



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

# HOUSE BILL 335: Timely Local Payments to Charter Schools.

2021-2022 General Assembly

<b>Committee:</b>	House Education - K-12. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	March 30, 2021
<b>Introduced by:</b>	Reps. Bradford, Riddell, Hardister, Saine	<b>Prepared by:</b>	Drupti Chauhan
<b>Analysis of:</b>	PCS to First Edition H335-CSRQ-6		Committee Counsel

**OVERVIEW:** House Bill 335 increases the penalty on a local school administrative unit (LEA) for failure to transfer the per pupil share of the local current expense fund to a charter school within 30 days of a written request from a charter school identifying the students enrolled in the charter school who reside in the LEA.

The Proposed Committee Substitute (PCS) for HB 335 would re-organize the bill and place the increased penalties in the appropriate statutory section and direct the Superintendent of Public Instruction to develop a standardized document for the request for the transfer and a standardized procedure for the transfer.

**CURRENT LAW:** if a student attends a charter school, the LEA in which the student resides must transfer to the charter school an amount equal to the per pupil share of the local current expense fund of the LEA for the fiscal years. This transfer must occur within 30 days of the receipt of the monies into the local current expense fund. The LEA and charter school may use mediation to resolve differences on the calculation and transference of the per pupil share of the local current expense funds.

The LEA must also provide the following information to the charter school: (i) the total amount of monies in its State Public School Fund, local current expense fund, and capital outlay fund; (ii) student membership numbers used to calculate the per pupil share of the local current expense fund; (iii) how the per pupil share of the local current expense fund was calculated; and (iv) additional records requested by the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund. The LEA must provide this same information to the State Board of Education (SBE).

Before filing an action for an alleged violation of these requirements, a complaining party must give the other party 15 days written notice of the alleged violation. The court must award the prevailing party reasonable attorneys' fees and costs. The court must order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and must establish a timeframe for payment in full that is not later than one year from the entry of any judgment.

### BILL ANALYSIS:

Standardized Requests and Transfers – The PCS would direct the Superintendent of Public Instruction (Superintendent) to:

- Create a standardized enrollment and verification and transfer request document (transfer document) that charter schools must use to request the per pupil share of the local current expense

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578

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fund from LEAs. Charter schools can only be required to list certain identifying information on the transfer document as the information was provided by the student's parent or guardian.

- Create a standardized procedure that LEAs must use when transferring the per pupil share of the local current expense fund to charter schools. The procedure must require that the LEAs use electronic transfer to the extent practicable.

Timing of Transfers – The PCS would further require that the per pupil share of the local current expense fund be transferred following:

- The receipt of monies into the local current expense fund and
- Within 30 days of receipt by an LEA of the transfer document.

If an LEA receives additional monies into the local current expense fund following the initial transfer to the charter schools, the LEA must transfer the per pupil share of those additional monies within receipt of the monies. LEAs cannot delay transfers of undisputed amounts

Increased Penalties – If a court finds that the LEA failed to transfer the per pupil share of the local current expense fund to the charter school after receiving monies into the local current expense fund and within 30 days of receipt of the transfer document, the court must order the following:

- The sum to be transferred be increased by 8%.
- Beginning on the 31st day from the date the LEA received the transfer document from the charter school, interest must accrue at 8% as provided in G.S. 24-1 until the total amount, including the initial 8% increase, is transferred to the charter school.

**EFFECTIVE DATE:** The bill becomes effective when it becomes law and applies beginning with the 2021-2022 school year.