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SENATE BILL 793*
Education/Higher Education Committee Substitute Adopted 6/11/14
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PROPOSED HOUSE COMMITTEE SUBSTITUTE S793-PCS15456-RQ-26

Short Title: Charter School Modifications.

(Public)

Sponsors:

Referred to:

May 20, 2014

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT A TEACHER EMPLOYED BY A CHARTER SCHOOL MAY SERVE AS A NONVOTING MEMBER OF THE BOARD OF DIRECTORS FOR THE CHARTER SCHOOL; TO AMEND THE DATE BY WHICH THE STATE BOARD OF EDUCATION SHALL MAKE DECISIONS ON CHARTER SCHOOL APPLICATIONS; TO PROVIDE PRIORITY ENROLLMENT FOR THE CHILDREN OF MEMBERS OF THE BOARD OF DIRECTORS OF CHARTER SCHOOLS BEYOND THE INITIAL YEAR; TO MAKE CHARTER SCHOOLS SUBJECT TO REQUIREMENTS OF THE OPEN MEETINGS AND PUBLIC RECORDS LAWS; TO ALLOW CHARTER SCHOOLS TO ASK FOR ADDITIONAL RECORDS REGARDING THE TRANSFER OF THE PER PUPIL SHARE OF THE LOCAL CURRENT EXPENSE FUND; TO SHORTEN THE TIME PERIOD FOR PAYMENT OF DELINQUENT FUNDS; TO CLARIFY THE BIDDING PROCESS FOR THE ASSUMPTION OF CHARTER SCHOOLS; AND TO DIRECT THE STATE BOARD OF EDUCATION TO DEVELOP A FAST-TRACK APPROVAL PROCESS.

The General Assembly of North Carolina enacts:

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

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

...

(3) The governance structure of the school including the names of the initial members of the board of directors of the nonprofit, tax-exempt corporation and the process to be followed by the school to ensure parental involvement. A teacher employed by the board of directors to teach in the charter school may serve as a nonvoting member of the board of directors for the charter school.

...."

SECTION 1.5. G.S. 115C-238.29D(a) reads as rewritten:

"(a) The State Board may grant final approval of an application if it finds the following:

~~(i)(1) that the~~ The application meets the requirements set out in this Part and such other requirements as may be adopted by the State Board of ~~Education, Education.~~

~~(ii)(2) that the~~ The applicant has the ability to operate the school and would be likely to operate the school in an educationally and economically sound ~~manner, and~~ manner.



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1 ~~(iii)(3) that granting~~Granting the application would achieve one or more of the
2 purposes set out in G.S. 115C-238.29A.

3 ~~The State Board shall act by January 15 of a calendar year on all applications and appeals it~~
4 ~~receives prior to a date established by the Office of Charter Schools for receipt of applications~~
5 ~~in the prior calendar year.~~ In reviewing applications for the establishment of charter schools
6 within a local school administrative unit, the State Board is encouraged to give preference to
7 applications that demonstrate the capability to provide comprehensive learning experiences to
8 students identified by the applicants as at risk of academic failure.

9 (a1) The State Board shall make final decisions on the approval or denial of applications
10 by August 15 of a calendar year on all applications it receives prior to a date established by the
11 Office of Charter Schools for receipt of applications in that application cycle. The State Board
12 may make the final decision for approval contingent upon the successful completion of a
13 planning period prior to enrollment of students."

14 **SECTION 2.** G.S. 115C-238.29D(d) reads as rewritten:

15 "(d) The State Board of Education may grant the initial charter for a period not to exceed
16 10 years ~~and years.~~ The State Board of Education may renew the charter upon the request of the
17 chartering entity for subsequent periods not to exceed of 10 years each. The renewal may be for
18 less than 10 years if one of the following applies:

19 (1) The charter school has not provided financially sound audits for the prior
20 three years.

21 (2) The charter school's student academic outcomes for the past three years have
22 not been comparable to the academic outcomes of students in the local
23 school administrative unit in which the charter school is located.

24 (3) The charter school is not in compliance with State law, federal law, the
25 school's own bylaws, or the provisions set forth in its charter granted by the
26 State Board of Education.

27 The State Board of Education shall review the operations of each charter school at least
28 once every five years to ensure that the school is meeting the expected academic, financial, and
29 governance standards."

30 **SECTION 3.** G.S. 115C-238.29F is amended by adding a new subsection to read:

31 "(b1) A charter school shall not discriminate against any student on the basis of ethnicity,
32 national origin, gender, or disability."

33 **SECTION 4.** G.S. 115C-238.29F(g)(5) reads as rewritten:

34 "~~(5) A charter school shall not discriminate against any student on the basis of~~
35 ~~ethnicity, national origin, gender, or disability.~~ Except as otherwise provided
36 by law or the mission of the school as set out in the charter, the school shall
37 not limit admission to students on the basis of intellectual ability, measures
38 of achievement or aptitude, athletic ability, disability, race, creed, ~~gender,~~
39 national origin, religion, or ancestry. A charter school whose mission is
40 single gender education may limit admission on the basis of gender. Within
41 one year after the charter school begins operation, the charter school shall
42 make efforts for the population of the school to reasonably reflect the racial
43 and ethnic composition of the general population residing within the local
44 school administrative unit in which the school is located or the racial and
45 ethnic composition of the special population that the school seeks to serve
46 residing within the local school administrative unit in which the school is
47 located. The school shall be subject to any court-ordered desegregation plan
48 in effect for the local school administrative unit."

49 **SECTION 4.5.** G.S. 115C-238.29F(g)(5a) reads as rewritten:

50 "(5a) The charter school may give enrollment priority to any of the following:

- 1 a. Siblings of currently enrolled students who were admitted to the
2 charter school in a previous year. For the purposes of this subsection,
3 the term "siblings" includes any of the following who reside in the
4 same household: half siblings, stepsiblings, and children residing in a
5 family foster home.
- 6 b. Siblings of students who have completed the highest grade level
7 offered by that school and who were enrolled in at least four grade
8 levels offered by the charter school or, if less than four grades are
9 offered, in the maximum number of grades offered by the charter
10 school.
- 11 c. Limited to no more than fifteen percent (15%) of the school's total
12 enrollment, unless granted a waiver by the State Board of Education,
13 the following:
- 14 1. Children of the school's full-time employees.
 - 15 2. ~~For its first year of operation, children of the initial members~~
16 Children of the charter school's board of directors.
- 17 d. A student who was enrolled in the charter school within the two
18 previous school years but left the school (i) to participate in an
19 academic study abroad program or a competitive admission
20 residential program or (ii) because of the vocational opportunities of
21 the student's parent."

22 **SECTION 5.** G.S. 115C-238.29F is amended by adding a new subsection to read:

23 "(m) The charter school and board of directors of the private nonprofit corporation that
24 operates the charter school are subject to the Public Records Act, Chapter 132 of the General
25 Statutes, and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.
26 Notwithstanding the requirements of Chapter 132 of the General Statutes, inspection of charter
27 school employee personnel records shall be subject to the requirements of Article 21A of this
28 Chapter."

29 **SECTION 5.2.** G.S. 115C-238.29H(c) reads as rewritten:

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

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

42 **SECTION 5.6.** G.S. 115C-238.29H(d) reads as rewritten:

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

49 **SECTION 6.** Upon recommendations by the Office of Charter Schools and the
50 Charter Schools Advisory Board and pursuant to G.S. 115C-239.29G(a1)(2), the State Board of
51 Education shall adopt a process and rules for the competitive bid process for the assumption of

1 a charter school that has inadequate performance and could have its charter terminated or not
2 renewed by the State Board of Education. At a minimum, the State Board shall require
3 interested entities to meet the following criteria:

- 4 (1) Have operated another charter school in the State for three years.
- 5 (2) Can provide three years of financially sound audits for the charter school
6 they are currently operating in the State.
- 7 (3) Have student academic outcomes that are comparable to the academic
8 outcomes of students in the local school administrative unit in which the
9 currently operating charter school is located.

10 The State Board of Education shall adopt rules and procedures required by this
11 section by January 15, 2015, and report to the Joint Legislative Education Oversight Committee
12 by February 1, 2015.

13 **SECTION 6.5.** Upon recommendations by the Office of Charter Schools and the
14 Charter Schools Advisory Board, the State Board of Education shall adopt a process and rules
15 for fast-track replication of high-quality charter schools currently operating in the State. The
16 fast-track replication process adopted by the State Board of Education shall, at a minimum,
17 require a board of directors of a charter school to demonstrate one of the following in order to
18 qualify for fast-track replication:

- 19 (1) A charter school in this State governed by the board of directors has student
20 academic outcomes that are comparable to the academic outcomes of
21 students in the local school administrative unit in which the charter school is
22 located and can provide three years of financially sound audits.
- 23 (2) The board of directors agrees to contract with an education management
24 organization or charter management organization that can demonstrate that it
25 can replicate high-quality charter schools in the State that have proven
26 student academic success and financial soundness.

27 The State Board of Education shall ensure that the rules for a fast-track replication process
28 provide that decisions by the State Board of Education on whether to grant a charter through
29 the replication process are completed in less than 150 days. The State Board of Education shall
30 adopt rules and procedures required by this section by December 15, 2014, and report to the
31 Joint Legislative Education Oversight Committee by February 15, 2015.

32 **SECTION 7.** The Revisor of Statutes is authorized to renumber and recodify Part
33 6A of Article 16 of Chapter 115C of the General Statutes to a more suitable location.

34 **SECTION 8.** This act is effective when it becomes law and applies beginning with
35 the 2014-2015 school year. Section 5.6 of this act applies to actions filed on or after the
36 effective date of this act.