



HOUSE BILL 18: Local School Admin. Unit Cash Management.

2021-2022 General Assembly

Committee:	House Education - K-12. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	March 30, 2021
Introduced by:	Rep. Davis	Prepared by:	Brian Gwyn and Kara McCraw
Analysis of:	PCS to First Edition H18-CSBE-10		Committee Co-Counsel

OVERVIEW: *The 1st edition of HB 18 would authorize local school administrative units to hold State funds in local bank accounts for four days prior to making a final disbursement to the ultimate payee.*

The PCS would make the following changes:

- *Limit the authority to three days prior to making a final disbursement to the ultimate payee.*
- *Expand the flexibility to cover other public school units that make payments from local accounts, including charter schools, regional schools, and innovative schools.*
- *Make various technical and conforming changes.*

CURRENT LAW: G.S. 147-80 prohibits State funds from being deposited with any entity other than a place, bank, or trust company selected and designated as an official depository of the State of North Carolina by the State Treasurer. Further, G.S. 147-86.11(f) requires in part that the statewide cash management plan must require moneys deposited with the State Treasurer to remain on deposit with the State Treasurer until final disbursement to the ultimate payee. Therefore, final payments made with State funds must be made from one of these official depositories and may not be held in an intermediate account.

G.S. 147-86.12 requires school administrative units to follow G.S. 147-86.11 for any funds required by law to be deposited with the State Treasurer, as well as State funds made available to the school administrative unit for expenditure by warrants drawn on the State Treasurer. Therefore, State funds cannot be held in a school administrative unit's local bank account, even for a brief period of time before final disbursement.

BILL ANALYSIS: The PCS would allow local school administrative units (LEAs), charter schools, regional schools, and innovative schools to draw on State funds from the State Treasurer no more than three business days prior to final disbursement to the ultimate payee. Additionally, these public schools would be exempted from G.S. 147-80 to allow them to deposit State funds with the official depository designated by the governing body of the public school unit.

This authority would allow these public school units to deposit State funds in their local accounts, provided those State funds are disbursed by the third business day after being withdrawn from the State Treasury.

EFFECTIVE DATE: The PCS would be effective when it becomes law.

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