

HB 539 Fund Sharing Requirements

Below are the types of funds that school districts would have to share under the language of House Bill 539 as passed by the Senate.

Indirect costs including child nutrition. Indirect costs are charges that LEAs may elect to charge against federal programs for the administration of the program. It is NOT extra money provided by the federal government for the program. The largest of these is the federal National School Lunch Program and School Breakfast Program which provides free or reduced priced meals to students who live in poverty. In NC, school districts are not allowed to charge indirect costs to the nutrition programs unless the programs have operated in the black. Indirect costs not only include payroll and HR functions but, also specifically for the nutrition programs, covers utilities including refrigerating food, operating cookers, etc. It is important to remember that these monies help administer a program that serves the students in that LEA. Charter schools are not required to offer child nutrition services and indeed, many do not. Requiring these dollars to be shared would unfairly deplete resources necessary to run essential programs for students served by a school district, even if the charter receiving the money is not offering that program to its own students.

Reimbursements except for Medicaid and Medicare. These are reimbursements for payments already made by the school district. One example is E-rate, the federal reimbursement program for technology services (such as Wi-Fi costs). Another example would be LEAs that provide teachers for instruction at jails or hospitals who are later reimbursed by the sheriff's office or the hospital. Charter schools already receive a proportionate share of the monies LEAs use to make the upfront payments for which they are later reimbursed. Charter schools are also eligible to receive reimbursements of their own, including E-Rate. Allowing charter schools to get a portion of an LEA's reimbursement money when the charter schools already receive a portion of the initial expenditure would be an unfair "double dipping" from the same funding source, at the expense of resources available to traditional public school students.

Federal grants and appropriations unless the federal government specifies

which checking account to put it into. Federal grants and appropriations include things like impact aid for military dependent children, Indian program funds, and other potential funds like Hurricane Katrina relief funds, which are all designated for specific groups of students. **The federal government does not and will not require grants and appropriations to be put into a specific checking account.** LEAs would thus have to share funds based upon federal grants and appropriations that are restricted as to use whether or not the charter meets the terms and conditions. This is a new inequity that would alter federal funding and support for LEAs.

Sales tax revenue regardless of how it is distributed. School districts are already sharing most if not all of their sales tax revenue that they receive for local current expenses. The only instance where this is not true is if a district has a supplemental property tax that was voted on by the people and the county commissioners distribute the sales tax on the ad valorem method. In this situation, the school district receives a residual amount of sales tax because they are considered a taxing entity under the statutory definition associated with this distribution method.

Gifts and grants unless: (i) given to a specific school; (ii) the donor has stipulated that it should not go to charters; or (iii) it was given, applied for, pledged, or bequeathed on or before October 15, 2015. This is going to require school districts to ask anyone who gives them a gift or grant to include language that expressly excludes charters or expressly restricts the grant to a particular school. Charter schools would not be under the same obligations in grants they request. Why should there be two sets of standards for seeking private donations? Also, there is no requirement that the charter school comply with the terms of the gift/grant.