

Guidance Update: ***Local Charter School Transfer of Funds***

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PSU Finance Director Webinar
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Session Law 2021-79/HB 335

*(c3) The Superintendent of Public Instruction shall, in consultation with charter schools and local school administrative units, **create a standardized procedure that local school administrative units shall use when transferring the per pupil share of the local current expense fund to charter schools. The standardized procedure for transfer of the per pupil share of the local current expense fund shall require, to the extent practicable, that the local school administrative units make the transfers by electronic transfer.***

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

SESSION LAW 2021-79
HOUSE BILL 335

AN ACT TO REVISE REQUIREMENTS REGARDING THE TRANSFER OF FUNDS FROM A LOCAL SCHOOL ADMINISTRATIVE UNIT TO A CHARTER SCHOOL TO INCENTIVIZE THE TIMELY TRANSFER OF FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-218.105 reads as rewritten:
"§ 115C-218.105. State and local funds for a charter school.

...

(c) If a student attends a charter school, the local school administrative unit in which the child resides shall transfer to the charter school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the charter school within 30 days of the later of (i) the receipt of monies into the local current expense fund-fund or (ii) the receipt by a local school administrative unit of the enrollment verification and transfer request document as provided under subsections (c2) and (c3) of this section from the charter school. Charter schools shall send the enrollment verification and transfer request document to the local school administrative units on a monthly basis. If the local school administrative unit receives additional monies into the local current expense fund following the initial transfer to the charter school, the local school administrative unit shall transfer the per pupil share of those additional monies to the charter school within 30 days of receipt of those monies.

Guidance Timeline



Goals & Committee

*To conduct a **continuous improvement** process through collaboration with both **charter leaders and district CFOs** to review NCDPI guidance issued in September 2021 related to local charter school funding processes. The committee will review the current guidance to ensure **funding practices are consistent and transparent** across North Carolina as well as suggest recommendations for any **additional resources/guidance**.*

Committee Members:

- District CFOs
- Charter School Finance Leaders
- NCDPI Leadership (FBS, OCS, Innovation, Government Affairs)
- Advocacy Groups (NCSBA, NSASBO, NCCCS)

Survey and Feedback

- **Respondents:** 102
- **PSU Type:** 68% LEAs, 32% Charter Schools
- **Positions:** 83% Finance Officer; 10% School/District Leader; 7% Variations of Finance Title

Trends:

- Need for additional clarity around various elements of the guidance.
- Many districts/charters already using best practices.
- Lack of consistent practices in actualizing HB335.
- Many staffing challenges – downstream impact on reporting.
- Contradictory language regarding 30-day payment requirement and PMR schedule.
- Challenges with delayed PMR submissions to LEAs.
- Challenges with receiving funding reports/breakdown with payments.

Guidance – Overall Updates

- Guidance restructured to support chronological nature of the funding process.
- Portions of the guidance were updated to provide additional clarity.
- New sections called "suggested practices" were created to provide additional resources and explanation.
- New templates have been created for charter schools and LEAs to ensure elements of HB335 are completed as well as provide consistency across the state.

Updated Guidance – Funding Transfer Request

General Updates:

- Provides resources for securely transferring student information from charter schools to LEAs.
- Provides new suggested procedures regarding the transfer schedule to provide additional transparency and efficiency.
- Articulates the importance that charter schools submit student information/PMR in a timely manner.

Updated Guidance – Funding Transfer Request

Cover Letter Template

- Not an invoice (not possible to know funding until all membership is confirmed).
- Should include total number of students and include transfer request excel with required student information.
- Must be submitted in a timely manner (no more than 10 days after monthly PMR submission).
- Must be sent securely (see guidance).

Transfer Request Cover Letter

XXX Charter School
XXX Address
XXX Phone

Invoice # - XXX Public School

Invoice for (X number) of XXX public school students attending XXX charter school for the 2023-2024 school year in PMR X month. XXX charter school is a NC Public Charter School operating under a charter agreement with NCDPI.

Please submit payment to:
XXX Charter School
XXX Address

Attention:
XXX

Charter School Point of Contact:
XXX

Attachments (per GS)
Transfer Request Excel*

Updated Guidance – Funding Transfer Request

Student Information

Excel Template

- All columns should be completed using PowerSchool data.
- Template will automatically calculate ADM.

Number of Days in Instructional Month	20		
Total ADM	0.5		
Student Number	Last Name	First Name	Date of Birth

Entry Date	Exit Date	Days of Membership	Number of Days in Instructional Month	Student Days (Days in Membership/Days in Instructional Month, Rounded to .5, 1)	Student Days (0 or Rounded to .5, 1)
			20	0	0

Updated Guidance – Payment

General Updates:

- New Section - Fines and Forfeitures Section
- Additional clarity around adjustments occurring throughout the year.
- Additional clarity around information that must be sent over with payment.
- Additional clarity regarding which fund amounts (Funds 1, 2, 4) must be provided to charter schools.

Updated Guidance – Payment

Per GS115C-218.105 (d): “The LEA shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in “Payment” above. This information shall be sent via email to the charter school point of contact.”

- There are three required elements within this section that must be sent with payment to charter schools.
 1. Student membership calculation
 2. Per pupil share calculation
 3. Fund total amounts
- A template has been created to help ensure each element of the law is provided.

Updated Guidance – Payment Part 1

“The student membership numbers used to calculate the per pupil share of the local current expense fund.”

<u>ADM (Monthly)</u>				PMR 1	PMR 2
	July	August	September	October	November
XXXX County Public Schools				1,000	
Charter School 1				10	
Charter School 2				90	
Total					
NC CYBER ACADEMY				10	
NC VIRTUAL ACADEMY				10	

Updated Guidance – Payment Part 2

“How the per pupil share of the local current expense fund was calculated.”

Local Receipts Included in Appropriation	(Note the initial distribution in October will contain receipts from July - October)			
County Appropriation			\$500,000	\$100,000
Fines and Forfeitures, if applicable				1000
County Late Filing Fees, if applicable				
Other Appropriation (update as needed)				
Other Appropriation (update as needed)				
Other Appropriation (update as needed)				
Less amount owed virtual charter schools			\$0.00	\$1,755.56
Total				\$599,244.44
				\$0.00
Per Pupil Funding Calculation - Appropriation			\$ 545	\$ -
Appropriation Distribution				
XXXX County Public Schools			\$ 544,768	
Charter School 1			\$ 5,448	
Charter School 2			\$ 49,029	

Updated Guidance – Payment Part 2 Cont.

“How the per pupil share of the local current expense fund was calculated.”

Virtual Academy Per Child Per Year Amount	\$790.00	Virtual Academy Per Child Per Year Amount/ Number of Months Payments (Amount Per ADM)	87.78	
Number of Months Payments	9			
NC CYBER ACADEMY				\$ 877.78
NC VIRTUAL ACADEMY				\$ 877.78

Updated Guidance – Payment Part 3

“The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).”

Total Monies in Each Fund - Received

Fund 1 - State					
Fund 2 - Local Current Expense					
Fund 4 - Capital					
Other Appropriation (update as needed)					
Other Appropriation (update as needed)					
Other Appropriation (update as needed)					
Total	\$	-	\$	-	\$



Next Steps

- Continue to provide education regarding HB335 requirements for charter schools and LEAs.
- Review implications of "30 day" payment period on calculating monthly per pupil funding amounts.
- Review PMR 1 & 2 schedules and implications with varying school start dates.
- Seeking clarity on which fund amounts should be provided and to what level.
- Continue continuous improvement model regarding guidance and finance leader needs.

Questions

Additional Support & Contact Information

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