



HOUSE BILL 18: Local School Admin. Unit Cash Management.

2021-2022 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	March 31, 2021
Introduced by:	Rep. Davis	Prepared by:	Brian Gwyn and Kara McCraw
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: *HB 18 would authorize public school units to hold State funds in local bank accounts for up to three business days after the date of drawing on the State funds before making a final disbursement to the ultimate payee.*

CURRENT LAW: G.S. 147-80 prohibits State funds from being deposited with any entity other than a place, bank, or trust company selected and designated as an official depository of the State of North Carolina by the State Treasurer. Further, G.S. 147-86.11(f) requires in part that the statewide cash management plan must require moneys deposited with the State Treasurer to remain on deposit with the State Treasurer until final disbursement to the ultimate payee. Therefore, final payments made with State funds must be made from one of these official depositories and may not be held in an intermediate account.

G.S. 147-86.12 requires school administrative units to follow G.S. 147-86.11 for any funds required by law to be deposited with the State Treasurer, as well as State funds made available to the school administrative unit for expenditure by warrants drawn on the State Treasurer. Therefore, State funds cannot be held in a school administrative unit's local bank account, even for a brief period of time before final disbursement.

BILL ANALYSIS: HB 18 would allow local school administrative units, charter schools, regional schools, and innovative schools (public school units) to make final disbursements to an ultimate payee no later than 3 business days after the date the public school units draws on State funds from the State Treasurer. Additionally, these public school units would be exempt from G.S. 147-80, allowing them to deposit State funds with the official depository designated by the governing body of the public school unit.

This authority would allow these public school units to deposit State funds in their local accounts, provided those State funds are disbursed by the third business day after being withdrawn from the State Treasury.

EFFECTIVE DATE: HB 18 would be effective when it becomes law.

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