

**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)

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Sponsors:

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Referred to:

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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:

1 "§ 115C-218.90. Employment requirements.

2 (a) Employees. –

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

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

17 ...

18 (4) The employees of the charter school board of directors of the nonprofit  
19 corporation shall be deemed employees of the local school administrative  
20 unit for purposes of providing certain State-funded employee benefits,  
21 including membership in the Teachers' and State Employees' Retirement  
22 System and the State Health Plan for Teachers and State Employees. The  
23 State Board of Education provides funds to charter schools, approves the  
24 original members of the boards of directors of the charter schools, has the  
25 authority to grant, supervise, and revoke charters, and demands full  
26 accountability from charter schools for school finances and student  
27 performance. Accordingly, it is the determination of the General Assembly  
28 that charter schools are public schools and that the employees of charter  
29 schools operated by a private nonprofit corporation are public school  
30 employees. Employees of a charter school operated by a private nonprofit  
31 corporation whose board of directors elects to become a participating  
32 employer under G.S. 135-5.3 are "teachers" for the purpose of membership  
33 in the North Carolina Teachers' and State Employees' Retirement System. In  
34 no event shall anything contained in this Article require the North Carolina  
35 Teachers' and State Employees' Retirement System to accept employees of a  
36 private employer as members or participants of the System.

37 (4a) The employees of a charter school operated by a municipality shall be  
38 deemed employees of that municipality and shall be eligible for any  
39 employee benefits, including retirement benefits and health benefits,  
40 provided to other employees of that municipality.

41 ...."

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

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

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

46 "(8a) Charter schools. – To provide for a charter school operated by the  
47 municipality in accordance with Article 14A of Chapter 115C of the General  
48 Statutes."

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

50 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.