



HOUSE BILL 305: School Boards Can't Sue Counties.

2017-2018 General Assembly

Committee:	House State and Local Government I. If favorable, re-refer to Judiciary IV	Date:	April 18, 2017
Introduced by:	Reps. Conrad, Potts, Ford	Prepared by:	Billy R. Godwin Staff Attorney
Analysis of:	First Edition		

OVERVIEW: House Bill 305 would repeal law authorizing a county board of education to file a civil action against a county board of commissioners challenging the sufficiency of funds appropriated to it by the county board of commissioners and would mandate that absent mutual agreement, the county board of commissioners' funding decision is final. The bill would be effective when it becomes law.

[As introduced, this bill was identical to S531, as introduced by Sens. Tucker, Rabon, which is currently in the Senate Committee on State and Local Government.]

CURRENT LAW: G.S. 115C-426 requires local boards of education to maintain a State Public School Fund, a current expense fund, and a capital outlay fund. The current expense fund and capital outlay fund consists, in part, of revenues appropriated by the county board of commissioners. G.S. 115C-429 requires the county board of commissioners to determine, by July 1, the amount of county revenue to be appropriated to the board of education. If the board of education determines the money appropriated to either the current expense or capital outlay fund is insufficient, G.S. 115C-431 provides the following method of dispute resolution:

- The parties hold a joint meeting presided over by a mediator mutually agreed upon or appointed by a Resident Superior Court Judge. The mediator facilitates the effort between the two boards to resolve the funding dispute and if no resolution is reached, a formal mediation is conducted.
- If the formal mediation is unsuccessful, the board of education may file a civil action in superior court to have either a judge or jury find as fact (i) the amount of funds legally necessary from all sources to maintain a system of free public schools and (ii) the amount of funds legally necessary from the board of commissioners.
- Once the facts regarding funding needs are found, the court enters a judgment ordering the board of commissioners to (i) appropriate the necessary sum to the board of education and (ii) levy any necessary taxes. After appeals are concluded the final judgment is legally binding.

BILL ANALYSIS: House Bill 305 would:

- Provide that if no agreement over funding is reached during a joint meeting, the funding decision of the board of commissioners is final.
- Eliminate the formal mediation required between a board of education and board of commissioners to resolve the funding dispute.

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- Prohibit the board of education from filing a civil action against the board of commissioners over the amount of the funding.
- Make a conforming change to G.S. 115C-432, the board of education's budget resolution statute.

EFFECTIVE DATE: This bill would become effective when it becomes law.

Staff attorney Drupti Chauhan substantially contributed to this bill summary.