Resolution by the Montgomery County Board of Education
Opposing House Bill 219, "Charter School Omnibus"

Current Law Provides Equal Local Funding for all K-12 Public School Students

WHEREAS, North Carolina operates two (2) primary systems of public education, charter schools and public schools operated by local school boards ("local school districts");

WHEREAS, charter schools are not legally required to pay any funds to local school districts regardless of the source of revenue including federal funds, grants, and gifts;

WHEREAS, over the past twenty (20) years the courts of North Carolina and the General Assembly have confronted the issue of fair funding for students attending charter schools and local school districts in a manner that has created equal K-12 funding and put an end to contentious litigation caused by the original charter funding model;

WHEREAS, local funding given to local school districts and placed in the district's Local Current Expense Fund (designated by the State as Fund 2) is shared with charter schools on an equal per pupil basis including county appropriations, fines and forfeitures, and special school tax dollars flowing to a charter school located in the taxing district;

WHEREAS, the current law recognizes that local school districts receive certain funds that should not be apportioned or "shared" with charter schools because 1) the charter school does not provide the program or service for which the funds are received, 2) the funds are simply a reimbursement to the local school district for unrestricted monies already spent including revenues previously shared with charter schools, and/or 3) the monies are legally restricted and cannot be shared;

WHEREAS, N.C. Gen. Stat. § 115C-426(c) contains the list of funds not shared with charter schools as follows: reimbursements, indirect costs, tuition, fees for actual costs, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to local school administrative units under G.S. 160A-700, and funds received for prekindergarten programs; in addition, the appropriation or use of fund balance or interest income by a local school administrative unit shall not be construed as a local current expense appropriation;

WHEREAS, House Bill 219, Part VII, deletes the list of protected funds with the exception of trust funds, federal grants restricted as to use, and special programs;

WHEREAS, **by deleting the list of protected funds, House Bill 219 creates unequal rather than equal local funding for K-12 education**, including but not limited to, the following revenues:

1) Fund Balance: Charter schools do not have to share their savings account (i.e., Fund Balance) with local school districts. This is money saved by local school districts from prior years during which eligible revenues were already shared with charter schools. "Sharing"

such funds a second time would be **double-dipping and a windfall to charter schools** at the expense of local school district students;

2) Federal Reimbursements: **Charter schools do not have to share** any federal reimbursements with local school districts. **By law, many federal programs require schools to spend unrestricted revenues on specific purposes before getting reimbursed that amount by the federal government**. Thus, no new money is received, and any unrestricted revenues used for the federal program derive from funds that have already been shared with charter schools. "Sharing" such funds a second time would be **double-dipping and a windfall to charter schools** at the expense of local school district students;

3) Pre-K Classroom Funds: Charter schools can **apply for these funds directly** and they **do not have to share them with a local school district**. By law, NC Pre-K dollars and Smart Start dollars cannot be given to charter schools directly by a local school district. Thus, if HB 219 passes school districts would be forced to use even more unrestricted local dollars to pay charter schools a proportionate share of these funds, resulting in charter school students getting a higher amount of K-12 dollars simply because the local school district chose to assist the community by operating one or more Pre-K classrooms. "Sharing" such funds a second time would be **double-dipping and a windfall to charter schools** at the expense of local school district students;

4) Tuition and Fees for Actual Costs: If a charter school chooses to allow public use of its facilities, operate a summer program, before school program, or after school program it can charge fees that are **not shared with the local school district**. Local school districts charge such fees to cover the additional costs of facility use and/or extra programming because these activities are beyond the normal operating costs for K-12 education. "Sharing" such funds would be a **windfall to charter schools** at the expense of local school district students; and

5) Sales Tax Refunds: **Charter schools are reimbursed 100% of state and local sales tax amounts** they pay and **do not have to share these funds with local school districts**. Local school districts only receive a reimbursement of local sales tax amounts paid by the school district. This is another reimbursement. "Sharing" such funds a second time would be **double-dipping and a windfall to charter schools** at the expense of local school district students;

WHEREAS, if HB 219 passes, the total financial impact to the Montgomery County Schools in lost K-12 operating funds based on FY 2022-23 will be substantial;

WHEREAS, if HB 219 passes, the **total financial impact to all local school districts could expand significantly over time** and lead to egregious results based on future increases in charter school enrollments of both in-person and virtual school students; and

WHEREAS, HB 219 contains other provisions that will cause uncertainty and encourage future litigation in a currently, well-settled area of the law, such as the current law prohibiting supplemental school tax dollars from leaving the tax district approved by voters.

NOW THEREFORE BE IT RESOLVED, that the Montgomery County Board of Education opposes House Bill 219, and favors the current law that fairly and equally apportions local funding.

BE IT FURTHER RESOLVED that:

1. The Chair and Superintendent are authorized to disseminate this Resolution to members of the North Carolina General Assembly and the Governor; and

2. The Board encourages parents, students, and other community members to contact their North Carolina legislators to oppose House Bill 219.

Adopted by the Montgomery County Board of Education this ____ day of _____, 2023.

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Steven W. DeBerry, Chairman

Attest: _____
Dale Ellis, Ed. D., Superintendent/Secretary