A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING CHARTER SCHOOLS.

The General Assembly of North Carolina enacts:

PART I. AUTHORIZE COUNTIES TO PROVIDE CAPITAL FUNDS TO CHARTER SCHOOLS

SECTION 1.1. G.S. 115C-218.100(b) reads as rewritten:
"(b) Distribution of Assets. – Upon dissolution of a charter school, all net assets of the charter school purchased with public funds shall be deemed the property of the local school administrative unit in which the charter school is located, except capital-sourced assets. For purposes of this subsection, capital-sourced assets include (i) capital funds provided to a charter school by one or more counties pursuant to G.S. 115C-218.105(b1) and (ii) net assets purchased or improved with such funds, up to the total amount of the funds provided. Capital-sourced assets shall be deemed the property of the counties or counties providing the funding and, if applicable, divided between the counties in proportion to the funds provided."

SECTION 1.2. G.S. 115C-218.105 is amended by adding the following new subsections to read:
"(b1) Counties may provide funds to charter schools by direct appropriation as set forth in G.S. 153A-458. These funds shall be used only for the following purposes:
(1) The acquisition of real property for school purposes, including, but not limited to, school sites, playgrounds, and athletic fields.
(2) The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including, but not limited to, buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, and gymnasiums.
(3) The acquisition or replacement of furniture and furnishings, instructional apparatus, and similar items of furnishings and equipment.

(b2) If a charter school uses funds provided in subsection (b1) of this section to acquire or improve property, the amount provided by the county must be evidenced by a promissory note and secured by a deed of trust on the property acquired or improved by the funds. The county may subordinate the deed of trust to other liens to facilitate the acquisition or improvement of the property secured by the deed of trust. In the event that a charter school repays the county in the amount of the capital funds provided, the county shall, for the property acquired or improved by the funds, execute and file a deed of release or other documentation of satisfaction showing the charter school repaid the county in the amount of the capital funds provided."
SECTION 1.3. G.S. 153A-149(c) reads as rewritten:

"(c) Each county may levy property taxes for one or more of the purposes listed in this subsection up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars ($100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate limitation are:

..."

(8a) Charter Schools. – To provide capital funds for charter schools as authorized by G.S. 153A-458.

"..."

SECTION 1.4. Chapter 153A of the General Statutes is amended by a new section to read:


Each county is authorized to appropriate funds and lease real property to schools chartered under Article 14A of Chapter 115C of the General Statutes. Counties may provide funds only for the purposes set forth in G.S. 115C-218.105(b1)."

SECTION 1.5. This Part applies beginning with the 2019-2020 fiscal year.

PART IV. CLARIFY CHARTER SCHOOL RENEWAL STANDARDS

SECTION 4.1. G.S. 115C-218.6 reads as rewritten:

"§ 115C-218.6. Review and renewal of charters.

(a) The State Board of Education shall review the operations of each charter school at least once prior to the expiration of its charter to ensure that the school is meeting the expected academic, financial, and governance standards.

(b) The State Board of Education shall renew a charter upon the request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:

(1) The charter school has not provided financially sound audits for the immediately preceding three years.

(2) The charter school's student academic outcomes for the immediately preceding three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located. The percent of students who scored at or above proficient for all end-of-grade and end-of-course tests taken in the previous school year, as required by G.S. 115C-174.11(c)(1), is at least five percentage points lower in the charter school than in the local school administrative unit where the charter school is located.

(3) The charter school is not, at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the State Board of Education.

If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies, then the State Board may renew the charter for a period of less than 10 years or not renew the charter."

SECTION 4.2. This Part applies to applications for the renewal of the charter of a charter school submitted on or after the effective date of this act.

PART V. APPLICATION BACKGROUND CHECK STANDARDS

SECTION 5.(a) G.S. 115C-218.1 reads as rewritten:

"§ 115C-218.1. Eligible applicants; contents of applications; submission of applications for approval.

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

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

(1) A description of a program that implements one or more of the purposes in G.S. 115C-218.

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

(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.

(4) The local school administrative unit in which the school will be located.

(5) Admission policies and procedures.

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

(7) Requirements and procedures for program and financial audits.


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

(10) The term of the charter.

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

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

(13) The number of students to be served, which number shall be at least 80, and the minimum number of teachers to be employed at the school, which number shall be at least three. However, the charter school may serve fewer than 80 students or employ fewer than three teachers if the application contains a compelling reason, such as the school would serve a geographically remote and small student population.

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

(15) The process for conducting a weighted lottery that reflects the mission of the school if the school desires to use a weighted lottery.

(16) A nationwide criminal background check for each member of the board of directors of the proposed charter school to ensure that the member has not been convicted, at a minimum, of any crime listed in G.S. 115C-332 or a substantially similar crime in another state. The criminal background check shall include all of the following components:

a. A Social Security number trace, including locations returned on at least a county-by-county basis.
b. Any known aliases.

(17) A certification from each member of the board of directors certifying whether the board member has been convicted of any felony or misdemeanor. If the board member has been convicted of a felony or misdemeanor, the certification shall include a listing of the year of the charge, the charge, and the disposition of the charge.

(c) The State Board shall establish reasonable fees of no less than five hundred dollars ($500.00) and no more than one thousand dollars ($1,000) for initial and renewal charter applications, in accordance with Article 2A of Chapter 150B of the General Statutes. No application fee shall be refunded in the event the application is rejected or the charter is revoked."

SECTION 5.(b) This Part applies to applications for initial charters received on or after the effective date of this act.

PART VIII. REMOVE THE CAP ON ENROLLMENT GROWTH OF VIRTUAL CHARTER SCHOOLS PARTICIPATING IN THE VIRTUAL CHARTER SCHOOL PILOT PROGRAM

SECTION 8.1. Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of S.L. 2018-5, reads as rewritten:

"SECTION 8.35.(b) The virtual charter schools participating in the pilot program authorized by this section shall be subject to the statutes and rules applicable to charter schools pursuant to Article 14A of Chapter 115C of the General Statutes, except as follows:

(1) The maximum student enrollment in any participating school shall be no greater than 1,500 in its first year of operation and may increase annually by twenty percent (20%) for each participating school up to a maximum student enrollment of 2,592 in the fourth year of the pilot school. The State Board of Education may waive this maximum student enrollment threshold, beginning in the fourth year of the school's operation, if the State Board determines that doing so would be in the best interest of North Carolina students.

(2) The maximum overall ratio of teachers to students for kindergarten through eighth grade shall be 1:50, and for ninth through twelfth grade shall be 1:150.

(3) A student who regularly fails to participate in courses may be withdrawn from enrollment pursuant to procedures adopted by the virtual charter school. The procedures adopted by the virtual charter school shall ensure that (i) fair notice is provided to the parent and student and (ii) an opportunity is provided, prior to withdrawal of the student by the school, for the student and parent to demonstrate that failure to participate in courses is due to a lawful absence recognized under Part I of Article 26 of Chapter 115C of the General Statutes and any applicable rules adopted by the State Board of Education."

SECTION 8.2. This Part applies beginning with the 2019-2020 school year.

PART IX. EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.