

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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**HOUSE BILL 514
Committee Substitute Favorable 4/24/17**

Short Title: Permit Municipal Charter School/Certain Towns. (Local)

Sponsors:

Referred to:

March 29, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO PERMIT CERTAIN TOWNS TO OPERATE CHARTER SCHOOLS.
3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 115C-218 reads as rewritten:

5 "§ 115C-218. Purpose of charter schools; definitions; establishment of North Carolina
6 Charter Schools Advisory Board and North Carolina Office of Charter
7 Schools.

8 ...

9 (a1) Definitions. – For the purposes of this Article, the following definitions apply:

10 (1) Board of directors or charter board. – Any of the following:

11 a. The board of directors of a nonprofit corporation.

12 b. The governing body of a municipality who serve ex officio as the
13 board of directors of a charter school granted to a municipality.

14 c. A board of directors appointed to govern a charter school granted to a
15 municipality by the governing body of that municipality.

16 (2) Nonprofit corporation. – A private nonprofit corporation that receives
17 federal tax exempt status no later than 24 months following final approval of
18 the charter.

19 ...

20 (c) North Carolina Office of Charter Schools. –

21 ...

22 (3) Powers and duties. – The Office of Charter Schools shall have the following
23 powers and duties:

24 a. Serve as staff to the Advisory Board and fulfill any task and duties
25 assigned to it by the Advisory Board.

26 b. Provide technical assistance and guidance to charter schools
27 operating within the State.

28 c. Provide technical assistance and guidance to nonprofit corporations
29 or municipalities seeking to operate charter schools within the State.

30 d. Provide or arrange for training for charter schools that have received
31 preliminary approval from the State Board.

32 e. Assist approved charter schools and charter schools seeking approval
33 from the State Board in coordinating services with the Department of
34 Public Instruction.

35 f. Other duties as assigned by the State Board.

36"



1 **SECTION 2.** G.S. 115C-218.1 reads as rewritten:

2 "**§ 115C-218.1. Eligible applicants; contents of applications; submission of applications**
3 **for approval.**

4 (a) Any nonprofit corporation or municipality seeking to establish a charter school may
5 apply to establish a charter school. If the applicant seeks to convert a public school to a charter
6 school, the application shall include a statement signed by a majority of the teachers and
7 instructional support personnel currently employed at the school indicating that they favor the
8 conversion and evidence that a significant number of parents of children enrolled in the school
9 favor conversion.

10 (b) The application shall contain at least the following information:

11 ...

12 (3) The governance structure of the ~~school including the school~~ as follows:

13 a. For nonprofit corporation applicants. – The names of the initial
14 members of the board of directors of the ~~nonprofit, tax-exempt~~
15 nonprofit corporation and the process to be followed by the school to
16 ensure parental involvement. A teacher employed by the board of
17 directors of a nonprofit corporation to teach in the charter school may
18 serve as a nonvoting member of the board of directors for the charter
19 school.

20 b. For municipal applicants. – The names of the governing board of the
21 municipality, and if the members of the governing board will not
22 serve ex officio as the board of directors, the members of the board
23 of directors appointed to govern the charter school by the
24 municipality. The process to be followed by the school to ensure
25 parental involvement shall also be included.

26 "

27 **SECTION 3.** G.S. 115C-218.15 reads as rewritten:

28 "**§ 115C-218.15. Charter school operation.**

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

33 (b) A charter school shall be operated by ~~a private nonprofit corporation that shall have~~
34 ~~received federal tax-exempt status no later than 24 months following final approval of the~~
35 ~~application.~~ one of the following:

36 (1) A nonprofit corporation.

37 (2) A municipality.

38 (b1) The board of directors of ~~the~~ a nonprofit corporation operating a charter schools
39 school shall adopt a conflict of interest and anti-nepotism policy that includes, at a minimum,
40 the following:

41 (1) The requirements of Chapter 55A of the General Statutes related to conflicts
42 of interest.

43 (2) A requirement that before any immediate family, as defined in
44 G.S. 115C-12.2, of any member of the board of directors or a charter school
45 employee with supervisory authority shall be employed or engaged as an
46 employee, independent contractor, or otherwise by the board of directors in
47 any capacity, such proposed employment or engagement shall be (i)
48 disclosed to the board of directors and (ii) approved by the board of directors
49 in a duly called open-session meeting. The burden of disclosure of such a
50 conflict of interest shall be on the applicable board member or employee
51 with supervisory authority. If the requirements of this subsection are

1 complied with, the charter school may employ immediate family of any
 2 member of the board of directors or a charter school employee with
 3 supervisory authority.

- 4 (3) A requirement that a person shall not be disqualified from serving as a
 5 member of a charter school's board of directors because of the existence of a
 6 conflict of interest, so long as the person's actions comply with the school's
 7 conflict of interest policy established as provided in this subsection and
 8 applicable law.

9 (b2) The board of directors of a municipal charter school shall adopt a conflict of interest
 10 and anti-nepotism policy related to the charter school that includes, at a minimum, the
 11 requirements of subdivisions (2) and (3) of subsection (b1) of this section.

12"

13 **SECTION 4.** G.S. 115C-218.25 reads as rewritten:

14 "**§ 115C-218.25. Open meetings and public records.**

15 The charter school and board of directors ~~of the private nonprofit corporation~~ that operates
 16 the charter school are subject to the Public Records Act, Chapter 132 of the General Statutes,
 17 and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.
 18 Notwithstanding the requirements of Chapter 132 of the General Statutes, inspection of charter
 19 school personnel records for those employees directly employed by the board of directors of the
 20 charter school shall be subject to the requirements of Article 21A of this Chapter. The charter
 21 school and board of directors ~~of the private nonprofit corporation~~ that operates the charter
 22 school shall use the same schedule established by the Department of Natural and Cultural
 23 Resources for retention and disposition of records of local school administrative units."

24 **SECTION 5.** G.S. 115C-218.45(f) reads as rewritten:

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

- 26 (1) Siblings of currently enrolled students who were admitted to the charter
 27 school in a previous year. For the purposes of this section, the term
 28 "siblings" includes any of the following who reside in the same household:
 29 half siblings, stepsiblings, and children residing in a family foster home.
 30 (2) Siblings of students who have completed the highest grade level offered by
 31 that school and who were enrolled in at least four grade levels offered by the
 32 charter school or, if less than four grades are offered, in the maximum
 33 number of grades offered by the charter school.
 34 (3) Limited to no more than fifteen percent (15%) of the school's total
 35 enrollment, unless granted a waiver by the State Board of Education, the
 36 following:
 37 a. Children of the school's full-time employees.
 38 b. Children of the charter school's board of directors.
 39 (4) A student who was enrolled in the charter school within the two previous
 40 school years but left the school (i) to participate in an academic study abroad
 41 program or a competitive admission residential program or (ii) because of
 42 the vocational opportunities of the student's parent.
 43 (5) A student who was enrolled in another charter school in the State in the
 44 previous school year that does not offer the student's next grade level.
 45 (6) A student who was enrolled in another charter school in the State in the
 46 previous school year that does not offer the student's next grade level and
 47 both of the charter schools have an enrollment articulation agreement to
 48 accept students or are governed by the same board of directors.
 49 (7) If the charter school is operated by a municipality, domiciliaries of the
 50 municipality."

51 **SECTION 6.** G.S. 115C-218.90 reads as rewritten:

"§ 115C-218.90. Employment requirements.

(a) Employees. –

(1) An employee of a charter school is not an employee of the local school administrative unit in which the charter school is located. The charter school's board of directors of the nonprofit corporation or the governing body of a municipality shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school; at least fifty percent (50%) of these teachers shall hold teacher licenses. All teachers who are teaching in the core subject areas of mathematics, science, social studies, and language arts shall be college graduates.

The ~~board~~ charter school's board of directors of the nonprofit corporation or the governing body of a municipality also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services. The ~~board~~ charter school's board of directors of the nonprofit corporation or the governing body of a municipality may discharge teachers and nonlicensed employees.

...

(4) The employees of the charter school board of directors of the nonprofit corporation 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 authority to grant, supervise, and revoke charters, 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 operated by a private nonprofit corporation are public school employees. Employees of a charter school operated by a private nonprofit corporation 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.

(4a) The employees of a charter school operated by a municipality shall be deemed employees of that municipality and shall be eligible for any employee benefits, including retirement benefits and health benefits, provided to other employees of that municipality.

...."

SECTION 7. G.S. 105-228.90(b)(1) reads as rewritten:

"(1) Charter school. – ~~A nonprofit corporation~~ An entity that has a charter under G.S. 115C-218.5 to operate a charter school."

SECTION 8. G.S. 160A-209(c) is amended by adding a new subdivision to read:

"(8a) Charter schools. – To provide for a charter school operated by the municipality in accordance with Article 14A of Chapter 115C of the General Statutes."

SECTION 9. This act applies only to the Town of Matthews and the Town of Mint

Hill.

1 **SECTION 10.** This act is effective when it becomes law and applies to
2 applications to establish a charter school submitted on or after that date.