2 audit requirements adopted by the State Board of Education for charter
 3 schools. These audit requirements may include the requirements of the
 4 School Budget and Fiscal Control Act.
- 5 (2) The school shall comply with the reporting requirements established by the
 6 State Board of Education in the Uniform Education Reporting System.
- 7 (3) The school shall report at least annually to the ~~chartering entity and the State~~
 8 Board of Education the information required by the ~~chartering entity or the~~
 9 State Board.
- 10 (g) Admission Requirements. –
- 11 (1) Any child who is qualified under the laws of this State for admission to a
 12 public school is qualified for admission to a charter school.
- 13 (2) No local board of education shall require any student enrolled in the local
 14 school administrative unit to attend a charter school.
- 15 (3) Admission to a charter school shall not be determined according to the
 16 school attendance area in which a student resides, except that any local
 17 school administrative unit in which a public school converts to a charter
 18 school shall give admission preference to students who reside within the
 19 former attendance area of that school.
- 20 (4) Admission to a charter school shall not be determined according to the local
 21 school administrative unit in which a student resides.
- 22 (5) A charter school shall not discriminate against any student on the basis of
 23 ethnicity, national origin, gender, or disability. Except as otherwise provided
 24 by law or the mission of the school as set out in the charter, the school shall
 25 not limit admission to students on the basis of intellectual ability, measures
 26 of achievement or aptitude, athletic ability, disability, race, creed, gender,
 27 national origin, religion, or ancestry. Within one year after the charter school
 28 begins operation, the population of the school shall reasonably reflect the
 29 racial and ethnic composition of the general population residing within the
 30 local school administrative unit in which the school is located or the racial
 31 and ethnic composition of the special population that the school seeks to
 32 serve residing within the local school administrative unit in which the school
 33 is located. The school shall be subject to any court-ordered desegregation
 34 plan in effect for the local school administrative unit.
- 35 (5a) The charter school may give enrollment priority to any of the following:
- 36 a. ~~siblings~~Siblings of currently enrolled students who were admitted to
 37 the charter school in a previous ~~year and year~~. For the purposes of
 38 this subsection, the term "siblings" includes half siblings,
 39 stepsiblings, and children residing in a family foster home.
- 40 b. ~~to children~~Children of the school's principal, teachers, and teacher
 41 ~~assistants~~assistants.
- 42 c. Children of all school employees.
- 43 d. ~~In addition, and only for~~ For its first three year-years of operation, ~~the~~
 44 ~~charter school may give enrollment priority to~~ children of the initial
 45 members of the charter school's board of directors, so long as ~~(i)~~
 46 these children are limited to no more than ten percent (10%) of the
 47 school's total enrollment or to 20 students, whichever is ~~less, and (ii)~~
 48 ~~the charter school is not a former public or private school~~less.
- 49 e. A student who was enrolled in the charter school within the two
 50 previous school years but left the school (i) to participate in
 51 extraordinary educational opportunities available to the student, such

1 as a study abroad program or a competitive admission residential
2 program, or (ii) because of the vocational opportunities of the
3 student's parent.

4 (5b) Lottery procedures for siblings.

5 a. If ~~multiple birth~~ siblings apply for admission to a charter school and
6 a lottery is needed under G.S. 115C-238.29F(g)(6), the charter school
7 ~~shall~~ may enter one surname into the lottery to represent all of the
8 ~~multiple birth siblings.~~ siblings applying at the same time. If that
9 surname of the ~~multiple birth~~ siblings is selected, then all of the
10 ~~multiple birth~~ siblings shall be admitted.

11 b. If multiple birth siblings apply for admission to a charter school and
12 a lottery is needed under G.S. 115C-238.29F(g)(6), the charter school
13 shall enter one surname into the lottery to represent all of the
14 multiple birth siblings applying at the same time. If that surname of
15 the multiple birth siblings is selected, then all of the multiple birth
16 siblings shall be admitted.

17 ~~Within one year after the charter school begins operation, the population of~~
18 ~~the school shall reasonably reflect the racial and ethnic composition of the~~
19 ~~general population residing within the local school administrative unit in~~
20 ~~which the school is located or the racial and ethnic composition of the~~
21 ~~special population that the school seeks to serve residing within the local~~
22 ~~school administrative unit in which the school is located. The school shall be~~
23 ~~subject to any court ordered desegregation plan in effect for the local school~~
24 ~~administrative unit.~~

25 (6) During each period of enrollment, the charter school shall enroll an eligible
26 student who submits a timely application, unless the number of applications
27 exceeds the capacity of a program, class, grade level, or building. In this
28 case, students shall be accepted by lot. Once enrolled, students are not
29 required to reapply in subsequent enrollment periods.

30 (7) Notwithstanding any law to the contrary, a charter school may refuse
31 admission to any student who has been expelled or suspended from a public
32 school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of
33 suspension or expulsion has expired.

34 (h) Transportation. – The charter school may provide transportation for students
35 enrolled at the school. The charter school shall develop a transportation plan so that
36 transportation is not a barrier to any student who resides in the local school administrative unit
37 in which the school is located. The charter school is not required to provide transportation to
38 any student who lives within one and one-half miles of the school. At the request of the charter
39 school and if the local board of the local school administrative unit in which the charter school
40 is located operates a school bus system, then that local board may contract with the charter
41 school to provide transportation in accordance with the charter school's transportation plan to
42 students who reside in the local school administrative unit and who reside at least one and
43 one-half miles of the charter school. A local board may charge the charter school a reasonable
44 charge that is sufficient to cover the cost of providing this transportation. Furthermore, a local
45 board may refuse to provide transportation under this subsection if it demonstrates there is no
46 available space on buses it intends to operate during the term of the contract or it would not be
47 practically feasible to provide this transportation.

48 (i) Assets. – Upon dissolution of the charter school or upon the nonrenewal of the
49 charter, all net assets of the charter school purchased with public funds shall be deemed the
50 property of the local school administrative unit in which the charter school is located.

- 1 (j) Driving Eligibility Certificates. – In accordance with rules adopted by the State
2 Board of Education, the designee of the school's board of directors shall do all of the following:
- 3 (1) Sign driving eligibility certificates that meet the conditions established in
4 G.S. 20-11.
 - 5 (2) Obtain the necessary written, irrevocable consent from parents, guardians, or
6 emancipated juveniles, as appropriate, in order to disclose information to the
7 Division of Motor Vehicles.
 - 8 (3) Notify the Division of Motor Vehicles when a student who holds a driving
9 eligibility certificate no longer meets its conditions.

10 (k) The Display of the United States and North Carolina Flags and the Recitation of the
11 Pledge of Allegiance. – A charter school shall (i) display the United States and North Carolina
12 flags in each classroom when available, (ii) require the recitation of the Pledge of Allegiance on
13 a daily basis, and (iii) provide age-appropriate instruction on the meaning and historical origins
14 of the flag and the Pledge of Allegiance. A charter school shall not compel any person to stand,
15 salute the flag, or recite the Pledge of Allegiance. If flags are donated or are otherwise
16 available, flags shall be displayed in each classroom.

17 (l) North Carolina School Report Cards. – A charter school shall ensure that the report
18 card issued for it by the State Board of Education receives wide distribution to the local press
19 or is otherwise provided to the public. A charter school shall ensure that the overall school
20 performance score and grade earned by the charter school for the current and previous four
21 school years is prominently displayed on the school Web site. If a charter school is awarded a
22 grade of D or F, the charter school shall provide notice of the grade in writing to the parent or
23 guardian of all students enrolled in that school."

24 **SECTION 1.(g)** G.S. 115C-238.29G reads as rewritten:

25 **"§ 115C-238.29G. Causes for nonrenewal or termination; disputes.**

26 (a) ~~The State Board of Education, or a chartering entity subject to the approval of the~~
27 ~~State Board of Education, Education~~ may terminate or not renew a charter upon any of the
28 following grounds:

- 29 (1) Failure to meet the requirements for student performance contained in the
30 charter;
- 31 (2) Failure to meet generally accepted standards of fiscal management;
- 32 (3) Violations of law;
- 33 (4) Material violation of any of the conditions, standards, or procedures set forth
34 in the charter;
- 35 (5) Two-thirds of the faculty and instructional support personnel at the school
36 request that the charter be terminated or not renewed; or
- 37 (6) Other good cause identified.

38 (a1) The State Board shall adopt criteria for adequate performance by a charter school
39 and shall identify charter schools with inadequate performance. The criteria shall include a
40 requirement that a charter school which demonstrates no growth in student performance and
41 has annual performance composites below sixty percent (60%) in any two years in a three-year
42 period is inadequate.

- 43 (1) If a charter school is inadequate in the first five years of the charter, the
44 charter school shall develop a strategic plan to meet specific goals for
45 student performance that are consistent with State Board criteria and the
46 mission approved in the charter school. The strategic plan shall be reviewed
47 and approved by the State Board. The State Board is authorized to terminate
48 or not renew a charter for failure to demonstrate improvement under the
49 strategic plan.
- 50 (2) If a charter school is inadequate and has had a charter for more than five
51 years, the State Board is authorized to terminate or not renew the charter.

1 (b) The State Board of Education shall develop and implement a process to address
2 contractual and other grievances between a charter school and ~~its chartering entity or the local~~
3 board of education during the time of its charter.

4 (c) The State Board and the charter school are encouraged to make a good-faith attempt
5 to resolve the differences that may arise between them. They may agree to jointly select a
6 mediator. The mediator shall act as a neutral facilitator of disclosures of factual information,
7 statements of positions and contentions, and efforts to negotiate an agreement settling the
8 differences. The mediator shall, at the request of either the State Board or a charter school,
9 commence a mediation immediately or within a reasonable period of time. The mediation shall
10 be held in accordance with rules and standards of conduct adopted under Chapter 7A of the
11 General Statutes governing mediated settlement conferences but modified as appropriate and
12 suitable to the resolution of the particular issues in disagreement.

13 Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation
14 proceedings shall be conducted in private. Evidence of statements made and conduct occurring
15 in a mediation are not subject to discovery and are inadmissible in any court action. However,
16 no evidence otherwise discoverable is inadmissible merely because it is presented or discussed
17 in a mediation. The mediator shall not be compelled to testify or produce evidence concerning
18 statements made and conduct occurring in a mediation in any civil proceeding for any purpose,
19 except disciplinary hearings before the State Bar or any agency established to enforce standards
20 of conduct for mediators. The mediator may determine that an impasse exists and discontinue
21 the mediation at any time. The mediator shall not make any recommendations or public
22 statement of findings or conclusions. The State Board and the charter school shall share equally
23 the mediator's compensation and expenses. The mediator's compensation shall be determined
24 according to rules adopted under Chapter 7A of the General Statutes."

25 **SECTION 1.(h)** G.S. 115C-238.29H reads as rewritten:

26 **"§ 115C-238.29H. State and local funds for a charter school.**

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

- 28 (1) An amount equal to the average per pupil allocation for average daily
29 membership from the local school administrative unit allotments in which
30 the charter school is located for each child attending the charter school
31 except for the allocation for children with disabilities and for the allocation
32 for children with limited English proficiency;
- 33 (2) An additional amount for each child attending the charter school who is a
34 child with disabilities; and
- 35 (3) An additional amount for children with limited English proficiency attending
36 the charter school, based on a formula adopted by the State Board.

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

40 In the event a child with disabilities leaves the charter school and enrolls in a public school
41 during the first 60 school days in the school year, the charter school shall return a pro rata
42 amount of funds allocated for that child to the State Board, and the State Board shall reallocate
43 those funds to the local school administrative unit in which the public school is located. In the
44 event a child with disabilities enrolls in a charter school during the first 60 school days in the
45 school year, the State Board shall allocate to the charter school the pro rata amount of
46 additional funds for children with disabilities.

47 (a1) Funds allocated by the State Board of Education may be used to enter into
48 operational and financing leases for real property or mobile classroom units for use as school
49 facilities for charter schools and may be used for payments on loans made to charter schools for
50 ~~facilities or equipment.~~ facilities, equipment, or operations. However, State funds shall not be
51 used to obtain any other interest in real property or mobile classroom units. No indebtedness of

1 any kind incurred or created by the charter school shall constitute an indebtedness of the State
2 or its political subdivisions, and no indebtedness of the charter school shall involve or be
3 secured by the faith, credit, or taxing power of the State or its political subdivisions. Every
4 contract or lease into which a charter school enters shall include the previous sentence. The
5 school also may own land and buildings it obtains through non-State sources.

6 (b) If a student attends a charter school, the local school administrative unit in which
7 the child resides shall transfer to the charter school an amount equal to the per pupil share of
8 the local current expense appropriation fund of ~~to~~ the local school administrative unit for the
9 fiscal year. The per pupil share of the local current expense fund shall be transferred to the
10 charter school within 30 days of the receipt of monies into the local current expense fund. If the
11 local school administrative unit fails to timely comply with the requirements of this subsection,
12 interest at the legal rate as provided in G.S. 24-1 on the amount required to be transferred to the
13 charter school shall accrue from the date of delinquency until that amount, together with any
14 interest, is transferred to the charter school. If the charter school is transferred a greater share of
15 funds than required by this subsection and fails to return those funds within 30 days, unless the
16 charter school and local school administrative unit otherwise have an agreement on
17 overpayment of funds, interest at the legal rate as provided in G.S. 24-1 on the overpayment of
18 funds shall accrue from the date of delinquency until that amount, together with interest, is
19 transferred to the local school administrative unit. The amount transferred under this subsection
20 that consists of revenue derived from supplemental taxes shall be transferred only to a charter
21 school located in the tax district for which these taxes are levied and in which the student
22 resides.

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

- 26 (1) The total amount of monies the local school administrative unit has in each
27 of the funds listed in G.S. 115C-426(c).
28 (2) The student membership numbers used to calculate the per pupil share of the
29 local current expense fund.
30 (3) How the per pupil share of the local current expense fund was calculated.

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

37 **SECTION 1.(i)** G.S. 115C-238.29I reads as rewritten:

38 **"§ 115C-238.29I. Notice of the charter school process; review of charter schools; Charter**
39 **School Advisory Committee.**schools.

40 (a) The State Board of Education shall distribute information announcing the
41 availability of the charter school process described in this Part to each local school
42 administrative unit and public postsecondary educational institution and, through press releases,
43 to each major newspaper in the State.

44 (b) Repealed by Session Laws 1997-18, s. 15(i).

45 (c) The State Board of Education shall review and evaluate the educational
46 effectiveness of the charter ~~school approach~~ schools authorized under this Part and the effect of
47 charter schools on the public schools in the local school administrative unit in which the charter
48 schools are located. The Board shall report annually no later than January ~~1, 2002,~~ 1 to the Joint
49 Legislative Education Oversight Committee ~~with recommendations to modify, expand, or~~
50 ~~terminate that approach. The Board shall base its recommendations predominantly on the~~
51 ~~following information:~~ on the following:

- 1 (1) The current and projected impact of charter schools on the delivery of
- 2 services by the public schools.
- 3 (2) Student academic progress in the charter schools as measured, where
- 4 available, against the academic year immediately preceding the first
- 5 academic year of the charter schools' operation.
- 6 (3) Best practices resulting from charter school operations.
- 7 (4) Other information the State Board considers appropriate.

8 ~~(d) The State Board of Education may establish a Charter School Advisory Committee~~
9 ~~to assist with the implementation of this Part. The Charter School Advisory Committee may (i)~~
10 ~~provide technical assistance to chartering entities or to potential applicants, (ii) review~~
11 ~~applications for preliminary approval, (iii) make recommendations as to whether the State~~
12 ~~Board should approve applications for charter schools, (iv) make recommendations as to~~
13 ~~whether the State Board should terminate or not renew a charter, (v) make recommendations~~
14 ~~concerning grievances between a charter school and its chartering entity, the State Board, or a~~
15 ~~local board, (vi) assist with the review under subsection (c) of this section, and (vii) provide~~
16 ~~any other assistance as may be required by the State Board.~~

17 ~~(e) Notwithstanding the dates set forth in this Part, the State Board of Education may~~
18 ~~establish an alternative time line for the submission of applications, preliminary approvals,~~
19 ~~criminal record checks, appeals, and final approvals so long as the Board grants final approval~~
20 ~~by March 15 of each calendar year."~~

21 **SECTION 1.(j)** G.S. 115C-238.29J is repealed.

22 **SECTION 1.(k)** G.S. 115C-238.29K is repealed.

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

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

- 25 (1) The State Public School Fund.
- 26 (2) The local current expense fund.
- 27 (3) The capital outlay fund.

28 In addition, other funds may be used to account for reimbursements, including indirect
29 costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method
30 pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust
31 funds, federal appropriations made directly to local school administrative units, and funds
32 received for prekindergarten programs, and special programs. In addition, the
33 appropriation or use of fund balance or interest income by a local school administrative unit
34 shall not be construed as a local current expense ~~appropriation.~~ appropriation included as a part
35 of the local current expense fund.

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

38 **SECTION 2.(b)** G.S. 115C-448 reads as rewritten:

39 "**§ 115C-448. Special funds of individual schools.**

40 (a) The board of education shall appoint a treasurer for each school within the local
41 school administrative unit that handles special funds. The treasurer shall keep a complete
42 record of all moneys in his charge in such form and detail as may be prescribed by the finance
43 officer of the local school administrative unit, and shall make such reports to the superintendent
44 and finance officer of the local school administrative unit as they or the board of education may
45 prescribe. Special funds of individual schools shall be deposited in an official depository of the
46 local school administrative unit in special accounts to the credit of the individual school, and
47 shall be paid only on checks or drafts signed by the principal of the school and the treasurer.
48 The board of education may, in its discretion, waive the requirements of this section for any
49 school which handles less than three hundred dollars (\$300.00) in any school year.

50 (b) Nothing in this section shall prevent the board of education from requiring that all
51 funds of individual schools be deposited with and accounted for by the school finance officer.

1 If this is done, these moneys shall be disbursed and accounted for in the same manner as other
2 school funds except that the check or draft shall not bear the certificate of preaudit.

3 (c) For the purposes of this section, "special funds of individual schools" includes by
4 way of illustration and not limitation funds realized from gate receipts of interscholastic athletic
5 competition, sale of school annuals and newspapers, and dues of student organizations.

6 (d) Special funds of individual schools shall not be included as part of the local current
7 expense fund of a local school administrative unit for the purposes of determining the per pupil
8 share of the local current expense fund transferred to a charter school pursuant to
9 G.S. 115C-238.29H(b)."

10 **SECTION 4.** G.S. 143B-426.40A is amended by adding a new subsection to read:

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

14 **SECTION 5.** Section 7.17(b) of S.L. 2010-31 is repealed.

15 **SECTION 6.** Notwithstanding G.S. 115C-238.29A, as amended by this act, initial
16 appointments to the Advisory Board shall be made by the Governor, the General Assembly,
17 and the State Board of Education no later than August 1, 2013. Initial terms of office to the
18 Advisory Board shall be as follows:

19 (1) Two members appointed by the Governor, as designated by the Governor,
20 shall be appointed to serve until June 30, 2015, including the vice-chair. One
21 member appointed by the Governor, as designated by the Governor, shall be
22 appointed to serve until June 30, 2017, including the chair.

23 (2) One member appointed by the General Assembly upon the recommendation
24 of the Speaker of the House of Representatives, as designated by the
25 Speaker, shall be appointed to serve until June 30, 2015. Two members
26 appointed by the General Assembly upon the recommendation of the
27 Speaker of the House of Representatives, as designated by the Speaker, shall
28 be appointed to serve until June 30, 2017.

29 (3) One member appointed by the General Assembly upon the recommendation
30 of the President Pro Tempore of the Senate, as designated by the President
31 Pro Tempore, shall be appointed to serve until June 30, 2015. Two members
32 appointed by the General Assembly upon the recommendation of the
33 President Pro Tempore of the Senate, as designated by the President Pro
34 Tempore, shall be appointed to serve until June 30, 2017.

35 (4) One member appointed by the State Board of Education shall be appointed
36 to serve until June 30, 2015.

37 **SECTION 7.** The North Carolina Charter School Advisory Council, as established
38 by the State Board of Education on August 4, 2011, by Policy TCS-B-006, is abolished.

39 **SECTION 8.** Section 7 of this act becomes effective August 1, 2013. The
40 remainder of this act is effective when it becomes law. G.S. 115C-238.29H(d), as enacted by
41 this act, applies to proceedings commenced on or after the effective date of this act.