

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL DRS15251-MTf-98A

Short Title: Various Changes to Charter School Laws. (Public)

Sponsors: Senator Tillman (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING CHARTER  
3 SCHOOLS.

4 The General Assembly of North Carolina enacts:

5  
6 **PART I. AUTHORIZE COUNTIES TO PROVIDE CAPITAL FUNDS TO CHARTER**  
7 **SCHOOLS**

8 **SECTION 1.1.** G.S. 115C-218.100(b) reads as rewritten:

9 "(b) Distribution of Assets. – Upon dissolution of a charter school, all net assets of the  
10 charter school purchased with public funds shall be deemed the property of the local school  
11 administrative unit in which the charter school is ~~located~~ located, except capital-sourced assets.  
12 For purposes of this subsection, capital-sourced assets include (i) capital funds provided to a  
13 charter school by one or more counties pursuant to G.S. 115C-218.105(b1) and (ii) net assets  
14 purchased or improved with such funds, up to the total amount of the funds provided.  
15 Capital-sourced assets shall be deemed the property of the counties or counties providing the  
16 funding and, if applicable, divided between the counties in proportion to the funds provided."

17 **SECTION 1.2.** G.S. 115C-218.105 is amended by adding the following new  
18 subsections to read:

19 "(b1) Counties may provide funds to charter schools by direct appropriation as set forth in  
20 G.S. 153A-458. These funds shall be used only for the following purposes:

- 21 (1) The acquisition of real property for school purposes, including, but not limited  
22 to, school sites, playgrounds, and athletic fields.  
23 (2) The acquisition, construction, reconstruction, enlargement, renovation, or  
24 replacement of buildings and other structures, including, but not limited to,  
25 buildings for classrooms and laboratories, physical and vocational educational  
26 purposes, libraries, auditoriums, and gymnasiums.  
27 (3) The acquisition or replacement of furniture and furnishings, instructional  
28 apparatus, and similar items of furnishings and equipment.

29 (b2) If a charter school uses funds provided in subsection (b1) of this section to acquire or  
30 improve property, the amount provided by the county must be evidenced by a promissory note  
31 and secured by a deed of trust on the property acquired or improved by the funds. The county  
32 may subordinate the deed of trust to other liens to facilitate the acquisition or improvement of  
33 the property secured by the deed of trust. In the event that a charter school repays the county in  
34 the amount of the capital funds provided, the county shall, for the property acquired or improved  
35 by the funds, execute and file a deed of release or other documentation of satisfaction showing  
36 the charter school repaid the county in the amount of the capital funds provided."



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1           **SECTION 1.3.** G.S. 153A-149(c) reads as rewritten:

2           "(c) Each county may levy property taxes for one or more of the purposes listed in this  
3 subsection up to a combined rate of one dollar and fifty cents (\$1.50) on the one hundred dollars  
4 (\$100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate  
5 limitation are:

6           ...

7           (8a) Charter Schools. – To provide capital funds for charter schools as authorized  
8           by G.S. 153A-458.

9           ...."

10           **SECTION 1.4.** Chapter 153A of the General Statutes is amended by a new section  
11 to read:

12 **"§ 153A-458. Charter schools.**

13           Each county is authorized to appropriate funds and lease real property to schools chartered  
14 under Article 14A of Chapter 115C of the General Statutes. Counties may provide funds only for  
15 the purposes set forth in G.S. 115C-218.105(b1)."

16           **SECTION 1.5.** This Part applies beginning with the 2019-2020 fiscal year.

17  
18 **PART II. MAKE CHARTER SCHOOLS ELIGIBLE FOR GRANTS FROM THE**  
19 **NEED-BASED PUBLIC SCHOOL CAPITAL FUND**

20           **SECTION 2.1.** Section 5.3 of S.L. 2017-57, as amended by Section 1.1 of S.L.  
21 2017-187, Section 1.2 of S.L. 2017-197, Section 1.1 of S.L. 2017-212, Section 5.3 of S.L. 2018-5,  
22 and Section 3A.1 of S.L. 2018-80, read as rewritten:

23           **"SECTION 5.3.(a)** The appropriations made from the Education Lottery Fund for the  
24 2017-2019 fiscal biennium are as follows:

25           ...

26           **"SECTION 5.3.(d)** It is the intent of the General Assembly to increase the amount of North  
27 Carolina Education Lottery net lottery revenue collected that is dedicated to assist local  
28 governments in meeting local school capital needs from sixteen and nine-tenths percent (16.9%)  
29 of net lottery revenue collected in the 2016-2017 fiscal year to forty percent (40%) of net lottery  
30 revenue collected no later than the 2028-2029 fiscal year. To that end, there is created the  
31 Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the  
32 Department of Public Instruction. The State Treasurer shall be the custodian of the Needs-Based  
33 Public School Capital Fund and shall invest its assets in accordance with the provisions of  
34 G.S. 147-69.2 and G.S. 147-69.3. The Needs-Based Public School Capital Fund shall be used to  
35 award grants to counties designated as a development tier one area or a development tier two  
36 area, as defined by G.S. 143B-437.08, to assist with their critical public school building capital  
37 needs. Notwithstanding G.S. 115C-218.105(b), a qualified county may use a grant awarded under  
38 this section for building capital needs for an approved charter school, including the acquisition  
39 or improvement of a property by the charter school. For the purposes of this section, a qualified  
40 county is a county designated as a development tier one area.

41           The Superintendent of Public Instruction shall award grants to counties in accordance with  
42 the following priorities:

43           (1) Counties designated as development tier one areas.

44           (2) Counties with greater need and less ability to generate sales tax and property  
45 tax revenue.

46           (3) Counties with a high debt-to-tax revenue ratio.

47           (4) The extent to which a project will address critical deficiencies in adequately  
48 serving the current and future student population.

49           **"SECTION 5.3.(e)** Grant funds awarded under this section shall be subject to a matching  
50 requirement from the recipient county as follows:

- 1 (1) For a county designated as a development tier one area, the grant shall not  
2 exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)  
3 provided by the county. Grant funds awarded to a county designated as a  
4 development tier one area shall not exceed fifteen million dollars  
5 (\$15,000,000).
- 6 (2) For a county designated as a development tier two area, the grant shall not  
7 exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds provided  
8 by the county. Grant funds awarded to a county designated as a tier two area  
9 shall not exceed ten million dollars (\$10,000,000).
- 10 (3) For a qualified county using grant funds for a charter school, the grant shall  
11 not exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds  
12 provided by the county. Grant funds awarded to the county for this purpose  
13 shall not exceed three million dollars (\$3,000,000).

14 ~~Grant~~ Except as otherwise provided for a qualified county using grant funds for a charter  
15 school, grant funds shall be used for the construction of new school buildings only. ~~Grant funds~~  
16 only and shall not be used for real property acquisition. Grant funds shall be disbursed in a series  
17 of payments based on the progress of the project. To obtain a payment, the grantee shall submit  
18 a request for payment along with documentation of the expenditures for which the payment is  
19 requested and evidence that the matching requirement ~~contained in subsection (b)~~ of this section  
20 has been met. Grant funds shall not be awarded to any county that has received an aggregate  
21 amount exceeding eight million seven hundred fifty thousand dollars (\$8,750,000) in funds from  
22 the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal  
23 year. No county may receive grant funds under this section more than once every five years. No  
24 portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design  
25 (LEED) certification. For fiscal year 2018-2019, for the purposes of this section, a county shall  
26 be considered to be designated as a development tier one area if (i) it was so designated by the  
27 Department of Commerce in 2017 or 2018 and (ii) the county filed a grant application under this  
28 section in 2017.

29 "SECTION 5.3.(e1) A county receiving grant funds pursuant to this section shall enter into  
30 an agreement with the Department of Public Instruction detailing the use of grant funds. The  
31 agreement shall contain at least all of the following:

- 32 (1) A requirement that the grantee seek planning assistance and plan review from  
33 the School Planning Section of the Department of Public Instruction.
- 34 (2) A progress payment provision governing disbursements to the county for the  
35 duration of the school construction project based upon the construction  
36 progress and documentation satisfactory to the Department that the matching  
37 requirement in subsection (e) of this section has been met.
- 38 (3) A provision requiring periodic reports to the Department of Public Instruction  
39 on the use of disbursed grant funds and the progress of the school construction  
40 project.
- 41 (4) A requirement that matching funds paid by the county pursuant to this section  
42 must be derived from non-State and nonfederal funds.
- 43 (5) For a qualified county using grant funds for a charter school, the agreement  
44 shall also contain provisions regarding all of the following:
- 45 a. A property being acquired or improved by grant funds shall be owned  
46 by the nonprofit organization which holds the charter. The amount  
47 provided by the county in grant funds shall be evidenced by a  
48 promissory note and secured by a deed of trust on the property  
49 acquired or improved by the funds. The county may subordinate the  
50 deed of trust to other liens to facilitate the acquisition or improvement  
51 of the property secured by the deed of trust. In the event that a charter

1 school repays the county in the amount of the grant funds provided,  
 2 the county shall, for the property acquired or improved by the funds,  
 3 execute and file a deed of release or other documentation of  
 4 satisfaction showing the charter school repaid the county in the amount  
 5 of the grant funds provided.

6 b. The property may not be conveyed to another entity or person without  
 7 the approval of the State Board of Education.

8 c. An acknowledgment that upon the dissolution, termination, or  
 9 nonrenewal of the charter school, all capital-sourced assets shall be  
 10 deemed the property of the county pursuant to G.S. 115C-218.100(b).

11 ...."

12 **SECTION 2.2.** This Part is effective July 1, 2019, and applies to applications for  
 13 grant funds submitted on or after that date.

14  
 15 **PART III. SUPERINTENDENT OF PUBLIC INSTRUCTION MAY APPROVE**  
 16 **CHARTER SCHOOL FACILITY BONDS**

17 **SECTION 3.** Article 14A of Chapter 115C of the General Statutes is amended by  
 18 adding a new section to read:

19 **"§ 115C-218.37. Public approval for private activity bonds.**

20 (a) For purposes of this section, the following definitions shall apply:

21 (1) Charter school facility. – Real property, personal property, or both that is used  
 22 or intended for use in connection with the operation of a charter school.

23 (2) Applicable elected representative. – An elected official of a governmental unit  
 24 having jurisdiction over the area in which a charter school facility is located,  
 25 as defined in the Internal Revenue Code.

26 (b) The Superintendent of Public Instruction is hereby designated as an applicable elected  
 27 representative who may approve the issuance of one or more private activity bonds to finance or  
 28 refinance a charter school facility, after a public hearing following reasonable public notice, in  
 29 accordance with Section 147 of the Internal Revenue Code and applicable State and federal laws  
 30 and regulations. Procedures for the public hearing shall be determined by the Superintendent of  
 31 Public Instruction, and the public hearing shall be conducted by the Superintendent or his or her  
 32 designee."

33  
 34 **PART IV. CLARIFY CHARTER SCHOOL RENEWAL STANDARDS**

35 **SECTION 4.1.** G.S. 115C-218.6 reads as rewritten:

36 **"§ 115C-218.6. Review and renewal of charters.**

37 (a) The State Board of Education shall review the operations of each charter school at  
 38 least once prior to the expiration of its charter to ensure that the school is meeting the expected  
 39 academic, financial, and governance standards.

40 (b) The State Board of Education shall renew a charter upon the request of the chartering  
 41 entity for subsequent periods of 10 years, unless one of the following applies:

42 (1) The charter school has not provided financially sound audits for the  
 43 immediately preceding three years.

44 (2) ~~The charter school's student academic outcomes for the immediately~~  
 45 ~~preceding three years have not been comparable to the academic outcomes of~~  
 46 ~~students in the local school administrative unit in which the charter school is~~  
 47 ~~located.~~ The percent of students who scored at or above proficient for all  
 48 end-of-grade and end-of-course tests taken in the previous school year, as  
 49 required by G.S. 115C-174.11(c)(1), is at least five percentage points lower in  
 50 the charter school than in the local school administrative unit where the charter  
 51 school is located.

- 1 (3) The charter school is not, at the time of the request for renewal of the charter,  
2 substantially in compliance with State law, federal law, the school's own  
3 bylaws, or the provisions set forth in its charter granted by the State Board of  
4 Education.

5 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,  
6 then the State Board may renew the charter for a period of less than 10 years or not renew the  
7 charter."

8 **SECTION 4.2.** This Part applies to applications for the renewal of the charter of a  
9 charter school submitted on or after the effective date of this act.

10  
11 **PART V. APPLICATION BACKGROUND CHECK STANDARDS**

12 **SECTION 5.(a)** G.S. 115C-218.1 reads as rewritten:

13 **"§ 115C-218.1. Eligible applicants; contents of applications; submission of applications for**  
14 **approval.**

15 (a) Any nonprofit corporation seeking to establish a charter school may apply to establish  
16 a charter school. If the applicant seeks to convert a public school to a charter school, the  
17 application shall include a statement signed by a majority of the teachers and instructional support  
18 personnel currently employed at the school indicating that they favor the conversion and evidence  
19 that a significant number of parents of children enrolled in the school favor conversion.

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

- 21 (1) A description of a program that implements one or more of the purposes in  
22 G.S. 115C-218.  
23 (2) A description of student achievement goals for the school's educational  
24 program and the method of demonstrating that students have attained the skills  
25 and knowledge specified for those student achievement goals.  
26 (3) The governance structure of the school including the names of the initial  
27 members of the board of directors of the nonprofit, tax-exempt corporation  
28 and the process to be followed by the school to ensure parental involvement.  
29 A teacher employed by the board of directors to teach in the charter school  
30 may serve as a nonvoting member of the board of directors for the charter  
31 school.  
32 (4) The local school administrative unit in which the school will be located.  
33 (5) Admission policies and procedures.  
34 (6) A proposed budget for the school and evidence that the financial plan for the  
35 school is economically sound.  
36 (7) Requirements and procedures for program and financial audits.  
37 (8) A description of how the school will comply with G.S. 115C-218.20,  
38 115C-218.25, 115C-218.30, 115C-218.40, 115C-218.45, 115C-218.50,  
39 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75,  
40 115C-218.80, 115C-218.85, and 115C-218.90.  
41 (9) Types and amounts of insurance coverage, including bonding insurance for  
42 the principal officers of the school, to be obtained by the charter school.  
43 (10) The term of the charter.  
44 (11) The qualifications required for individuals employed by the school.  
45 (12) The procedures by which students can be excluded from the charter school  
46 and returned to a public school. Notwithstanding any law to the contrary, any  
47 local board may refuse to admit any student who is suspended or expelled  
48 from a charter school due to actions that would lead to suspension or expulsion  
49 from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until  
50 the period of suspension or expulsion has expired.

1 (13) The number of students to be served, which number shall be at least 80, and  
 2 the minimum number of teachers to be employed at the school, which number  
 3 shall be at least three. However, the charter school may serve fewer than 80  
 4 students or employ fewer than three teachers if the application contains a  
 5 compelling reason, such as the school would serve a geographically remote  
 6 and small student population.

7 (14) Information regarding the facilities to be used by the school and the manner  
 8 in which administrative services of the school are to be provided.

9 (15) The process for conducting a weighted lottery that reflects the mission of the  
 10 school if the school desires to use a weighted lottery.

11 (16) A nationwide criminal background check for each member of the board of  
 12 directors of the proposed charter school to ensure that the member has not  
 13 been convicted, at a minimum, of any crime listed in G.S. 115C-332 or a  
 14 substantially similar crime in another state. The criminal background check  
 15 shall include all of the following components:

16 a. A social security number trace, including locations returned on at least  
 17 a county-by-county basis.

18 b. Any known aliases.

19 (17) A certification from each member of the board of directors certifying whether  
 20 the board member has been convicted of any felony or misdemeanor. If the  
 21 board member has been convicted of a felony or misdemeanor, the  
 22 certification shall include a listing of the year of the charge, the charge, and  
 23 the disposition of the charge.

24 (c) The State Board shall establish reasonable fees of no less than five hundred dollars  
 25 (\$500.00) and no more than one thousand dollars (\$1,000) for initial and renewal charter  
 26 applications, in accordance with Article 2A of Chapter 150B of the General Statutes. No  
 27 application fee shall be refunded in the event the application is rejected or the charter is revoked."

28 **SECTION 5.(b)** This Part applies to applications for initial charters received on or  
 29 after the effective date of this act.

30  
 31 **PART VI. CHARTER SCHOOLS IN THE WORKPLACE**

32 **SECTION 6.(a)** G.S. 115C-218.45 reads as rewritten:

33 **"§ 115C-218.45. Admission requirements.**

34 ...

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

36 ...

37 (7) Limited to no more than fifty percent (50%) of the school's total enrollment,  
 38 children of permanent employees of a charter partner in accordance with  
 39 subsection (f1) of this section. If the number of applications from these  
 40 children exceed fifty percent (50%) of the school's total enrollment, these  
 41 children shall be accepted by a separate lottery.

42 (f1) For purposes of this section, the term "charter partner" refers to any legal entity  
 43 authorized to transact business in this State under Chapter 55, 55A, 55B, 57D, or 59 of the  
 44 General Statutes and that has, acting individually or as part of a consortium of corporations,  
 45 donated one or more of the following, valued at a minimum of fifty thousand dollars (\$50,000),  
 46 to the charter school:

47 (1) The land on which the school is built.

48 (2) The school building or the space the school occupies. If the charter partner is  
 49 leasing the building or space to the school, the charter school may only give  
 50 enrollment priority if the lease provides that the building or space is made

available without cost and if the term of the lease is not less than the duration of the charter.

(3) Major renovations to the existing school building or other capital improvements, including major investments in technology. For purposes of this subdivision, a major renovation to the existing school building means changes that provide significant opportunities for substantial improvement, including, but not limited to, a structural change to the foundation, roof, floor, or interior or exterior walls or extension of an existing facility to increase its floor area, or an extensive alteration of an existing facility, such as a change in its function or purpose, even if such renovation does not include any structural change to the facility. A major investment in technology includes, but is not limited to, a donation of hardware, software, Internet access, Internet hardware, enterprise systems, software licenses, smart board technology, or audiovisual equipment. The value of a major renovation or of an investment of technology shall be equal to at least fifty percent (50%) of the State's per pupil allocation for charter schools for that year multiplied by the charter school's average daily membership.

(f2) Each year that the charter school provides the children of employees of the charter partner with enrollment priority, as described in subsection (f)(7) of this section, the charter partner and the charter school shall enter into a memorandum of understanding that shall specify the duration of the priority and the methods by which the charter partner shall support the charter school, including, but not limited to, internships for students, career counseling, academic tutoring, or enrichment activities.

(f3) The enrollment priority described in subsection (f)(7) of this section shall not be implemented in a way that displaces students who are enrolled at the school at the time the charter application or the material revision providing for the priority is approved by the State Board of Education.

...."

SECTION 6.(b) G.S. 115C-218.1(b) is amended by adding a new subdivision to read:

"(16) Whether the charter school intends to provide enrollment priority to the children of employees of a charter partner in accordance with G.S. 115C-218.45(f)(7) and, if so, identifying information for that charter partner."

SECTION 6.(c) G.S. 115C-218.7 is amended by adding a new subsection to read:

"(e) Adoption of the enrollment priority described in G.S. 115C-218.45(f)(7) shall be considered a material revision of the charter."

SECTION 6.(d) G.S. 115C-218.15 is amended by adding a new subsection to read:

"(b1) Persons affiliated with a charter partner, as defined in G.S. 115C-218.45(f1), are eligible for membership on the board of directors of a charter school that provides enrollment priority to the children of employees of the charter partner, subject to the requirements of subsection (b) of this section, as follows:

- (1) Persons affiliated with the charter partner shall not constitute a majority of the board.
(2) If the charter partner is leasing the building or space to the school, the lease shall provide that the building or space is made available without cost and the term of the lease shall not be less than the duration of the charter."

SECTION 6.(e) This Part is effective when it becomes law and applies beginning with the 2019-2020 school year.

1 **PART VII. PERMIT BOARDS OF TRUSTEES OF CERTAIN INSTITUTIONS OF**  
2 **HIGHER EDUCATION TO AUTHORIZE CHARTER SCHOOLS IN**  
3 **COLLABORATION WITH THE STATE BOARD OF EDUCATION**

4 **SECTION 7.1.** Article 14A of Chapter of 115C of the General Statutes, as amended  
5 by this act, reads as rewritten:

6 "Article 14A.

7 "Charter Schools.

8 **"§ 115C-218. Purpose of charter schools; establishment of North Carolina Charter Schools**  
9 **Advisory Board and North Carolina Office of Charter Schools.**

10 ...

11 (a1) Definitions. – For the purposes of this Article, "Higher Education Institution  
12 Authorizer" or "HEI Authorizer" shall mean the board of trustees of a community college under  
13 the jurisdiction of the State Board of Community Colleges or the board of trustees of a constituent  
14 institution of The University of North Carolina designated as participating in the NC Promise  
15 Tuition Plan pursuant to G.S. 116-143.11.

16 (b) North Carolina Charter Schools Advisory Board. –

17 ...

18 (10) Powers and duties. – The Advisory Board shall have the following duties:

- 19 a. To make recommendations to the State Board of Education on the  
20 adoption of rules regarding all aspects of charter school operation,  
21 including time lines, standards, and criteria for acceptance and  
22 approval of applications, monitoring of charter schools, and grounds  
23 for revocation of charters.
- 24 b. To review applications and make recommendations to the State Board  
25 for final approval of charter applications. The Advisory Board shall  
26 not review applications submitted to an HEI Authorizer pursuant to  
27 G.S. 115C-218.4.
- 28 c. To make recommendations to the State Board on actions regarding a  
29 charter school, including renewals of charters, nonrenewals of  
30 charters, and revocations of charters.
- 31 d. To undertake any other duties and responsibilities as assigned by the  
32 State Board.

33 (11) Duties of the chair of the Advisory Board. – In addition to any other duties  
34 prescribed in this Article, the chair of the Advisory Board, or the chair's  
35 designee, shall advocate for the recommendations of the Advisory Board at  
36 meetings of the State Board upon the request of the State Board.

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

38 ...

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

- 41 a. Serve as staff to the Advisory Board and fulfill any task and duties  
42 assigned to it by the Advisory Board.
- 43 b. Provide technical assistance and guidance to charter schools operating  
44 within the State.
- 45 c. Provide technical assistance and guidance to nonprofit corporations  
46 seeking to operate charter schools within the State.
- 47 d. Provide or arrange for training for charter schools that have received  
48 preliminary approval from an HEI Authorizer or the State Board.
- 49 e. Assist approved charter schools and charter schools seeking approval  
50 from an HEI Authorizer or the State Board in coordinating services  
51 with the Department of Public Instruction.



- 1 e1. Assist certain charter schools seeking to participate in the NC  
2 prekindergarten program in accordance with G.S. 115C-218.115.  
3 f. Other duties as assigned by the State Board.

- 4 (4) Agency cooperation. – All State agencies and departments shall cooperate  
5 with the Office of Charter Schools in carrying out its powers and duties as  
6 necessary in accordance with this Article.

7 ...  
8 **"§ 115C-218.2. Opportunity to correct applications; opportunity to address Advisory**  
9 **Board.**

10 (a) ~~The Except as provided in G.S. 115C-218.4, the~~ State Board of Education and the  
11 Advisory Board shall provide timely notification to an applicant of any format issues or  
12 incomplete information in the initial application and provide the applicant at least five business  
13 days to correct those issues in the initial application. If the applicant submits the corrections  
14 within the five business days, equal consideration shall be given to that application.

15 (b) Before taking action regarding a charter school or charter school ~~applicant, applicant~~  
16 that applies to the State Board pursuant to G.S. 115C-218.5, including recommendations on  
17 preliminary or final approval of charter applications, renewals of charters, nonrenewals of  
18 charters, and revocations of charters, the Advisory Board or a committee of the Advisory Board  
19 shall provide an opportunity for the applicant or charter board member to address the Advisory  
20 Board or its committee, if present, at a meeting.

21 **"§ 115C-218.3. Fast-track replication of high-quality charter schools.**

22 Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory  
23 Board, the State Board of Education shall adopt a process and rules for fast-track replication of  
24 high-quality charter schools currently operating in the ~~State.~~ State, including a charter school  
25 authorized by a Higher Education Institution Authorizer and approved by the State Board of  
26 Education pursuant to G.S. 115C-218.4. The State Board of Education shall not require a  
27 planning year for applicants selected through the fast-track replication process. In addition to the  
28 requirements for charter applicants set forth in this Article, the fast-track replication process  
29 adopted by the State Board of Education shall, at a minimum, require a board of directors of a  
30 charter school to demonstrate one of the following in order to qualify for fast-track replication:

- 31 (1) A charter school in this State governed by the board of directors has student  
32 academic outcomes that are comparable to the academic outcomes of students  
33 in the local school administrative unit in which the charter school is located  
34 and can provide three years of financially sound audits.  
35 (2) The board of directors agrees to contract with an education management  
36 organization or charter management organization that can demonstrate that it  
37 can replicate high-quality charter schools in the State that have proven student  
38 academic success and financial soundness.

39 The State Board of Education shall ensure that the rules for a fast-track replication process  
40 provide that decisions by an HEI Authorizer or the State Board of Education on whether to  
41 grant a charter through the replication process are completed in less than 120 days from the  
42 application submission date. The State Board shall provide a decision on a charter school  
43 authorized by an HEI Authorizer pursuant to G.S. 115C-218.4 or a charter school approved by  
44 the State Board pursuant to G.S. 115C-218.5 no later than October 15 of the year immediately  
45 preceding the year of the proposed school opening.

46 **"§ 115C-218.4. Application to a Higher Education Institution Authorizer for a charter**  
47 **school.**

48 (a) An applicant for a charter school may submit an application that meets the  
49 requirements of G.S. 115C-218.1 to a Higher Education Institution Authorizer. If the applicant  
50 for a charter school submits the application to an HEI Authorizer, the application shall include  
51 how the HEI Authorizer shall be involved in the planning, operation, or evaluation of the charter

1 school. The HEI Authorizer shall provide timely notification to an applicant of any format issues  
2 or incomplete information in the initial application and provide the applicant at least five business  
3 days to correct those issues in the initial application. The HEI Authorizer may authorize a charter  
4 school if it finds the following:

- 5 (1) The application meets the requirements set out in this Article and such other  
6 requirements as may be adopted by the State Board of Education.
- 7 (2) The applicant has the ability to operate the school and would be likely to  
8 operate the school in an educationally and economically sound manner.
- 9 (3) Authorizing the application would achieve one or more of the purposes set out  
10 in G.S. 115C-218.

11 (b) An HEI Authorizer shall make a final decision on the authorization or denial of an  
12 application by August 15 in the year immediately preceding the year in which the charter school  
13 proposes to begin operation. An HEI Authorizer that authorizes a charter school shall enter into  
14 a written agreement with the charter school incorporating the information provided in the  
15 application and any terms and conditions of the HEI Authorizer imposed on the charter school  
16 as a condition of authorization. Notwithstanding G.S. 115C-218.100 and G.S. 115C-218.105(b),  
17 State funds available to an HEI Authorizer may be used to support the charter school as long as  
18 the written agreement with the charter school contains provisions ensuring the return of any assets  
19 to the HEI Authorizer to the extent they were purchased with those State funds upon dissolution  
20 of the charter school.

21 (c) The HEI Authorizer shall file a copy of the application and the written agreement with  
22 the charter school with the Office of Charter Schools. Upon receipt of the application and the  
23 written agreement with the charter school and upon recommendation of the Superintendent of  
24 Public Instruction, the State Board of Education shall approve the operation of the charter school  
25 for a period not to exceed 10 years. Except as otherwise specified in this Article for a charter  
26 school authorized by an HEI Authorizer, a charter school approved pursuant to this subsection  
27 shall be subject to the same requirements of a charter school approved pursuant to  
28 G.S. 115C-218.5.

29 (d) Termination, nonrenewal, or assumption of a charter school authorized by an HEI  
30 Authorizer pursuant to this section shall not be initiated by the State Board until the State Board  
31 has consulted with the HEI Authorizer in accordance with G.S. 115C-218.95(b2).

32 **"§ 115C-218.5. Final approval of applications to the State Board of Education for charter**  
33 **schools.**

34 (a) ~~The~~ Except as otherwise provided in G.S. 115C-218.4, the State Board may grant  
35 final approval of an application for a charter school if it finds the following:

- 36 (1) The application meets the requirements set out in this Article and such other  
37 requirements as may be adopted by the State Board of Education.
- 38 (2) The applicant has the ability to operate the school and would be likely to  
39 operate the school in an educationally and economically sound manner.
- 40 (3) Granting the application would achieve one or more of the purposes set out in  
41 G.S. 115C-218.

42 In reviewing applications for the establishment of charter schools within a local school  
43 administrative unit, the State Board is encouraged to give preference to applications that  
44 demonstrate the capability to provide comprehensive learning experiences to students identified  
45 by the applicants as at risk of academic failure.

46 ...  
47 **"§ 115C-218.6. Review and renewal of charters.**

48 ...  
49 (b) The State Board of Education shall renew a charter upon the request of the chartering  
50 entity or a Higher Education Authorizer for subsequent periods of 10 years, unless one of the  
51 following applies:

- 1 (1) The charter school has not provided financially sound audits for the  
2 immediately preceding three years.
- 3 (2) The percent of students who scored at or above proficient for all end-of-grade  
4 and end-of-course tests taken in the previous school year, as required by  
5 G.S. 115C-174.11(c)(1), is at least five percentage points lower in the charter  
6 school than in the local school administrative unit where the charter school is  
7 located.
- 8 (3) The charter school is not, at the time of the request for renewal of the charter,  
9 substantially in compliance with State law, federal law, the school's own  
10 bylaws, or the provisions set forth in its charter granted by the State Board of  
11 Education.

12 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,  
13 then the State Board may renew the charter for a period of less than 10 years or not renew the  
14 charter.

15 **"§ 115C-218.7. Material revisions of charters.**

16 (a) A material revision of the provisions of a charter shall be made only upon the approval  
17 of the State Board of Education. A Higher Education Institution Authorizer shall submit a  
18 material revision of the provisions of a charter authorized pursuant to G.S. 115C-218.4 consistent  
19 with the provisions of this section for State Board approval.

20 ...

21 **"§ 115C-218.15. Charter school operation.**

22 (a) A charter school that is approved by the State shall be a public school within the local  
23 school administrative unit in which it is located. All charter schools shall be accountable to the  
24 State Board and, if applicable, a Higher Education Institution Authorizer, for ensuring  
25 compliance with applicable laws and the provisions of their charters.

26 ...

27 (c) ~~A~~ Except as otherwise provided in G.S. 115C-218.4, a charter school shall operate  
28 under the written charter signed by the State Board and the applicant. A charter school is not  
29 required to enter into any other contract. The charter shall incorporate the information provided  
30 in the application, as modified during the charter approval process, and any terms and conditions  
31 imposed on the charter school by the State Board of Education. No other terms may be imposed  
32 on the charter school as a condition for receipt of local funds.

33 ...

34 **"§ 115C-218.20. Civil liability and insurance requirements.**

35 (a) The board of directors of a charter school may sue and be sued. The State Board of  
36 Education shall adopt rules to establish reasonable amounts and types of liability insurance that  
37 the board of directors shall be required by the charter to obtain. The board of directors shall obtain  
38 at least the amount of and types of insurance required by these rules to be included in the charter.  
39 Any sovereign immunity of the charter school, of the organization that operates the charter  
40 school, or its members, officers, or directors, or of the employees of the charter school or the  
41 organization that operates the charter school, is waived to the extent of indemnification by  
42 insurance.

43 (b) No civil liability shall attach to the State Board of Education, the Superintendent of  
44 Public Instruction, a Higher Education Institution Authorizer, or to any of their members or  
45 employees, individually or collectively, for any acts or omissions of the charter school.

46 ...

47 **"§ 115C-218.45. Admission requirements.**

48 ...

49 (g1) If a procedure for a weighted lottery reflecting the mission of the school has been  
50 authorized by a Higher Education Institution Authorizer or approved by the State Board as part

1 of the charter, and a lottery is needed under subsection (h) of this section, the lottery shall be  
 2 conducted according to the procedure in the charter.

3 ...

4 **"§ 115C-218.90. Employment requirements.**

5 ...

6 (b) Criminal History Checks. –

7 ...

8 (2) There shall be no liability for negligence on the part of the State Board of  
 9 ~~Education~~ Education, Higher Education Institution Authorizer, or the board  
 10 of directors of the charter school, or their employees, arising from any act  
 11 taken or omission by any of them in carrying out the provisions of this  
 12 subsection. The immunity established by this subsection shall not extend to  
 13 gross negligence, wanton conduct, or intentional wrongdoing that would  
 14 otherwise be actionable. The immunity established by this subsection shall be  
 15 deemed to have been waived to the extent of indemnification by insurance,  
 16 indemnification under Articles 31A and 31B of Chapter 143 of the General  
 17 Statutes, and to the extent sovereign immunity is waived under the Tort  
 18 Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

19 ...

20 **"§ 115C-218.95. Causes for nonrenewal or termination; disputes.**

21 ...

22 (b2) Termination, nonrenewal, or assumption of a charter school authorized by a Higher  
 23 Education Institution Authorizer pursuant to G.S. 115C-218.4 shall not be initiated by the State  
 24 Board pursuant to this section until the State Board has consulted with the HEI Authorizer. The  
 25 State Board may enter into an agreement with an HEI Authorizer and the charter school to  
 26 provide an opportunity for the HEI Authorizer and the charter school to address concerns that  
 27 could lead to termination, nonrenewal, or assumption of the charter school by another entity  
 28 pursuant to this section.

29 ...."

30 **SECTION 7.2.** G.S. 14-33(c)(6)b. reads as rewritten:

31 "b. "Employee" or "volunteer" means:

- 32 1. An employee of a local board of education; or a charter school  
 33 authorized under G.S. 115C-218.4 or G.S. 115C-218.5, or a  
 34 nonpublic school which has filed intent to operate under Part 1  
 35 or Part 2 of Article 39 of Chapter 115C of the General Statutes;
- 36 2. An independent contractor or an employee of an independent  
 37 contractor of a local board of education, charter school  
 38 authorized under G.S. 115C-218.4 or G.S. 115C-218.5, or a  
 39 nonpublic school which has filed intent to operate under Part 1  
 40 or Part 2 of Article 39 of Chapter 115C of the General Statutes,  
 41 if the independent contractor carries out duties customarily  
 42 performed by employees of the school; and
- 43 3. An adult who volunteers his or her services or presence at any  
 44 school activity and is under the supervision of an individual  
 45 listed in sub-sub-division 1. or 2. of this sub-sub-division."

46 **SECTION 7.3.** G.S. 14-458(a) reads as rewritten:

47 "(a) The following definitions apply in this section:

48 (1) School employee. – The term means any of the following:

- 49 a. An employee of a local board of education, a charter school authorized  
 50 under G.S. 115C-218.4 or G.S. 115C-218.5, a regional school created  
 51 under G.S. 115C-238.62, a laboratory school created under

1 G.S. 116-239.7, or a nonpublic school which has filed intent to operate  
2 under Part 1 or Part 2 of Article 39 of Chapter 115C of the General  
3 Statutes.

4 b. An independent contractor or an employee of an independent  
5 contractor of a local board of education, a charter school authorized  
6 under G.S. 115C-218.4 or G.S. 115C-218.5, a regional school created  
7 under G.S. 115C-238.62, a laboratory school created under  
8 G.S. 116-239.7, or a nonpublic school which has filed intent to operate  
9 under Part 1 or Part 2 of Article 39 of Chapter 115C of the General  
10 Statutes, if the independent contractor carries out duties customarily  
11 performed by employees of the school.

12 (2) Student. – A person who has been assigned to a school by a local board of  
13 education as provided in G.S. 115C-366 or has enrolled in a charter school  
14 authorized under G.S. 115C-218.4 or G.S. 115C-218.5, a regional school  
15 created under G.S. 115C-238.62, a laboratory school created under  
16 G.S. 116-239.7, or a nonpublic school which has filed intent to operate under  
17 Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, or a  
18 person who has been suspended or expelled from any of those schools within  
19 the last year."

20 **SECTION 7.4.** G.S. 20-84(b)(3a) reads as rewritten:

21 "(3a) A motor vehicle that is owned and exclusively operated by a nonprofit  
22 corporation authorized under G.S. 115C-218.4 or G.S. 115C-218.5 to operate  
23 a charter school and identified by a permanent decal or painted marking  
24 disclosing the name of the nonprofit corporation. The motor vehicle shall only  
25 be used for student transportation and official charter school related  
26 activities."

27 **SECTION 7.5.** G.S. 105-228.90(b)(1) reads as rewritten:

28 "(1) Charter school. – A nonprofit corporation that has a charter under  
29 G.S. 115C-218.4 or G.S. 115C-218.5 to operate a charter school."

30 **SECTION 7.6.** G.S. 115C-533 reads as rewritten:

31 **"§ 115C-533. Duty of State Board to operate insurance system.**

32 The State Board of Education shall have the duty to manage and operate a system of insurance  
33 for public school property. The State Board may offer a system of property insurance to any  
34 charter schools approved pursuant to G.S. 115C-218.4 or G.S. 115C-218.5."

35 **SECTION 7.7.** G.S. 135-5.3(b1) reads as rewritten:

36 "(b1) The board of directors of a charter school operated by a private nonprofit corporation  
37 and that has received State Board of Education approval under G.S. 115C-218.4 or  
38 G.S. 115C-218.5 may elect to become a participating employer in the Retirement System in  
39 accordance with this Article."

40 **SECTION 7.8.** G.S. 136-18(29a) reads as rewritten:

41 "(29a) To coordinate with all public and private entities planning schools to provide  
42 written recommendations and evaluations of driveway access and traffic  
43 operational and safety impacts on the State highway system resulting from the  
44 development of the proposed sites. All public and private entities shall, upon  
45 acquiring land for a new school or prior to beginning construction of a new  
46 school, relocating a school, or expanding an existing school, request from the  
47 Department a written evaluation and written recommendations to ensure that  
48 all proposed access points comply with the criteria in the current North  
49 Carolina Department of Transportation "Policy on Street and Driveway  
50 Access". The Department shall provide the written evaluation and  
51 recommendations within a reasonable time, which shall not exceed 60 days.

1 This subdivision applies to improvements that are not located on the school  
2 property. The Department shall have the power to grant final approval of any  
3 project design under this subdivision. To facilitate completion of the  
4 evaluation and recommendations within the required 60 days, in lieu of the  
5 evaluation by the Department, schools may engage an independent traffic  
6 engineer prequalified by the Department. The resulting evaluation and  
7 recommendations from the independent traffic engineer shall also fulfill any  
8 similar requirements imposed by a unit of local government. This subdivision  
9 shall not be construed to require the public or private entities planning schools  
10 to meet the recommendations made by the Department or the independent  
11 traffic engineer, except those highway improvements that are required for safe  
12 ingress and egress to the State highway system, pursuant to subdivision (29)  
13 of this section, and that are physically connected to a driveway on the school  
14 property. The total cost of any improvements to the State highway system  
15 provided by a school pursuant to this subdivision, including those  
16 improvements pursuant to subdivision (29) of this section, shall be reimbursed  
17 by the Department. Any agreement between a school and the Department to  
18 make improvements to the State highway system shall not include a  
19 requirement for acquisition of right-of-way by the school, unless the school is  
20 owned by an entity that has eminent domain power. Nothing in this  
21 subdivision shall preclude the Department from entering into an agreement  
22 with the school whereby the school installs the agreed upon improvements  
23 and the Department provides full reimbursement for the associated costs  
24 incurred by the school, including design fees and any costs of right-of-way or  
25 easements. The term "school," as used in this subdivision, means any facility  
26 engaged in the educational instruction of children in any grade or combination  
27 of grades from kindergarten through the twelfth grade at which attendance  
28 satisfies the compulsory attendance law and includes charter schools  
29 authorized under G.S. 115C-218.4 or G.S. 115C-218.5. The term  
30 "improvements," as used in this subdivision, refers to all facilities within the  
31 right-of-way required to be installed to satisfy the road cross-section  
32 requirements depicted upon the approved plans. These facilities shall include  
33 roadway construction, including pavement installation and medians; ditches  
34 and shoulders; storm drainage pipes, culverts, and related appurtenances; and,  
35 where required, curb and gutter; signals, including pedestrian safety signals;  
36 street lights; sidewalks; and design fees. Improvements shall not include any  
37 costs for public utilities."

38 **SECTION 7.9.** G.S. 160A-307.1 reads as rewritten:

39 **"§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

40 A city may only require street improvements related to schools that are required for safe  
41 ingress and egress to the municipal street system and that are physically connected to a driveway  
42 on the school site. The required improvements shall not exceed those required pursuant to  
43 G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street  
44 improvements related to schools as provided in G.S. 160A-372. The cost of any improvements  
45 to the municipal street system pursuant to this section shall be reimbursed by the city. Any  
46 agreement between a school and a city to make improvements to the municipal street system  
47 shall not include a requirement for acquisition of right-of-way by the school, unless the school is  
48 owned by an entity that has eminent domain power. Any right-of-way costs incurred by a school  
49 for required improvements pursuant to this section shall be reimbursed by the city.  
50 Notwithstanding any provision of this Chapter to the contrary, a city may not condition the  
51 approval of any zoning, rezoning, or permit request on the waiver or reduction of any provision

1 of this section. The term "school," as used in this section, means any facility engaged in the  
2 educational instruction of children in any grade or combination of grades from kindergarten  
3 through the twelfth grade at which attendance satisfies the compulsory attendance law and  
4 includes charter schools authorized under G.S. 115C-218.4 or G.S. 115C-218.5."

5 **SECTION 7.10.** This Part applies to applications submitted to establish a charter  
6 school on or after the date this act becomes law.

7  
8 **PART VIII. REMOVE THE CAP ON ENROLLMENT GROWTH OF VIRTUAL**  
9 **CHARTER SCHOOLS PARTICIPATING IN THE VIRTUAL CHARTER SCHOOL**  
10 **PILOT PROGRAM**

11 **SECTION 8.1.** Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of  
12 S.L. 2018-5, reads as rewritten:

13 "SECTION 8.35.(b) The virtual charter schools participating in the pilot program authorized  
14 by this section shall be subject to the statutes and rules applicable to charter schools pursuant to  
15 Article 14A of Chapter 115C of the General Statutes, except as follows:

- 16 (1) The maximum student enrollment in any participating school shall be no  
17 greater than 1,500 in its first year of operation and may increase annually by  
18 twenty percent (20%) for each participating school ~~up to a maximum student~~  
19 ~~enrollment of 2,592 in the fourth year of the pilot school.~~ The State Board of  
20 Education may ~~waive~~ increase this maximum student enrollment threshold,  
21 beginning in the fourth year of the school's operation, if the State Board  
22 determines that doing so would be in the best interest of North Carolina  
23 students.
- 24 (2) The maximum overall ratio of teachers to students for kindergarten through  
25 eighth grade shall be 1:50, and for ninth through twelfth grade shall be 1:150.
- 26 (3) A student who regularly fails to participate in courses may be withdrawn from  
27 enrollment pursuant to procedures adopted by the virtual charter school. The  
28 procedures adopted by the virtual charter school shall ensure that (i) fair notice  
29 is provided to the parent and student and (ii) an opportunity is provided, prior  
30 to withdrawal of the student by the school, for the student and parent to  
31 demonstrate that failure to participate in courses is due to a lawful absence  
32 recognized under Part I of Article 26 of Chapter 115C of the General Statutes  
33 and any applicable rules adopted by the State Board of Education."

34 **SECTION 8.2.** This Part applies beginning with the 2019-2020 school year.

35  
36 **PART IX. EFFECTIVE DATE**

37 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes  
38 law.