



# HOUSE BILL 779: Charter School Changes.

**This Bill Analysis  
reflects the contents  
of the bill as it was  
presented in  
committee.**

2017-2018 General Assembly

<b>Committee:</b>	House Education - K-12. If favorable, re-refer to Appropriations	<b>Date:</b>	April 24, 2017
<b>Introduced by:</b>	Reps. Brody, Williams	<b>Prepared by:</b>	Drupti Chauhan
<b>Analysis of:</b>	PCS to First Edition H779-CSRQ-5		Committee Counsel

**OVERVIEW:** House Bill 779 would make various changes to the charter school laws including allowing enrollment growth of 40% before it is considered a material revision of the charter; providing new categories of enrollment priorities; disaggregating student performance data from various types of charter schools; providing funding from the lottery and allowing counties to provide funds to charter schools from the Public School Building Capital Fund; requiring low-wealth funding to follow a student to a charter school; clarifying that charter schools may operate NC Pre-K programs; requiring more detailed audits of local school administrative units for certain funds; and providing a personal property tax exemption for charter schools.

The Proposed Committee Substitute (PCS) allows 30% enrollment growth before it is considered a material revision of a charter; deletes the sections that address providing funding from the lottery and allowing counties to provide funds to charter schools from the Public School Building Capital Fund; and requiring low-wealth funding to follow a student to a charter school. It also makes a conforming change in the tax statutes.

## **SECTION 1** – Enrollment Growth—Material Revisions

**CURRENT LAW:** Enrollment growth of more than 20% is considered a material revision of a charter and requires approval by the State Board of Education (SBE). The SBE may approve enrollment growth of greater than 20% only if it finds 5 specific items including: (i) actual enrollment is within 10% of maximum authorized enrollment; (ii) there are commitments for 90% of the requested maximum growth; (iii) the school is not identified as low-performing; (iv) the school meets generally accepted standards of fiscal management; and (v) the school is substantially in compliance with the law, its own by-laws and its charter.

**BILL ANALYSIS:** The PCS would provide that enrollment growth of greater than 30% is to be considered a material revision of a charter that would require approval by the SBE.

**EFFECTIVE DATE:** This section is effective when it becomes law and applies to approvals for material changes on or after that date.

## **SECTION 2** – Enrollment Priority

**CURRENT LAW:** Charter schools may give enrollment priority to various groups of students including siblings; children of the schools employees and boards of directors (limited to 15% of the enrollment unless a waiver is granted by the SBE); and students enrolled in other charter schools in the previous year that do not offer the student's next grade level.

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**BILL ANALYSIS:** The PCS would add another enrollment priority category for students who were enrolled in another charter school in the State in the previous school year.

**EFFECTIVE DATE:** This section is effective when it becomes law.

## **SECTION 3 – Annual Report—Additional Disaggregated Data**

**CURRENT LAW:** The SBE must report annually to the Joint Legislative Education Oversight Committee on: (i) the current and projected impact of charter schools on the delivery of services by the public schools; (ii) student academic program in the charter schools as measured against the academic year immediately preceding the first academic year of the charter schools' operation; (iii) best practices resulting from charter school operation; and (iv) other information the SBE considers appropriate.

**BILL ANALYSIS:** The PCS requires that the report also provide the student performance data based on the Education Value-Added Assessment System (EVAAS) for charter school students disaggregated by years of student enrollment on the basis of race, sex, grade level, ethnicity, free or reduced lunch status, and disability status in the charter school for the following categories of charter schools: (i) charter schools; (ii) virtual charter schools; and (iii) dropout prevention and recovery program charter schools.

**EFFECTIVE DATE:** This section is effective when it becomes law and applies to reports submitted on or after January 1, 2018.

## **SECTION 4 – Charter Schools and NC Pre-K**

**CURRENT LAW:** Charter schools can currently run NC Pre-K programs if they meet the requirements of the program, including the rules and regulations for child care established by the Division of Child Development and Early Education at the Department of Health and Human Services, such as having teachers licensed in birth through kindergarten. Traditional public schools do have an exemption from building standards for a child care facility under G.S. 115C-521.1.

**BILL ANALYSIS:** Section 4 of the PCS directs the Office of Charter Schools to assist charter schools that wish to participate in the NC Pre-K program. It also allows a charter school to give enrollment priority to a student who was in enrolled in a preschool program in the prior year that was operated by that charter school. Finally, this section specifies in a new statute that charter schools may apply to participate in the NC Pre-K program as a local program site. A charter school can request assistance from the Office of Charter Schools regarding its application if it meets the following: (i) has operated as charter school for at least 3 school years; (ii) is not identified as low-performing; (iii) meets generally accepted standards of fiscal management; and (iv) is in substantial compliance with the law, its own by-laws and its charter.

The Office of Charter Schools along with the Division of Child Development and Early Education at the Department of Health and Human Services must assist a charter school with determining whether the charter school's proposed program would meet the specific building standards set out below and any other State standards required for the charter school to be licensed as a child care facility and site standards for NC Pre-K. Charters schools that otherwise meet all of the requirements for a child care facility license may use an existing or newly constructed classroom for 3 and 4 year old students without modifications if the classroom meets the following: (i) has at least 1 toilet and sink for hand washing; (ii) meets kindergarten standards for overhead light fixtures, floor, walls, and ceilings; and (iii) has floors, walls, and ceiling that are mold, mildew, and lead hazard free. These standards are the same as what is required of the traditional public schools. G.S. 115C-521.1.

**EFFECTIVE DATE:** This section is effective when it becomes law.

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## **SECTION 5 – Personal Property Tax Exemption**

**CURRENT LAW:** Real property that is occupied by a charter school and is wholly and exclusively used for educational purposes regardless of the ownership of the property is excluded from property taxes.

**BILL ANALYSIS:** The PCS would provide that personal property that is owned or leased by a charter school and is wholly and exclusively used for education purposes would be excluded from property taxes regardless of the ownership of the property.

This section would also make a technical and conforming change to clarify that the owner of real property occupied by a charter school and the owner of the personal property that is owned or lased by the charter school who is eligible for the tax exemptions must file an application for exemption. "Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review" of the exemption. G.S. 105-282.1.

**EFFECTIVE DATE:** This section becomes effective July 1, 2017.

**OVERALL BILL EFFECTIVE DATE:** The bill becomes effective when it becomes law except as provided in the various sections.