

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 618
Committee Substitute Favorable 5/2/23
PROPOSED SENATE COMMITTEE SUBSTITUTE H618-PCS30390-TC-49

Short Title: Charter School Review Board.

(Public)

Sponsors:

Referred to:

April 17, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO CONVERT THE CHARTER SCHOOLS ADVISORY BOARD INTO THE
3 CHARTER SCHOOLS REVIEW BOARD, TO SHIFT THE AUTHORITY TO APPROVE
4 CHARTERS FROM THE STATE BOARD TO THE REVIEW BOARD, AND TO
5 CREATE A RIGHT OF APPEAL TO THE STATE BOARD OF EDUCATION FROM
6 REVIEW BOARD DECISIONS.

7 The General Assembly of North Carolina enacts:

8 SECTION 1.(a) G.S. 115C-218 reads as rewritten:

9 "§ 115C-218. Purpose of charter schools; role of State Board of Education; establishment
10 of North Carolina Charter Schools Advisory-Review Board and North Carolina
11 Office of Charter Schools.

12 ...

13 (a1) State Board of Education. – The State Board of Education shall have the following
14 duties regarding charter schools:

- 15 (1) Rulemaking. – To establish all rules for the operation and approval of charter
16 schools. Any rule adopted by the State Board shall first be recommended by
17 the Charter Schools Review Board.
18 (2) Funding. – To allocate funds to charter schools.
19 (3) Appeals. – To hear appeals from decisions of the Charter Schools Review
20 Board under G.S. 115C-218.9.
21 (4) Accountability. – To ensure accountability from charter schools for school
22 finances and student performance.

23 (b) North Carolina Charter Schools Advisory-Review Board. –

- 24 (1) Advisory-Review Board. – There is created the North Carolina Charter
25 Schools Advisory-Review Board, hereinafter referred to in this Article as the
26 Advisory-Review Board. The Advisory-Review Board shall be located
27 administratively within the Department of Public Instruction and shall report
28 to the State Board of Education.
29 (2) Membership. – The State Superintendent of Public Instruction, or the
30 Superintendent's designee, shall be the secretary of the Advisory-Review
31 Board and a nonvoting member. The Advisory-Review Board shall consist of
32 the following 11 voting members:
33 a. Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 17, effective
34 January 1, 2017.



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- 1 b. Four members appointed by the General Assembly upon the
2 recommendation of the President Pro Tempore of the Senate, in
3 accordance with G.S. 120-121.
- 4 c. Four members appointed by the General Assembly upon the
5 recommendation of the Speaker of the House of Representatives, in
6 accordance with G.S. 120-121.
- 7 d. Two members appointed by the State Board of Education who are not
8 current members of the State Board of Education and who are charter
9 school advocates in North Carolina.
- 10 e. The Lieutenant Governor or the Lieutenant Governor's designee.
- 11 (3) Covered board. – The ~~Advisory Review~~ Board shall be treated as a board for
12 purposes of Chapter 138A of the General Statutes.
- 13 (4) Qualifications of members. – Members appointed to the ~~Advisory Review~~
14 Board shall collectively possess strong experience and expertise in public and
15 nonprofit governance, management and finance, assessment, curriculum and
16 instruction, public charter schools, and public education law. All appointed
17 members of the ~~Advisory Review~~ Board shall have demonstrated an
18 understanding of and a commitment to charter schools as a strategy for
19 strengthening public education.
- 20 ...
- 21 (6) Presiding officers and quorum. – The ~~Advisory Review~~ Board shall annually
22 elect a chair and a vice-chair from among its membership. The chair shall
23 preside over the ~~Advisory Review~~ Board's meetings. In the absence of the
24 chair, the vice-chair shall preside over the ~~Advisory Review~~ Board's meetings.
25 A majority of the ~~Advisory Review~~ Board constitutes a quorum.
- 26 (7) Meetings. – Meetings of the ~~Advisory Review~~ Board shall be held upon the
27 call of the chair or the vice-chair with the approval of the chair.
- 28 (8) Expenses. – Members of the ~~Advisory Review~~ Board shall be reimbursed for
29 travel and subsistence expenses at the rates allowed to State officers and
30 employees by G.S. 138-6(a).
- 31 (9) Removal. – Any appointed member of the ~~Advisory Review~~ Board may be
32 removed by a vote of at least two-thirds of the members of the ~~Advisory~~
33 Review Board at any duly held meeting for any cause that renders the member
34 incapable or unfit to discharge the duties of the office.
- 35 (10) Powers and duties. – The ~~Advisory Review~~ Board shall have the following
36 duties:
- 37 a. To make recommendations to the State Board of Education on the
38 adoption of rules regarding all aspects of charter school operation,
39 including time lines, standards, and criteria for acceptance and
40 approval of applications, monitoring of charter schools, and grounds
41 for revocation of charters.
- 42 b. To review ~~applications and make recommendations to the State Board~~
43 ~~for final approval of charter applications and approve or deny charter~~
44 applications, renewals, and revocations.
- 45 c. To make recommendations to the State Board on actions ~~regarding a~~
46 ~~charter school, including renewals of charters, nonrenewals of~~
47 ~~charters, and revocations of charters before the State Board on appeal~~
48 under G.S. 115C-218.9.
- 49 d. To undertake any other duties and responsibilities as assigned by the
50 State Board.

- 1 (11) Duties of the chair of the ~~Advisory Review~~ Board. – In addition to any other
- 2 duties prescribed in this Article, the chair of the ~~Advisory Review~~ Board, or
- 3 the chair's designee, shall advocate for the recommendations of the ~~Advisory~~
- 4 ~~Review Board~~ at meetings of the State Board ~~upon the request of the State~~
- 5 Board.
- 6 (c) North Carolina Office of Charter Schools. –
- 7 ...
- 8 (2) Executive Director. – The Executive Director shall report to and serve at the
- 9 pleasure of the Superintendent of Public Instruction at a salary established by
- 10 the Superintendent within the funds appropriated for this purpose. The duties
- 11 of the Executive Director shall include presenting the recommendations and
- 12 decisions of the ~~Advisory Review~~ Board at meetings of the State Board ~~upon~~
- 13 ~~the request of the State Board.~~
- 14 (3) Powers and duties. – The Office of Charter Schools shall have the following
- 15 powers and duties:
- 16 a. Serve as staff to the ~~Advisory Review~~ Board and fulfill any task and
- 17 duties assigned to it by the ~~Advisory Review~~ Board.
- 18 ...
- 19 d. Provide or arrange for training for charter schools that have received
- 20 preliminary approval from the ~~State Review~~ Board.
- 21 e. Assist approved charter schools and charter schools seeking approval
- 22 from the ~~State Review~~ Board in coordinating services with the
- 23 Department of Public Instruction.
- 24"

25 SECTION 1.(b) G.S. 115C-218.2 reads as rewritten:

26 "**§ 115C-218.2. Opportunity to correct applications; opportunity to address ~~Advisory~~**

27 **Review Board.**

28 (a) ~~The State Board of Education and the Advisory Review~~ Board shall provide timely

29 notification to an applicant of any format issues or incomplete information in the initial

30 application and provide the applicant at least five business days to correct those issues in the

31 initial application. If the applicant submits the corrections within the five business days, equal

32 consideration shall be given to that application.

33 (b) Before taking action regarding a charter school or charter school applicant, including

34 ~~recommendations on~~ preliminary or final approval of charter applications, renewals of charters,

35 nonrenewals of charters, and revocations of charters, the ~~Advisory Review~~ Board or a committee

36 of the ~~Advisory Review~~ Board shall provide an opportunity for the applicant or charter board

37 member to address the ~~Advisory Review~~ Board or its committee, if present, at a meeting."

38 SECTION 1.(c) G.S. 115C-218.3 reads as rewritten:

39 "**§ 115C-218.3. Fast-track replication of high-quality charter schools.**

40 Upon recommendations by the Office of Charter Schools and the Charter Schools ~~Advisory~~

41 ~~Review Board~~, the State Board of Education shall adopt a process and rules for fast-track

42 replication of high-quality charter schools currently operating in the State. The State Board of

43 Education shall not require a planning year for applicants selected through the fast-track

44 replication process. In addition to the requirements for charter applicants set forth in this Article,

45 the fast-track replication process adopted by the State Board of Education shall, at a minimum,

46 require a board of directors of a charter school to demonstrate one of the following in order to

47 qualify for fast-track replication:

- 48 (1) The board of directors operates charter schools and can demonstrate both of
- 49 the following:
- 50 a. The majority of charter schools in this State governed by the board of
- 51 directors has student academic outcomes from the three prior school

1 years that are equal to or greater than the student academic outcomes
 2 in the local school administrative unit in which each charter school is
 3 located.

4 b. The board of directors can provide three years of financially sound
 5 audits for each school it governs.

6 (2) The board of directors agrees to contract with an education management
 7 organization or charter management organization that can demonstrate both
 8 of the following:

9 a. The majority of the charter schools in this State managed by the
 10 organization has student academic outcomes from the three prior
 11 school years that are equal to or greater than the student academic
 12 outcomes in the local school administrative unit in which each charter
 13 school is located.

14 b. The organization can provide three years of financially sound audits
 15 for each school it governs.

16 The State Board of Education shall ensure that the rules for a fast-track replication process
 17 provide that decisions by the ~~State Board of Education Review Board~~ on whether to grant a
 18 charter through the replication process are completed in less than 120 days from the application
 19 submission date. The ~~State Review Board~~ shall provide a decision no later than October 15 of
 20 the year immediately preceding the year of the proposed school ~~opening-opening, and any appeal~~
 21 of the Review Board's decision shall be heard and decided no later than December 1 of the same
 22 year."

23 **SECTION 1.(d)** G.S. 115C-218.5 reads as rewritten:

24 "**§ 115C-218.5. Final approval of applications for charter schools.**

25 (a) The ~~State Review Board~~ may grant final approval of an application if it finds the
 26 following:

27 (1) The application meets the requirements set out in this Article and such other
 28 requirements as may be adopted by the State Board of Education.

29 (2) The applicant has the ability to operate the school and would be likely to
 30 operate the school in an educationally and economically sound manner.

31 (3) Granting the application would achieve one or more of the purposes set out in
 32 G.S. 115C-218.

33 In reviewing applications for the establishment of charter schools within a local school
 34 administrative unit, the ~~State Review Board~~ is encouraged to give preference to applications that
 35 demonstrate the capability to provide comprehensive learning experiences to students identified
 36 by the applicants as at risk of academic failure.

37 (b) The ~~State Review Board~~ shall make final decisions on the approval or denial of
 38 applications by August 15 of a calendar year on all applications it receives prior to a date
 39 established by the Office of Charter Schools for receipt of applications in that application cycle.
 40 The ~~State Review Board~~ may make the final decision for approval contingent upon the successful
 41 completion of a planning period prior to enrollment of students.

42 (c) The ~~State Board of Education Review Board~~ may authorize a school before the
 43 applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the
 44 authority is necessary for it to raise working capital. The State Board shall not allocate any funds
 45 to the school until the school has obtained space.

46 (d) The ~~State Board of Education Review Board~~ may grant the initial charter for a period
 47 not to exceed 10 years.

48 (e), (f) Repealed by Session Laws 2016-79, s. 1.1, effective June 30, 2016, and applicable
 49 beginning with the 2016-2017 school year.

50 (g) A charter school shall be entitled to automatically extend any deadline to begin
 51 operations or commence the term of its charter until the next school year if it notifies the ~~State~~

1 Review Board by June 30 that it is seeking land use or development approvals for its selected
2 site or facilities or if it is challenging the denial of any requested land use or development
3 approvals. The term of the charter issued ~~by the State Board~~ shall be tolled during the period of
4 any extension or extensions issued under this section."

5 **SECTION 1.(e)** G.S. 115C-218.6 reads as rewritten:

6 "**§ 115C-218.6. Review and renewal of charters.**

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

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

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

14 (2) The charter school's student academic outcomes for the immediately
15 preceding three years have not been comparable to the academic outcomes of
16 students in the local school administrative unit in which the charter school is
17 located.

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

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

25 **SECTION 1.(f)** G.S. 115C-218.7 reads as rewritten:

26 "**§ 115C-218.7. Material revisions of charters.**

27 (a) A material revision of the provisions of a charter shall be made only upon the approval
28 of the ~~State Board of Education~~ Review Board.

29 (b) Enrollment growth of greater than twenty percent (20%) shall be considered a
30 material revision of the charter if the charter is currently identified as low-performing. The ~~State~~
31 Review Board shall not approve a material revision for enrollment growth of greater than twenty
32 percent (20%) for a charter that is currently identified as low-performing. Enrollment growth of
33 greater than thirty percent (30%) shall be considered a material revision of the charter for any
34 charter school that is not identified as low-performing. The ~~State~~ Review Board may approve
35 such additional enrollment growth of greater than thirty percent (30%) only if it finds all of the
36 following:

37 (1) The actual enrollment of the charter school is within ten percent (10%) of its
38 maximum authorized enrollment.

39 (2) The charter school has commitments for ninety percent (90%) of the requested
40 maximum growth.

41 (3) The charter school is not currently identified as low-performing.

42 (4) The charter school meets generally accepted standards of fiscal management.

43 (5) The charter school is, at the time of the request for the enrollment increase,
44 substantially in compliance with State law, federal law, the charter school's
45 own bylaws, and the provisions set forth in its charter granted by the ~~State~~
46 Review Board.

47 (c) For the purposes of calculating actual enrollment and maximum authorized
48 enrollment under subdivision (1) of subsection (b) of this section, if a charter school is pursuing
49 a material revision of enrollment growth based on a proposed capital expansion of the charter
50 school, but fails to meet the requirements of subdivision (1) of subsection (b) of this section, the
51 ~~State~~ Review Board shall have the discretion to investigate and determine whether subdivision

(1) of subsection (b) of this section may be waived to grant the school's material revision request to allow the capital expansion to move forward. In making such a determination, the charter school shall provide the ~~State~~ Review Board with documentation to show evidence that demonstrates sufficiently in the ~~State~~ Review Board's discretion all of the following:

- (1) The requested increase in enrollment growth is within a reasonable margin of the threshold necessary to support the requested material revision.
- (2) The charter school has secured financing for its proposed capital expansion conditioned on its obtaining the requested material revision of enrollment growth.

(d) If a charter school presents evidence of a proposed capital expansion as part of a request for a material revision of enrollment growth under this section that is granted by the ~~State~~ Review Board, and the charter school is not able to realize that capital expansion within two years of the grant of the material revision, the charter shall reflect the maximum authorized enrollment immediately preceding that material revision."

SECTION 1.(g) G.S. 115C-218.8 reads as rewritten:

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

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

- (1) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with G.S. 115C-218.7(b).
- (2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.
- (3) Expand to offer one grade higher or lower than the charter school currently offers if the charter school has (i) operated for at least three years, (ii) has not been identified as continually low-performing as provided in G.S. 115C-218.94, and (iii) has been in financial compliance as required by the rules adopted by the State Board."

SECTION 1.(h) Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-218.9. Appeals to the State Board of Education.

(a) An applicant, charter school, or the State Superintendent may appeal a final decision of the Review Board to grant, renew, revoke, or amend a charter by submitting notice to the Chair of the State Board of Education within 10 days of the Review Board's decision. Copies of the notice shall be sent to the Executive Director of the Office of Charter Schools, State Superintendent, the Chair of the Review Board, and the applicant or charter school affected.

(b) The State Board shall review appealed decisions de novo. The party submitting the appeal, and the applicant or charter school affected, may provide any information to the State Board the party believes the Board should consider in reviewing the Review Board's decision.

(c) The State Board shall issue a written decision in any matter appealed under this section within 60 days of the date the notice of appeal was submitted. The State Board of Education has the final decision-making authority on the approval of charter applications, renewals, revocations, and amendments."

SECTION 1.(i) G.S. 115C-218.15 reads as rewritten:

"§ 115C-218.15. Charter school operation.

(a) A charter school that is approved ~~by the State~~ in accordance with this Article shall be a public school within the local school administrative unit in which it is located. All charter schools shall be accountable to the State Board and the Review Board for ensuring compliance with applicable laws and the provisions of their charters.

...

1 (c) A charter school shall operate under the written charter signed by the ~~State Board and~~
 2 ~~the applicant, State Superintendent and the applicant.~~ A charter school is not required to enter
 3 into any other contract. The charter shall incorporate the information provided in the application,
 4 as modified during the charter approval process, and any terms and conditions imposed on the
 5 charter school by the ~~State Board of Education, Review Board,~~ or if the approval is granted
 6 through an appeal pursuant to G.S. 115C-218.9, any conditions imposed by the State Board of
 7 Education. No other terms may be imposed on the charter school as a condition for receipt of
 8 local funds.

9 (d) The board of directors of the charter school shall decide matters related to the
 10 operation of the school, including budgeting, curriculum, and operating procedures.

11 (e) The board of directors of the private nonprofit corporation operating the charter
 12 school may have members who reside outside of the State. However, the State Board of
 13 Education may require by ~~policy~~ rule that a majority of the board of directors and all officers of
 14 the board of directors reside within the State.

15"

16 **SECTION 1.(j)** G.S. 115C-218.20(b) reads as rewritten:

17 "(b) No civil liability shall attach to the State Board of Education, the Charter Schools
 18 Review Board, the Superintendent of Public Instruction, or to any of their members or employees,
 19 individually or collectively, for any acts or omissions of the charter school."

20 **SECTION 1.(k)** G.S. 115C-218.30 reads as rewritten:

21 "**§ 115C-218.30. Accountability; reporting requirements to State Board of Education.**

22 ...

23 (c) The school shall report at least annually to the Review Board and the State Board of
 24 Education the information required by rules adopted by the State Board."

25 **SECTION 1.(l)** G.S. 115C-218.35(c) reads as rewritten:

26 "(c) The local board of education shall make a decision on the charter's request to lease a
 27 building or land within 90 days of the request. If the local board of education does not make a
 28 decision within 90 days of the request of the charter school, the local board of education shall
 29 provide a written explanation of its reasons for not acting on the request within the 90-day time
 30 period to the North Carolina Charter Schools ~~Advisory~~ Review Board and the Joint Legislative
 31 Education Oversight Committee."

32 **SECTION 1.(m)** G.S. 115C-218.45 reads as rewritten:

33 "**§ 115C-218.45. Admission requirements.**

34 ...

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

36 ...

37 (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,
 38 unless granted a waiver by the ~~State Board of Education, Review Board,~~ the
 39 following:

- 40 a. Children or grandchildren of persons (i) employed full time by the
 41 charter school or (ii) working full time in the daily operation of the
 42 charter school, including children of persons employed by an
 43 education management organization or charter management
 44 organization for the charter school.
 45 b. Children or grandchildren of the charter school's board of directors.

46 ...

47 (g1) If a procedure for a weighted lottery reflecting the mission of the school has been
 48 approved by the ~~State~~ Review Board as part of the charter, and a lottery is needed under
 49 subsection (h) of this section, the lottery shall be conducted according to the procedure in the
 50 charter.

51"

SECTION 1.(n) G.S. 115C-218.90 reads as rewritten:

"§ 115C-218.90. Employment requirements.

(a) Employees. –

...

(4) The employees of the charter school shall be deemed employees of the local school administrative unit for purposes of providing certain State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees. The State Board of Education provides funds to charter schools, ~~approves the original members of the boards of directors of the charter schools, has the~~ has final decision-making authority to grant, supervise, and revoke charters, on the approval of charter applications, renewals, revocations, and amendments, and demands full accountability from charter schools for school finances and student performance. Accordingly, it is the determination of the General Assembly that charter schools are public schools and that the employees of charter schools are public school employees. Employees of a charter school whose board of directors elects to become a participating employer under G.S. 135-5.3 are "teachers" for the purpose of membership in the North Carolina Teachers' and State Employees' Retirement System. In no event shall anything contained in this Article require the North Carolina Teachers' and State Employees' Retirement System to accept employees of a private employer as members or participants of the System.

...

(b) Criminal History Checks. –

...

(2) There shall be no liability for negligence on the part of the State Board of ~~Education~~ Education, the State Superintendent, the Review Board, or the board of directors of the charter school, or their employees, arising from any act taken or omission by any of them in carrying out the provisions of this subsection. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 1.(o) G.S. 115C-218.95 reads as rewritten:

"§ 115C-218.95. Causes for nonrenewal or termination; disputes.

(a) ~~The State Board of Education~~ Review Board may terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board upon any of the following grounds:

- (1) Failure to meet the requirements for student performance contained in the charter;
- (2) Failure to meet generally accepted standards of fiscal management;
- (3) Violations of law;
- (4) Material violation of any of the conditions, standards, or procedures set forth in the charter;
- (5) Two-thirds of the faculty and instructional support personnel at the school request that the charter be terminated or not renewed; or
- (6) Other good cause identified.

1 (b) Repealed by Session Laws 2016-79, s. 1.7(b), effective June 30, 2016, and applicable
2 beginning with the 2016-2017 school year.

3 (b1) If a charter school is continually low-performing, the ~~State-Review~~ Board is
4 authorized to terminate, not renew, or seek applicants to assume the charter through a competitive
5 bid process established by the State Board. However, the ~~State-Review~~ Board shall not terminate
6 or not renew the charter of a continually low-performing charter school solely for its continually
7 low-performing status if the charter school has met growth in each of the immediately preceding
8 three school years or if the charter school has implemented a strategic improvement plan
9 approved by the ~~State-Review~~ Board and is making measurable progress toward student
10 performance goals. The State Board shall develop rules on the assumption of a charter by a new
11 entity that includes all aspects of the operations of the charter school, including the status of the
12 employees. Public assets shall transfer to the new entity and shall not revert to the local school
13 administrative unit in which the charter school is located pursuant to G.S. 115C-218.100(b).

14 (c) The ~~State-Review~~ Board of ~~Education~~ shall develop and implement a process to
15 address contractual and other grievances between a charter school and the local board of
16 education during the time of its charter.

17 (d) The ~~State-Review~~ Board and the charter school are encouraged to make a good-faith
18 attempt to resolve the differences that may arise between them. They may agree to jointly select
19 a mediator. The mediator shall act as a neutral facilitator of disclosures of factual information,
20 statements of positions and contentions, and efforts to negotiate an agreement settling the
21 differences. The mediator shall, at the request of either the ~~State-Review~~ Board or a charter
22 school, commence a mediation immediately or within a reasonable period of time. The mediation
23 shall be held in accordance with rules and standards of conduct adopted under Chapter 7A of the
24 General Statutes governing mediated settlement conferences but modified as appropriate and
25 suitable to the resolution of the particular issues in disagreement.

26 Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation
27 proceedings shall be conducted in private. Evidence of statements made and conduct occurring
28 in a mediation are not subject to discovery and are inadmissible in any court action. However, no
29 evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a
30 mediation. The mediator shall not be compelled to testify or produce evidence concerning
31 statements made and conduct occurring in a mediation in any civil proceeding for any purpose,
32 except disciplinary hearings before the State Bar or any agency established to enforce standards
33 of conduct for mediators. The mediator may determine that an impasse exists and discontinue the
34 mediation at any time. The mediator shall not make any recommendations or public statement of
35 findings or conclusions. The ~~State-Review~~ Board and the charter school shall share equally the
36 mediator's compensation and expenses. The mediator's compensation shall be determined
37 according to rules adopted under Chapter 7A of the General Statutes."

38 **SECTION 1.(p)** G.S. 115C-218.105 reads as rewritten:

39 **"§ 115C-218.105. State and local funds for a charter school.**

40 ...

41 (c4) The local school administrative unit and charter school may use the process for
42 mediation of differences between the ~~State-Review~~ Board and a charter school provided in
43 G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share
44 of the local current expense fund. In the event the local school administrative unit and the charter
45 school disagree on the amount owed to the charter school, the local school administrative unit
46 may delay transfer of the disputed amount but shall not delay the transfer of the undisputed
47 amount. The amount transferred under this subsection that consists of revenue derived from
48 supplemental taxes shall be transferred only to a charter school located in the tax district for
49 which these taxes are levied and in which the student resides.

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

- 4 (1) The total amount of monies the local school administrative unit has in each of
5 the funds listed in G.S. 115C-426(c).
6 (2) The student membership numbers used to calculate the per pupil share of the
7 local current expense fund.
8 (3) How the per pupil share of the local current expense fund was calculated.
9 (4) Any additional records requested by a charter school from the local school
10 administrative unit in order for the charter school to audit and verify the
11 calculation and transfer of the per pupil share of the local current expense
12 fund.

13 In addition, the local school administrative unit shall provide to the State Board of Education
14 and the Review Board all of the information required by this subsection for each charter school
15 to which it transfers a per pupil share of its local current expense fund. This information shall be
16 provided to the State Board of Education by November 1 of each year. The State Board shall
17 adopt ~~a policy rules~~, as recommended by the Review Board, to govern the collection of this
18 information. The State Board shall issue a letter of noncompliance to a local school
19 administrative unit that does not provide the State Board and Review Board with the information
20 required by this subsection.

21 ...

22 (h) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina
23 Medicaid program, a charter school that is approved ~~by the State~~ in accordance with this Article
24 as a public school pursuant to this Article shall be deemed a local government entity that is
25 responsible, or assumes responsibility, either directly or indirectly through an agency or other
26 political subdivision, for the payment of the nonfederal share for reimbursable medical services,
27 if any, provided by the charter school. The nonfederal share shall consist exclusively of public
28 funds. For purposes of this subsection, "reimbursable medical services" means services,
29 including administrative activities related to those services, that are medically necessary and for
30 which federal payment is available under the North Carolina Medicaid Program established
31 under Part 6 of Article 2 of Chapter 108A of the General Statutes. For the purposes of this
32 subsection, "nonfederal share" means the share of expenditures for the reimbursable medical
33 services that draws down federal financial participation."

34 **SECTION 1.(q)** G.S. 115C-218.110(a) reads as rewritten:

35 "(a) The ~~State Board of Education Charter Schools Review Board~~ shall distribute
36 information announcing the availability of the charter school process described in this Article to
37 each local school administrative unit and public postsecondary educational institution and,
38 through press releases, to each major newspaper in the State."

39 **SECTION 1.(r)** G.S. 115C-296.2(b)(1) reads as rewritten:

40 "(1) A "North Carolina public school" is a school operated by a local board of
41 education, the Department of Health and Human Services, the Division of
42 Juvenile Justice of the Department of Public Safety, or The University of
43 North Carolina; a school affiliated with The University of North Carolina; or
44 a charter school approved ~~by the State Board of Education~~ in accordance with
45 Article 14A of this Chapter."

46 **SECTION 1.(s)** G.S. 135-5.3(b1) reads as rewritten:

47 "(b1) The board of directors of a charter school operated by a private nonprofit corporation
48 or a charter school operated by a municipality that has received ~~State Board of Education~~
49 approval under ~~G.S. 115C-218.5~~ Article 14A of Chapter 115C of the General Statutes may elect
50 to become a participating employer in the Retirement System in accordance with this Article."

51 **SECTION 1.(t)** G.S. 135-48.54(b) reads as rewritten:

1 "(b) No later than two years after both parties have signed the written charter under
2 G.S. 115C-218.15, the board of directors of a charter school operated by a private nonprofit
3 corporation or a charter school operated by a municipality shall elect whether to become a
4 participating employer in the Plan in accordance with this Article. This election shall be in writing
5 and filed with the ~~Plan~~ Plan, the Charter Schools Review Board, and the State Board of
6 Education. This election is effective for each charter school employee as of the date of that
7 employee's entry into eligible service."

8 **SECTION 2.** The current members of the Charter Schools Advisory Board shall
9 serve as initial members of the Charter Schools Review Board. Notwithstanding
10 G.S. 115C-218(b), as amended by this act, upon the expiration of the current term of the Charter
11 School Review Board members, (i) one term expiring in 2023 shall be replaced with an
12 appointment by the General Assembly upon the recommendation of the Speaker of the House of
13 Representatives, in accordance with G.S. 120-121, and (ii) two terms expiring in 2023 shall be
14 replaced with an appointment by the General Assembly upon the recommendation of the
15 President Pro Tempore of the Senate, in accordance with G.S. 120-121. Those members shall be
16 appointed for two-year terms. As those terms expire in 2025 and thereafter, or as vacancies occur
17 prior to the expiration of those terms, those members on the North Carolina Charter Schools
18 Review Board shall be appointed in accordance with G.S. 115C-218.

19 **SECTION 3.** Any applicant or charter school that received a decision on an
20 application, charter amendment, renewal, or termination from the State Board of Education after
21 July 1, 2022, that differed from the decision recommended by the Charter Schools Advisory
22 Board may apply for the decision to be reconsidered by the Charter Schools Review Board. The
23 applicant or charter school shall request reconsideration within 60 days of the date this act
24 becomes law, and the Review Board shall issue a decision on the reconsideration at the first
25 meeting of the Review Board after it receives the reconsideration request.

26 **SECTION 4.** This act is effective when it becomes law.