

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 354
Mar 25, 2015
HOUSE PRINCIPAL CLERK

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HOUSE DRH30148-MK-70A (02/11)

Short Title: Charter School Transparency Act. (Public)

Sponsors: Representative Cotham.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE TRANSPARENCY IN THE OPERATION OF CHARTER
3 SCHOOLS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 115C-218.1(b) reads as rewritten:

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

- 7 (1) A description of a program that implements one or more of the purposes in
8 G.S. 115C-218.
9 (2) A description of student achievement goals for the school's educational
10 program and the method of demonstrating that students have attained the
11 skills and knowledge specified for those student achievement goals.
12 (3) The governance structure of the school including the names of the initial
13 members of the board of directors of the nonprofit, tax-exempt corporation
14 and the process to be followed by the school to ensure parental involvement.
15 A teacher employed by the board of directors to teach in the charter school
16 may serve as a nonvoting member of the board of directors for the charter
17 school.
18 (3a) The principal officer responsible for making funding requests to the
19 Department of Public Instruction under G.S. 115C-218.105.
20 (4) The local school administrative unit in which the school will be located.
21 (5) Admission policies and procedures.
22 (6) A proposed budget for the school and evidence that the financial plan for the
23 school is economically sound.
24 (7) Requirements and procedures for program and financial audits.
25 (8) A description of how the school will comply with G.S. 115C-218.20,
26 115C-218.25, 115C-218.30, 115C-218.40, 115C-218.45, 115C-218.50,
27 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75,
28 115C-218.80, 115C-218.85, and 115C-218.90.
29 (9) Types and amounts of insurance coverage, including bonding insurance for
30 the principal officers of the school, to be obtained by the charter school.
31 (10) The term of the charter.
32 (11) The qualifications required for individuals employed by the school.
33 (12) The procedures by which students can be excluded from the charter school
34 and returned to a public school. Notwithstanding any law to the contrary,
35 any local board may refuse to admit any student who is suspended or
36 expelled from a charter school due to actions that would lead to suspension



1 or expulsion from a public school under G.S. 115C-390.5 through
2 G.S. 115C-390.11 until the period of suspension or expulsion has expired.

3 (13) The number of students to be served, which number shall be at least 65, and
4 the minimum number of teachers to be employed at the school, which
5 number shall be at least three. However, the charter school may serve fewer
6 than 65 students or employ fewer than three teachers if the application
7 contains a compelling reason, such as the school would serve a
8 geographically remote and small student population.

9 (14) Information regarding the facilities to be used by the school and the manner
10 in which administrative services of the school are to be provided."

11 **SECTION 2.** Article 14A of Chapter 115C of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 115C-218.17. Contracts for the management of charter schools.**

14 (a) Authority to Contract. – The board of directors of a charter school may contract
15 with a vendor or company, including an educational management organization, to perform
16 services in connection with the operation of the charter school in accordance with the
17 requirements of this section. The board of directors shall ensure that all operational activities of
18 the management company are conducted in compliance with State and federal law and the
19 terms of its charter.

20 (b) Disclosure of Contract Terms and Other Information. – The board of directors of a
21 charter school shall notify the State Board of Education and the Department of Public
22 Instruction, Office of Charter Schools, of a contract entered into under this section. The board
23 shall submit, within 30 days of entering into a contract for educational or financial management
24 services under this section, and annually thereafter for the length of that contract, a copy of the
25 contract and at least the following information:

26 (1) A list of all employees paid by the vendor or company who are assigned to
27 manage or work at the school. The minimum information shall be included
28 for each employee as follows:

- 29 a. Name.
30 b. A brief description of duties.
31 c. Annual salary.

32 (2) A budget and expenditure report that outlines for each year of the contract
33 the following:

- 34 a. A description of the activities performed by the vendor or company.
35 b. Budget amounts with a sum of which equals the contract total.
36 c. The prior year and current year expenditures.

37 (3) Corporate structure of the vendor or company, including the name of the
38 parent organization and any of its subsidiaries or affiliates."

39 **SECTION 3.** G.S. 115C-218.25 reads as rewritten:

40 **"§ 115C-218.25. Open meetings and public records.**

41 The charter school and board of directors of the private nonprofit corporation that operates
42 the charter school are subject to the Public Records Act, Chapter 132 of the General Statutes,
43 and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.
44 Notwithstanding the requirements of Chapter 132 of the General Statutes, inspection of charter
45 school personnel records for those employees ~~directly employed~~ employed, either directly or
46 indirectly by contract, by the board of directors of the charter school shall be subject to the
47 requirements of Article 21A of this Chapter. The charter school and board of directors of the
48 private nonprofit corporation that operates the charter school shall use the same schedule
49 established by the Department of Cultural Resources for retention and disposition of records of
50 local school administrative units."

51 **SECTION 4.** G.S. 115C-218.100 is amended by adding a new subsection to read:

1 "(c) Financial Audit and Refund of Overpayments. – The board of directors of a charter
2 school shall transmit final financial information to the Department of Public Instruction upon
3 the effective date of closure. Allotments for State and federal funds provided in accordance
4 with this Chapter shall be adjusted and a final adjustment shall be based on the average daily
5 membership amount for the first 20 days of the school year through the last day of the month
6 that the closure becomes effective. The Department shall arrange for a closing audit to ensure
7 that the charter school is in compliance with State and federal law and to facilitate an efficient
8 closing process. If the closing audit indicates that the charter school has overdrawn any State or
9 federal funds in the final allotment adjustment, the Department shall notify the board of
10 directors of the charter school in writing of any funds owed to the State. The board of directors
11 of the charter school shall issue a refund to the Department within 20 days following receipt of
12 a notification of overpayment."

13 **SECTION 5.** G.S. 115C-218.105(a) reads as rewritten:

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

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

24 In accordance with ~~G.S. 115C-218.5(d)~~, G.S. 115C-218.5(e), the State Board shall allow for
25 annual adjustments to the amount allocated to a charter school based on its enrollment growth
26 in school years subsequent to the initial year of operation.

27 A charter school that has been placed on noncompliance status in finance, governance, or
28 academics by the Department of Public Instruction for that school year, or in two prior school
29 years, shall not be automatically eligible for an annual adjustment to funding based on a
30 projection of up to twenty percent (20%) greater than prior year enrollment. The State Board
31 shall require the charter school to provide documentation supporting increases over prior year
32 enrollment numbers and estimates of expected student attendance. The State Board shall
33 provide initial funding to the charter school based on the prior year's funding for average daily
34 membership. When the State Board verifies the enrollment increases with actual enrollment
35 numbers, adjustments for funded average daily membership shall be made in accordance with
36 State Board policy.

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

44 **SECTION 6.** This act is effective when it becomes law. Section 1 of this act
45 applies to an initial application for or the renewal of a charter, including the charter for a virtual
46 charter school. Section 2 of this act applies to a contract entered into by the board of directors
47 of a charter school, including a virtual charter school, on or after the effective date of this act.
48 Section 5 of this act applies beginning with the 2015-2016 fiscal year.