



## Local Charter School Funding Transfer Guidance October 23, 2023

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### Guidance for the Transfer of Local Payments to Charter Schools

This document was revised in August of 2023 after several months of collaboration between representatives from charter schools, local educational agencies (LEAs), and non-profit advocacy groups as part of the guidance review committee. This guidance and new supplementary templates provide the procedures to transfer local payments from LEAs to charter schools, per Session Law 2021-79 and General Statute 115C-218.105.

#### **Legislation Session Law 2021-79 Section 1 (c2) rewrites GS115C-218.105**

*(c2) The Superintendent of Public Instruction shall, in consultation with charter schools and local school administrative units, create a standardized enrollment verification and transfer request document that each charter school shall use to request the per pupil share of the local current expense fund from the local school administrative units. Charter schools shall only be required to list the name, age, grade, address, date of charter enrollment, date of charter withdrawal, district of residence, and student identification number of each student as provided to the charter school by the student's parent or guardian in the enrollment verification and transfer request document that the charter school submits to the local school administrative units. A charter school, in its discretion, may take further steps to confirm the student's residence in a particular local school administrative unit.*

#### **Legislation Session Law 2021-79 Section 1 (c3)**

*(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.*

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## **“Transfer Request” Procedures:**

### **1.1 “Transfer Request” Data Source:**

PowerSchool (PS) is the authoritative source for student information, and charter schools shall use PS to request local payment transfer from LEAs. All charter schools shall provide the local education agency (LEA) with the Transfer Request listing only for the students residing in that LEA.

Per G.S. 115C-218.105(c3), the charter school shall submit the following fields for each student it is requesting local payment:

1. Last Name
2. First Name
3. Student Identification Number
4. Date of Birth
5. Grade
6. Street/apt#
7. City
8. Zip
9. LEA of residence
10. Date of Charter Enrollment
11. Date of Charter Withdrawal

Additional fields are required to facilitate in the verification of the request:

12. Days of Membership - the number of membership days per student in the instructional month. This follows the State policy on student membership and does not include students who have a schedule for less than half the instructional day and does not include visiting students (defined by admission status) or students in violation.
13. Number of days in the instructional month.
14. Student days (days in membership/days in instructional month).

### **Suggested Procedures:**

1. A standardized “Transfer Request” document has been created to support a consistent template across LEAs and charter schools to ensure each of the aforementioned General Statutes requirements are included in the request. The “Transfer Request” document provides consistency between LEAs and charter schools across the State.
2. Charter Schools should pull and populate the number of ‘Days in Membership’ from PowerSchool data reports by student.
3. The “Transfer Request” excel template below will identify the number of days in the instructional month automatically.

4. Within the “Transfer Request” excel document, student days will calculate and round based on the procedures suggested.
5. Identify the total ADM based on the number of student days on the cover letter. Total ADM should tie to “Transfer Request” excel template.

[“Transfer Request” Cover Letter](#)

[“Transfer Request” Excel Template](#)

**Note:** The information required in General Statute is required even if an alternative document is used by a charter school to request the transfer.

## **1.2 Transfer Schedule**

Each charter school shall submit to the LEA point of contact the PMR interval for each of the agreed upon months. The interval at which the funding is calculated and distributed should be selected and agreed upon by all parties and should consider the usual and customary local funding distribution that impacts the receipt of funds for each LEA. For example, some LEAs receive funding monthly, while others have a different funding model.

### **Suggested Procedures:**

1. A nine-month transfer schedule is suggested to create consistency across the state. An alternative schedule may be implemented, based on district-specific factors. The process for transferring of funds should be consistent and reasonably meet General Statute requirements for transfer of funds. The considerations that are used to establish the transfer schedule should be understood by all parties.
2. Agree upon a transfer schedule with all parties. LEAs should communicate the transfer schedule with all charter schools in the district.
3. Provide consistent funding for PMR 1&2 based on prior year calculation and plan adjustments in the 3rd month to reconcile total payments for each month to actual.
4. The LEA should provide a schedule of dates of when PMR data is due to the LEA and when the LEA expects to transfer payments to ensure all parties know the due dates and expectations.
5. If a charter school does not provide the PMR in a timely manner, an LEA could consider using prior month ADM to calculate monthly transfer amounts to ensure the remaining charter schools are paid timely. The LEA would then have to reconcile the difference once information is received.

**Note:** Per G.S. 115C-218.105(c), the transfer should occur 30 days (1) after receipt of monies into the local current expense fund or (2) receipt of the transfer request. Due to different school

start dates, which trigger different PMR due dates, LEAs may need to estimate payments and periodically reconcile to ensure payments are based upon actual monthly ADM.

### **1.3 “Transfer Request” Submission Frequency**

The charter school shall submit the “Transfer Request” within 10 days of the monthly PMR submission to DPI. Payment shall only be made based on the data in the “Transfer Request”. To support this element of the guidance, the following supplementary templates have been created.

[“Transfer Request” Cover Letter](#)

[“Transfer Request” Excel Template](#)

#### **Suggested Procedures:**

1. Develop a shared calendar or list of due dates between LEAs and billing charter schools to establish PMR dates for each charter school in the district and subsequent “Transfer Request” submission deadlines.

**Important Note:** Charter school delays in submitting “Transfer Requests” to LEAs can subsequently delay the LEA’s calculation of total student membership and per pupil funding. Per G.S. 115C-218.105(c), an LEA shall be given an additional 30 days to make the transfer to a charter school for any month in which the charter school fails to send the “Transfer Request” information required.

### **1.4 “Transfer Request” Submission**

The charter school shall submit “Transfer Requests” to the LEA point of contact via a secure electronic method. It is the responsibility of the charter school to ensure they protect the student data transmitted to the LEA.

#### **Required Procedures:**

1. A “Transfer Request” contains Personally Identifiable Information (PII) which is sensitive student data that must be protected according to the [Family Educational Rights and Privacy Act \(FERPA\)](#) (20 U.S.C. § 1232g; 34 CFR Part 99), therefore, secure methods of transfer must be utilized. Microsoft Excel or Word documents sent through email are not considered secure methods of electronic transfer. The NCDPI has published a best practice guide to support best-practices in sensitive data transfer.

[Best Practices Guide: PII and Email for information and instruction on transmitting private information electronically.](#)

## **Payment Procedures:**

### **2.1 Point of Contact**

Each LEA and charter school shall designate a point of contact for charter school transfers.

#### **Suggested Procedures:**

1. Create a collaborative online space (i.e. Google Folder, SharePoint, Canvas, etc.) that contains a document with “live” point of contact information for both charter schools and LEAs.
2. As a support, the “Transfer Request” and “Payment” templates have a field for the point of contact. This section should be updated monthly before remitting documents.
3. As an additional resource, the Educational Directory and Demographical Information Exchange ([EDDIE](#)) can be used to find contact information for LEAs and charter schools.

### **2.2 Payment**

Payment shall be made in accordance with GS 115C-218.105(c). The LEA shall transfer funding to the charter school within 30 days of the later of:

- (i) the receipt of monies into the local current expense fund, or
- (ii) the receipt of the “Transfer Request” from the charter school.

#### **Suggested Procedure:**

1. Establish a transfer schedule, including expected request and payment dates, based on the specific factors of each district, to create consistency in payment methodology and meet the intent of the law to provide payment within 30 days of receipt.
2. A nine-month payment schedule appears to be successful for many LEAs and charter schools but may not be the best schedule for all organizations.

**Note:** Per G.S. 115C-218.105(c), if an LEA receives written notice from a charter school finance officer or superintendent regarding a transfer amount that has not been paid and the LEA does not initiate payment as indicated in the general statute, a late fee can be imposed on the amount due.

### **2.3 Student Days**

The LEA shall transfer payment for each student based on the number of days in membership/number of days in the instructional month rounded up to 0.5, 1. To support this element, this information is calculated in following supplementary templates.

[“Transfer Request” Excel Template](#)

## [“Payment” Template](#)

### **2.4 Required Funding, Information, and Calculations Per Pupil**

The LEA shall calculate the per pupil share of the local current expense and provide the information required, in a time interval that aligns with the transfer schedule. The LEA shall calculate the amount due to the charter school based on the “Student Days” and the funding per pupil.

Per G.S. 115C-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 the following information within the 30-day time period provided in the “Payment” section above. This information shall be sent via email to the charter school point of contact:

(1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c). Specifically, this information should include:

- (1) The state public school fund.
- (2) The local current expense fund.
- (3) The capital outlay fund.

(2) The student membership numbers used to calculate the per pupil share of the local current expense fund.

(3) How the per pupil share of the local current expense fund was calculated.

(4) Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

### **Suggested Procedures:**

1. Information from sections 1-4 above should be sent along with each payment from the LEA to charter school. To ensure each element of G.S. 115C-218.105(d) is provided from LEAs to charter schools, a supplementary template has been created. This template will ensure each element of the law is actualized and consistent across the state.

## [“Payment” Template](#)

**Legislative Update (October 2023):** According to Session Law 2023-134 Section 8.35.(e), virtual charter schools will no longer be funded at a flat rate of \$790. Moving forward, virtual charter schools will be funded at the same per pupil share of the local current expense fund as other charter schools that serve students from a LEA.

## **Fines and Forfeitures**

Fines and forfeitures should be clearly identified on the “Payment Report” when payments are made. In some instances, fines and forfeitures are paid out to LEAs once a year. Because of this, fines and forfeitures may require a different calculation than the local expense fund based upon local funding factors.

### **Suggested Procedures:**

1. Estimated monthly payments, using the monthly ADM, are reconciled after actual payments are made at year end; or
2. One payment within 30 days after receipt of funds based on average ADM or the actual ADM in the month the funds were received.

**Note:** The information mentioned above in G.S. 115C-218.105(d), is **required** along with the payment, even if an alternative document is used by a charter school to provide information to the LEA.

## **2.5 Adjustments**

According to GS 115C-218.105(c), 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.

A common scenario of additional monies being added to the local current expense fund include the payment of fines and forfeitures. If a correction needs to be made, the LEA may make a correction to the documentation and send a notification to the charter school contact with a description of the correction.

## **2.6 Method of payment**

LEAs shall submit, to the extent practicable, payment electronically. Charter schools that currently do not receive their funds electronically, including new charter schools, shall submit the required bank information to the LEA(s) before submitting PMR 1.