

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 779
PROPOSED COMMITTEE SUBSTITUTE H779-PCS30376-RQ-5

Short Title: Charter School Changes.

(Public)

Sponsors:

Referred to:

April 13, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE CHARTER SCHOOL LAWS.
3 The General Assembly of North Carolina enacts:

4
5 **PART I. EXPANSION OF GROWTH EXCEPTION FOR MATERIAL REVISIONS OF**
6 **CHARTERS**

7 **SECTION 1.(a)** G.S. 115C-218.7(b) reads as rewritten:

8 "(b) Enrollment growth of greater than ~~twenty percent (20%)~~ thirty percent (30%) shall
9 be considered a material revision of the charter. The State Board may approve such additional
10 enrollment growth of greater than ~~twenty percent (20%)~~ thirty percent (30%) only if it finds all
11 of the following:

- 12 (1) The actual enrollment of the charter school is within ten percent (10%) of its
13 maximum authorized enrollment.
14 (2) The charter school has commitments for ninety percent (90%) of the
15 requested maximum growth.
16 (3) The charter school is not currently identified as low-performing.
17 (4) The charter school meets generally accepted standards of fiscal management.
18 (5) The charter school is, at the time of the request for the enrollment increase,
19 substantially in compliance with State law, federal law, the charter school's
20 own bylaws, and the provisions set forth in its charter granted by the State
21 Board."

22 **SECTION 1.(b)** G.S. 115C-218.8 reads as rewritten:

23 **"§ 115C-218.8. Nonmaterial revisions of charters.**

24 It shall not be considered a material revision of a charter and shall not require prior
25 approval of the State Board for a charter school to do any of the following:

- 26 (1) Increase its enrollment during the charter school's second year of operation
27 and annually thereafter by up to ~~twenty percent (20%)~~ thirty percent (30%)
28 of the school's previous year's enrollment.
29 (2) Increase its enrollment during the charter school's second year of operation
30 and annually thereafter in accordance with planned growth as authorized in
31 its charter.
32 (3) Expand to offer one grade higher or lower than the charter school currently
33 offers if the charter school has (i) operated for at least three years, (ii) has
34 not been identified as continually low-performing as provided in
35 G.S. 115C-218.94, and (iii) has been in financial compliance as required by
36 the State Board."



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1 **SECTION 1.(c)** This section is effective when it becomes law and applies to
2 approvals for material changes on or after that date.

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4 **PART II. ENROLLMENT PRIORITIES FOR STUDENTS PREVIOUSLY ENROLLED**
5 **IN CHARTERS**

6 **SECTION 2.** G.S. 115C-218.45(f) reads as rewritten:

7 "(f) The charter school may give enrollment priority to any of the following:

- 8 (1) Siblings of currently enrolled students who were admitted to the charter
9 school in a previous year. For the purposes of this section, the term
10 "siblings" includes any of the following who reside in the same household:
11 half siblings, stepsiblings, and children residing in a family foster home.
12 (2) Siblings of students who have completed the highest grade level offered by
13 that school and who were enrolled in at least four grade levels offered by the
14 charter school or, if less than four grades are offered, in the maximum
15 number of grades offered by the charter school.
16 (3) Limited to no more than fifteen percent (15%) of the school's total
17 enrollment, unless granted a waiver by the State Board of Education, the
18 following:
19 a. Children of the school's full-time employees.
20 b. Children of the charter school's board of directors.
21 (4) A student who was enrolled in the charter school within the two previous
22 school years but left the school (i) to participate in an academic study abroad
23 program or a competitive admission residential program or (ii) because of
24 the vocational opportunities of the student's parent.
25 (5) A student who was enrolled in another charter school in the State in the
26 previous school year that does not offer the student's next grade level.
27 (6) A student who was enrolled in another charter school in the State in the
28 previous school year that does not offer the student's next grade level and
29 both of the charter schools have an enrollment articulation agreement to
30 accept students or are governed by the same board of directors.
31 (7) A student who was enrolled in another charter school in the State in the
32 previous school year."

33
34 **PART III. DISAGGREGATION OF STUDENT PERFORMANCE DATA**

35 **SECTION 3.(a)** G.S. 115C-218.110(b) reads as rewritten:

36 "(b) The State Board of Education shall review and evaluate the educational
37 effectiveness of the charter schools authorized under this Article and the effect of charter
38 schools on the public schools in the local school administrative unit in which the charter
39 schools are located. The Board shall report annually no later than January 15 to the Joint
40 Legislative Education Oversight Committee on the following:

- 41 (1) The current and projected impact of charter schools on the delivery of
42 services by the public schools.
43 (2) Student academic progress in the charter schools as measured, where
44 available, against the academic year immediately preceding the first
45 academic year of the charter schools' operation.
46 (2a) The student performance data based on the Education Value-Added
47 Assessment System (EVAAS) for charter school students disaggregated by
48 years of student enrollment on the basis of race, sex, grade level, ethnicity,
49 free or reduced lunch status, and disability status in the charter school for the
50 following categories:
51 a. Charter schools.

- 1 b. Virtual charter schools.
 2 c. Dropout prevention and recovery program charter schools.
 3 (3) Best practices resulting from charter school operations.
 4 (4) Other information the State Board considers appropriate.

5 Notwithstanding the requirements for disaggregated data, the report shall not include any
 6 personally identifiable student data, as defined in G.S. 115C-402.5."

7 **SECTION 3.(b)** This section is effective when it becomes law and applies to
 8 reports submitted on or after January 1, 2018.

9
 10 **PART IV. CHARTER SCHOOLS AND NC PRE-K**

11 **SECTION 4.(a)** G.S. 115C-218(c)(3) reads as rewritten:

12 "(3) Powers and duties. – The Office of Charter Schools shall have the following
 13 powers and duties:

- 14 a. Serve as staff to the Advisory Board and fulfill any task and duties
 15 assigned to it by the Advisory Board.
 16 b. Provide technical assistance and guidance to charter schools
 17 operating within the State.
 18 c. Provide technical assistance and guidance to nonprofit corporations
 19 seeking to operate charter schools within the State.
 20 d. Provide or arrange for training for charter schools that have received
 21 preliminary approval from the State Board.
 22 e. Assist approved charter schools and charter schools seeking approval
 23 from the State Board in coordinating services with the Department of
 24 Public Instruction.
 25 e1. Assist certain charter schools seeking to participate in the NC
 26 prekindergarten program in accordance with G.S. 115C-218.115.
 27 f. Other duties as assigned by the State Board."

28 **SECTION 4.(b)** G.S. 115C-218.45(f), as amended by Section 2 of this act, reads as
 29 rewritten:

30 "(f) The charter school may give enrollment priority to any of the following:

- 31 (1) Siblings of currently enrolled students who were admitted to the charter
 32 school in a previous year. For the purposes of this section, the term
 33 "siblings" includes any of the following who reside in the same household:
 34 half siblings, stepsiblings, and children residing in a family foster home.
 35 (2) Siblings of students who have completed the highest grade level offered by
 36 that school and who were enrolled in at least four grade levels offered by the
 37 charter school or, if less than four grades are offered, in the maximum
 38 number of grades offered by the charter school.
 39 (2a) A student who was enrolled in a preschool program operated by the charter
 40 school in the prior year.
 41 (3) Limited to no more than fifteen percent (15%) of the school's total
 42 enrollment, unless granted a waiver by the State Board of Education, the
 43 following:
 44 a. Children of the school's full-time employees.
 45 b. Children of the charter school's board of directors.
 46 (4) A student who was enrolled in the charter school within the two previous
 47 school years but left the school (i) to participate in an academic study abroad
 48 program or a competitive admission residential program or (ii) because of
 49 the vocational opportunities of the student's parent.
 50 (5) A student who was enrolled in another charter school in the State in the
 51 previous school year that does not offer the student's next grade level.

1 (6) A student who was enrolled in another charter school in the State in the
2 previous school year that does not offer the student's next grade level and
3 both of the charter schools have an enrollment articulation agreement to
4 accept students or are governed by the same board of directors.

5 (7) A student who was enrolled in another charter school in the State in the
6 previous school year."

7 **SECTION 4.(c)** Article 14A of Chapter 115C of the General Statutes is amended
8 by adding a new section to read:

9 **"§ 115C-218.115. Operation of NC Pre-K programs.**

10 (a) A charter school may apply to a local contracting agency to participate in the NC
11 prekindergarten (NC Pre-K) program as a local program site offering families a high-quality
12 prekindergarten experience. A charter school that seeks to operate as a NC Pre-K program site
13 may request administrative and technical assistance from the Office of Charter Schools with its
14 application to the local contracting agency if the charter school meets all of the following:

15 (1) The charter school has operated as a charter school for at least three school
16 years.

17 (2) The charter school is not currently identified as low-performing.

18 (3) The charter school meets generally accepted standards of fiscal management.

19 (4) The charter school is substantially in compliance with State law, federal law,
20 the charter school's own bylaws, and the provisions set forth in its charter
21 granted by the State Board.

22 (b) The Office of Charter Schools, in consultation with the Department of Health and
23 Human Services, Division of Child Development and Early Education, shall assist a charter
24 school under subsection (a) of this section with determining whether the charter school's
25 proposed program meets (i) the building standards set forth in subsection (c) of this section and
26 any other State standards for the charter school to be licensed as a child care facility and (ii) the
27 standards required to be selected as a site under the NC Pre-K program. If the charter school
28 does not meet these standards, the Office of Charter Schools shall provide assistance to the
29 charter school in identifying any obstacles to its participation in the NC Pre-K program.

30 (c) A charter school that otherwise meets all of the requirements for a child care facility
31 license may use an existing or newly constructed classroom in the charter school for three- and
32 four-year-old preschool students without modifications to the classroom or building if the
33 classroom meets all of the following:

34 (1) Has at least one toilet and one sink for hand washing.

35 (2) Meets kindergarten standards for overhead light fixtures.

36 (3) Meets kindergarten standards for floors, walls, and ceilings.

37 (4) Has floors, walls, and ceilings that are free from mold, mildew, and lead
38 hazards."

39
40 **PART V. PERSONAL PROPERTY TAX EXEMPTION FOR CHARTER SCHOOLS**

41 **SECTION 5.(a)** G.S. 105-275 is amended by adding a new subdivision to read:

42 "(49) Personal property that is owned or leased by a charter school and is wholly
43 and exclusively used for educational purposes as defined in
44 G.S. 105-278.4(f) regardless of the ownership of the property."

45 **SECTION 5.(b)** G.S. 105-282.1(a)(2) reads as rewritten:

46 "(2) Single application required. – An owner of one or more of the following
47 properties eligible for a property tax benefit must file an application for the
48 benefit to receive it. Once the application has been approved, the owner does
49 not need to file an application in subsequent years unless new or additional
50 property is acquired or improvements are added or removed, necessitating a
51 change in the valuation of the property, or there is a change in the use of the

- 1 property or the qualifications or eligibility of the taxpayer necessitating a
- 2 review of the benefit.
- 3 a. Property exempted from taxation under G.S. 105-278.3, 105-278.4,
- 4 105-278.5, 105-278.6, 105-278.7, or 105-278.8.
- 5 b. Special classes of property excluded from taxation under
- 6 G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (31e), (35),
- 7 (36), (38), (39), (41), ~~or (45)–(45)~~, (46), or (49) or under
- 8 G.S. 131A-21.
- 9 c. Special classes of property classified for taxation at a reduced
- 10 valuation under G.S. 105-277(h), 105-277.1, 105-277.1C,
- 11 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or
- 12 105-278.
- 13 d. Property owned by a nonprofit homeowners' association but where
- 14 the value of the property is included in the appraisals of property
- 15 owned by members of the association under G.S. 105-277.8.
- 16 e. Repealed by Session Laws 2008-35, s. 1.2, effective for taxes
- 17 imposed for taxable years beginning on or after July 1, 2008."

18 **SECTION 5.(c)** This section becomes effective July 1, 2017.

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20 **PART VI. EFFECTIVE DATE**

21 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes
22 law.