

(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools (40 points)

The extent to which—

(i) The State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools (as defined in this notice) in the State, measured (as set forth in Appendix B) by the percentage of total schools in the State that are allowed to be charter schools or otherwise restrict student enrollment in charter schools;

(ii) The State has laws, statutes, regulations, or guidelines regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools; in particular, whether authorizers require that student achievement (as defined in this notice) be one significant factor, among others, in authorization or renewal; encourage charter schools that serve student populations that are similar to local district student populations, especially relative to high-need students (as defined in this notice); and have closed or not renewed ineffective charter schools;

(iii) The State's charter schools receive (as set forth in Appendix B) equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues;

(iv) The State provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or making tenant improvements), assistance with facilities acquisition, access to public facilities, the ability to share in bonds and mill levies, or other supports; and the extent to which the State does not impose any facility-related requirements on charter schools that are stricter than those applied to traditional public schools; and

(v) The State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State's success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(2)(i):

- A description of the State's applicable laws, statutes, regulations, or other relevant legal documents.*
- The number of charter schools allowed under State law and the percentage this represents of the total number of schools in*

the State.

- *The number and types of charter schools currently operating in the State.*

Evidence for (F)(2)(ii):

- *A description of the State’s approach to charter school accountability and authorization, and a description of the State’s applicable laws, statutes, regulations, or other relevant legal documents.*
- *For each of the last five years:*
 - *The number of charter school applications made in the State.*
 - *The number of charter school applications approved.*
 - *The number of charter school applications denied and reasons for the denials (academic, financial, low enrollment, other).*
 - *The number of charter schools closed (including charter schools that were not reauthorized to operate).*

Evidence for (F)(2)(iii):

- *A description of the State’s applicable statutes, regulations, or other relevant legal documents.*
- *A description of the State’s approach to charter school funding, the amount of funding passed through to charter schools per student, and how those amounts compare with traditional public school per-student funding allocations.*

Evidence for (F)(2)(iv):

- *A description of the State’s applicable statutes, regulations, or other relevant legal documents.*
- *A description of the statewide facilities supports provided to charter schools, if any.*

Evidence for (F)(2)(v):

- *A description of how the State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.*

Recommended maximum response length: Six pages

(F)(2)(i) – Through law and policy, Indiana has taken deliberate steps to ensure successful conditions for high-performing charter schools and other innovative schools. State law does not in any way restrict the number of charter schools which may be approved or opened, the number of students who may be enrolled in charter schools, or the amount of funding charter schools may receive.

Indiana’s legislature has not imposed overall caps on charter schools. Technically, Indiana may have as many, or even more, charter schools as traditional public schools. The number of charter schools in Indiana is expanding, and innovative options for Indiana’s student population are continually increasing. Furthermore, public policy in Indiana continues to evolve with regard to charters, as demonstrated by the passage of the biennial budget in June 2009 which allowed and funded virtual charter schools for the first time. While virtual charter schools are currently in the pilot stage and serving a limited number of students over the next two years, the language of the law (IC 20-24-7-13) points toward a long-term future for virtual schools in Indiana by directing IDOE to adopt rules for the operation of virtual charter schools.

At present, there are 53 charter schools offering alternatives to parents and students in 21 cities across the state, and nine more are scheduled to open for the 2010-11 school year. Indiana’s charter school law only provides for two types of charter schools: traditional and conversion. At present, Indiana has only one conversion charter school; the rest are traditional start-up charters. Many of Indiana’s charter schools are located in urban centers in central and northwest Indiana, in and around Indianapolis and Gary. But Indiana is proud to also have charter schools in all regions of the state, as well as in rural and suburban settings. While each school offers a unique educational model, the common thread connecting Indiana’s charter schools is high expectation for students, teachers and leaders.

Notably, Indiana received a “B” on the *2010 Charter School Law Rankings and Scorecard* published by the Center for Education Reform.

(F)(2)(ii) – Charter Approval: Indiana has solid state law, located at IC 20-24, regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools; the law is buoyed by strong authorizers and the transparency of Indiana’s approval and accountability processes. The following table provides an overview of the total number of charter school applications, approvals, denials, and closures during each of the last five years. For a more detailed listing (including the reasons

for denials and closures), see Appendix F-1.

Year	Total Apps	Approved	Denied	Reason(s) for Denial	Closed/Not Reauthorized	Reason(s) Closed/Not Reauthorized
2005	18	7	11	See Appendix F-1 for details	1 (closed)	Financial, academic, governance and enrollment issues
2006	35	10	25		0	N/A
2007	13	3	10		0	N/A
2008	18	7	11		0	N/A
2009	27	5 (+5 pending)	17		0	N/A
TOTAL:	111	32 (+5 pending)	74		1	

Indiana’s charter school law provides for multiple authorizers, and Indiana is the only state that provides chartering authority to the mayor of a city. In addition, all public, four-year, baccalaureate-granting universities have the authority to become authorizers, as do the state’s nearly 300 school districts.

The state charter school law provides that the submission of a proposal to an authorizer is the first step in the chartering process. Pursuant to IC 20-24-3-4, the proposal must include information such as the potential charter school’s governance and management structure, educational mission and goals, curriculum and instructional methods, methods of student assessment, admissions policy, and discipline program, as well as personnel, transportation, budget and financial plans.

Both major sponsors in Indiana, the Indianapolis Mayor’s Office and Ball State University, have created guidelines enhancing the proposal submission process. The application processes are not identical, but both processes were created to ensure the creation of high quality charter school options for Indiana’s students and parents. For additional details on the nationally-recognized charter proposal submission processes of the Indiana Mayor’s Office and Ball State University, see Appendix F-2.

While the demand for charters is strong in many communities across Indiana, only one of the State’s two active authorizers is able

to authorize schools statewide. Therefore, IDOE will seek designation as a charter school authorizer and aims to set up the authorizing process and begin inviting applications by July 2012.

As mentioned in Section (F)(2)(i), State Superintendent Bennett already has authorizer experience by way of Indiana's virtual charter school. Analysis of options led IDOE to choose as the operator of the first virtual charter Hoosier Academy, a school with a current charter through Ball State. When it was selected, the school was already operating as a hybrid virtual school, with nearly half of its educational program being offered online. In the coming months, IDOE will evaluate options for additional virtual schools based on the same data and information sets required by state law. Because IDOE is not limited in the number of operators it selects, Hoosier Academy will be invited to re-apply, and IDOE will consider other providers as well.

Additionally, IDOE will set aside \$2 million of RttT funding to incent up to two state universities with the greatest potential to become high-quality statewide authorizers to enter the world of charter sponsorship. Details of Indiana's plan to incent new authorizers can be found in Appendix F-3. In addition, Indiana will set aside up to \$1 million for use in assisting authorizers in improving authorization and accountability practices.

Monitoring and Accountability: Regardless of the proposal approval process, a final charter must also contain specific components. The manner in which the charter school will be held accountable for academic performance is part of the written charter agreement. Pursuant to IC 20-24-4-1, the agreement must set forth the methods the authorizer will use to hold its schools accountable for achieving the educational mission and goals of the charter school. The agreement must address how the school will demonstrate evidence of improvement in assessment results (including ISTEP+), attendance rates, and for high schools, graduation rates, increased numbers of Core 40 and academic honors diplomas. The agreement must also establish how each school will show evidence of progress toward reaching the goals set by the organizer in its application. A more in-depth discussion of Indiana's charter school accountability policies can be found in Appendix F-4.

Charter Revocation: As described in Section (F)(2)(ii) above, one charter school has been closed in Indiana in the past five years, and no charter school has been denied charter reauthorization (though one was offered a limited extension rather than a full reauthorization). But Indiana charter school authorizers have shown they are willing to revoke charters when necessary. For example, Urban Brightest Community Academy opened for the 2003-04 school year. The school's charter was revoked by Ball State University after one year for academic and operational violations of the charter agreement. The Indianapolis Mayor's Office revoked the Flanner House Higher Learning Center's charter after two years of operation for reasons related to a poor academic record and the school's operations. And in 2009, the Mayor's Office issued a limited extension (rather than a full renewal) to Fall Creek Academy. That extension included specific performance parameters that must be met before the school can reapply for a full renewal. And finally, the charter of the Gary Math and Science Academy was revoked for operational deficiencies prior to the school opening to students for the first time.

The small number of charter school closures is not reflective of charter school accountability in Indiana. Authorizers have repeatedly demonstrated creativity and innovation in their accountability processes. Authorizers have chosen to amend the structure of a school, recognizing a school's strengths and eliminating its weaknesses by shrinking the grade levels served. Authorizers have also extended the charters of struggling charter schools for one-year probationary terms. While efforts have certainly been made to hold charter schools accountable for student results, Indiana, like many other states, still needs to make improvements concerning charter school accountability vis-à-vis revocation.

Authorizer Accountability: To ensure that the State serves as a backstop of accountability as set forth in Section (A)(1)(i), IDOE will seek to incorporate new accountability provisions into the state charter school law. The proposed new provisions will ask the State Board to closely examine authorizers that have school(s) at the "takeover" stage under P.L. 221. Traditional public schools that reach a sixth consecutive year in the state's lowest academic performance category, as explained in Section (E)(1), are eligible

for State takeover. If a charter school reaches that mark, and the authorizer fails to take action to close or radically intervene in the school to the State Board's satisfaction, the State Board would have the power to revoke a sponsor's chartering authority. Revocation of chartering authority may also take place if a charter violates the health and safety standards for schools set by the State. The State Board will hold a hearing to determine whether revocation is appropriate, or whether other, less severe sanctions should be imposed. If an authorizer's power is revoked, the State Board would place all schools previously chartered by that authorizer under IDOE's chartering authority.

(F)(2)(iii) – For purposes of state tuition support, IC 20-43-1-23 defines a school district to include a charter school. The Indiana charter school law (IC 20-24-7-2) is clear that charter schools must receive state tuition support in the same manner as traditional school districts. When authorizers approve new charter schools, IDOE works to ensure the new schools receive their commensurate share of federal funds for special education, Title I, Title III, and other key federally-funded program areas. The following section details how charter schools are specifically included in the funding distributions of key programs.

Charter School Program (“CSP”) Grant: IDOE administers the CSP grant to help offset initial start-up costs for planning, program design and evaluation, and implementation expenses of new charter schools. The availability of CSP funds to charter schools helps maintain funding equity for charter schools by freeing up state tuition support funds for operational and other expenses. IDOE is currently in its third three-year grant and plans to apply for additional funding when the current grant expires in July 2010. Since the inception of the program in 2002, over \$26.2 million has been distributed or obligated to new charter schools.

Charter School Advancement Account: A new or expanding charter school is eligible to apply for an advancement loan from the Indiana Common School Fund's Charter School Advancement Account. These loans are offered to cover operating costs of charter schools that are opening to students for the first time or that are significantly expanding, and they are critical to the long-term financial stability of these schools. Interest rates on these loans may not exceed 4%. Indiana will change from calendar year tuition

support payments to a school year system effective July 1, 2011, making the loan provisions unnecessary. State tuition support will flow at the beginning of the school year.

Charters receive commensurate share of federal funds, including special education, Title I, and Title III funding, in addition to other federal grants available to all schools. Further information about these can be found in Appendix F-5.

Other State Funds: The General Assembly has enacted laws to ensure that charter schools receive the same funding as traditional public schools for Advanced Placement testing fees, professional development, remediation, alternative education, technology, and textbook reimbursement.

Per Pupil Funding:

Average Tuition Support per student for Charter Schools	\$6,989.69
Average Tuition Support per student for School Districts	\$5,744.41

(F)(2)(iv) – IDOE has made considerable progress in assisting charter schools with facilities funding in a relatively short amount of time. The budget passed by the Indiana General Assembly in 2007 provided matching funds for IDOE to participate in the State Charter School Facilities Incentive Grants Program (CFDA 84.282D). When the grant competition opened for the first time thereafter, IDOE applied for funds under this program. In October 2009, IDOE was awarded a grant of \$15 million over the next five years. These federal funds will be matched by state funds to total \$30 million over five years dedicated to charter school facilities. More information about Indiana’s Charter School Facilities Incentive Grant Program can be found in Appendix F-6.

Charter schools are provided assistance with facilities acquisition through eligibility to apply for and receive Qualified School Construction Bonds (“**QSCB**”) and Qualified Zone Academy Bonds (“**QZAB**”) to fund new facilities or make improvements to existing facilities.

The State Board exercises administrative control over the Common School Fund. The fund is established in the Indiana Constitution, and the principal is inviolate. The fund largely is invested in low cost loans to school districts for construction and technology and to Charter Schools to cover first semester operating costs either in the initial year of operation or in a year when the school has experienced significant growth.

(F)(2)(v) – Beyond the charter school law, Indiana allows LEAs to operate innovative schools other than charter schools within the traditional school governance structure.

Indiana’s freeway school law (IC 20-26-15) permits LEAs to enter into contracts with the State Board under which rules and statutes may be waived in exchange for meeting or exceeding certain performance expectations.

As a part of the required school improvement planning process, a local school board may waive any rule adopted by the State Board except those rules related to the following: the health or safety of students or staff, special education under Indiana regulations, curriculum or textbooks (which can be waived by the State Board at the school district’s request). The local school board may not waive a rule if doing so would bring the school into noncompliance with federal statutes or regulations.

Indiana’s home rule statute (IC 20-26-3) provides that a school district may exercise any power the school district possesses to the extent that the power (1) is not expressly denied by the Constitution of the State of Indiana, by statute, or by rule of the State Board; and (2) is not expressly granted to another entity. This allows school boards to enter into agreements with educational management organizations for the operation of one or more schools.

The State Board welcomes innovative approaches to use the time within a school day in different ways or to award credit based on demonstrated proficiency instead of seat time. The State Board has eliminated the “seat time” requirement tied to the traditional “credit” definition. The State Board’s goal is to get to the point where standards are clearly established but the methods of achieving

those standards are determined locally. More details can be found in Appendix F-7.

The school flex instructional program created by Indiana law (IC 20-30-2-2.2) permits a school to approve flexible attendance arrangements for grade 11 and grade 12 students who have records of academic failure, chronic attendance problems, or repeated disciplinary offenses. The students must pursue timely graduation; provide evidence of college or technical career education enrollment and attendance or proof of employment and labor that is aligned with the respective student's career academic course sequence; maintain good behavior; and maintain a 95% attendance rate.

The double up for college program established in IC 21-43-5 allows school districts and state higher educational institutions to collaborate to offer early college, dual credit, and dual enrollment programs that meet the educational objectives of the school district and are offered by the state educational institutions in secondary school locations.

Indiana has created a policy environment that encourages out-of-the-box thinking, and the State Board continues to search for new ways to foster innovative solutions.

Key Activities, Timeline and Responsible Parties:

Fall 2010: IDOE will award up to \$1 million to a university that demonstrates the support and capacity necessary to become a charter school authorizer.

2011: IDOE will award up to \$250,000 to a charter school authorizer that has a plan to improve its authorization and accountability processes.

Jan-Apr 2011: IDOE will seek ability to authorize charter schools from the Indiana General Assembly.

Jan-Apr 2011: IDOE will seek to amend the state's charter school law to incorporate authorizer accountability so that authorizers may lose their sponsorship authority if they fail to close schools that reach turnaround status.

May-Dec 2011: IDOE will set regulations and policies for its charter school authorization and accountability process.

Fall 2012: IDOE will award up to \$1 million to a second university that demonstrates the support and capacity necessary to become a charter school authorizer.

2013: IDOE will award up to \$250,000 to a second charter school authorizer that has a plan to improve its authorization and accountability processes.

(F)(3) Demonstrating other significant reform conditions (5 points)

The extent to which the State, in addition to information provided under other State Reform Conditions Criteria, has created, through law, regulation, or policy, other conditions favorable to education reform or innovation that have increased student achievement or graduation rates, narrowed achievement gaps, or resulted in other important outcomes.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State's success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(3):

- *A description of the State's other applicable key education laws, statutes, regulations, or relevant legal documents.*

Recommended maximum response length: Two pages

(F)(3) – The following examples serve to highlight Indiana's efforts to create conditions favorable to education reform and innovation which have and will increase student achievement.

Enforcement of 180-Day School Year Requirement: Not long ago, Indiana's school year was among the shortest in the nation, requiring just 175 instructional days. Worse yet, school districts were not required to report loss of days until canceled days exceeded ten in an academic year. With no mandatory makeup provision, in reality, there was no minimum school year. In 1987, the General Assembly adopted a 180-day minimum instructional year and instituted financial penalties against any school district