



SENATE BILL 531: School Boards Can't Sue Counties.

2017-2018 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	April 25, 2017
Introduced by:	Sens. Tucker, Rabon	Prepared by:	Brian Gwyn*
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: *Senate Bill 531 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.*

[As introduced, this bill was identical to H305, as introduced by Reps. Conrad, Potts, Ford, which is currently in House Judiciary IV.]

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.
- 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.

**Billy Godwin, Counsel to the Senate State and Local Government Committee and Drupti Chauhan, Counsel to the Senate Education/Higher Education Committee substantially contributed to this bill summary.*

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