

(F2) 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 (F2i):

- 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 (F2ii):

- 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 (F2iii):

- 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 (F2iv):

- 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 (F2v):

- 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. Ensuring successful conditions for high-performing charter schools and other innovative schools

F.2.i. The extent to which the State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools

During the FY 2009-10 school year, 96 charter schools are operating under NC’s Charter School law (115C-238.29A). NC law does limit the total number of charter schools to 100 and does limit the number of charter schools in any single LEA to five (§115C-238.29D). This limit is 3.8% of the total number of schools. However, as described in Section E2, as a result of the *2003 Innovative Education Initiatives Act* (provided in Appendix 39), NC also has additional schools that are intended to function as “charter-like schools without charters,” in that they have the type of autonomy and emphasis on innovation found in the best of charter schools. As a result, there are currently 42 Early College High Schools and 63 Redesigned High Schools in NC, and there is no cap on the number of these types of innovative schools. Including these schools, 8.1% of NC’s schools are either charter or charter-like innovative schools.

F.2.ii. The extent to which the State has laws, statutes, regulations, or guidelines regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools

Under NC law, the State Board of Education (SBE) must approve all applications for charters. All applications for charters are reviewed and evaluated by an independent panel of experts to determine if the applicant meets the required legislative criteria. All qualified applicants are presented to a committee of the SBE for review, interviews, and recommendations. The SBE has final authority to grant all charters. When awarding charters, the SBE considers whether the proposed charter school would increase learning opportunities for all students, with a special emphasis on expanded learning experiences for students who are identified as at risk of academic failure, and whether the charter school would provide expanded choices beyond the types of educational opportunities that are available within the public school system. SBE regulations favor award of charters to applicants who have a sound marketing plan that promotes a diverse learning environment. Once granted, the charter gives the non-profit corporation that

holds it the right to receive NC and local funding to operate a school free from many NC laws that could inhibit innovation or the independence of the school.

In addition to standardizing the application process, SBE policy establishes a standard charter renewal process, specifies the grounds and procedures for revoking a charter, and describes the mechanism for funding charter schools. The SBE also has several policies in place to ensure that charter schools are operating in a financially stable manner and that students are receiving appropriate instruction.

To assist with the implementation of its policies, the SBE has created an Office of Charter Schools (OCS) within NCDPI that is dedicated to supporting and monitoring all charter schools. The OCS assigns personnel to each charter school to serve as a point of contact for the charter school and a resource for services, data, and information. The OCS staff visit all assigned charter schools annually to perform monitoring and support functions.

The SBE requires all public schools, including charter schools, to be accountable for public funds and to improve student performance. Although the SBE could authorize an alternative accountability model for charter schools, all current charter schools use the same accountability model used in other public schools. With respect to student performance, SBE policy requires that any charter be revoked if, for two of three consecutive school years, the charter school does not meet or exceed expected growth and has a Performance Composite below 60% (based on NC's ABCs accountability system).

A charter school can decide to relinquish its charter, the SBE can decide not to renew a charter, or the SBE can revoke a charter. Since 1996, 44 charter schools have been closed in NC. We have included the following related to this item:

- **Charter School Application Statistics.** Appendix 42 outlines the number of applicants by year since 1997-98, the number of charters awarded, and the number of charters relinquished, renewed, and revoked;
- **Closed Schools 1997-2009.** Appendix 43 identifies all the charter schools that have relinquished their charter or whose charter was revoked by the SBE; and
- **Curriculum Information For Charter Schools.** Appendix 44 is a list of all charter schools operating in NC, their locations,

their grade structures, and brief descriptions of their core missions.

F.2.iii. The extent to which the State’s charter schools receive equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues

State Funding of Charter Schools

In accordance with NC General Statute 115C.238.29H, NC provides charter schools with the same funds for each student that it would provide for that student in an LEA. NC also requires LEAs to provide a charter school with a proportionate share of its current operations funds based upon the number of students from the LEA who attend the charter school.

NC allocates funding to LEAs in various funding categories. NC totals these allocations for each LEA and divides the total allocations by the LEA’s Average Daily Membership (ADM) to calculate the NC allocation for each LEA in dollars per child. To that figure, NC adds an amount equal to the per student proportion of any unallotted dollars to account for NC funding from unallotted NC funds used by LEAs (*e.g.*, unemployment compensation, worker’s compensation; annual leave). NC then provides a charter school with the total allotted and unallotted per-student funding for each student enrolled in the charter school from a particular LEA. The result is that, for each student it enrolls, a charter school receives the same amount of NC funding that the student’s home LEA would have received if the student had enrolled in a school operated by the LEA. The average statewide NC dollars per student for charter school funding for FY 2009-10 is \$3,545.42.

In accordance with legislation, some NC funding categories are not included in the dollar per ADM calculation. In those cases, the charter school is included in the NC formula on the same terms as an LEA and receives the funds generated by the formula. Funds for Children with Disabilities and Limited English Proficiency are examples of such funding.

Local Funding of Charter Schools

LEAs are legally required to distribute a proportionate share of local current expense monies provided by their local board of county commissioners to charter schools in their district in accord with Public School Law of North Carolina 115C-238.29H(b): “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 local current expense appropriation to the local school administrative unit for the fiscal year.”

The effect of the NC funding system for charter schools is to assure that charter schools receive the same per student operating funding that NC and boards of county commissioners provide to LEAs.

Federal Funding of Charter Schools

Charter schools are included in federal funding formulas just like an LEA and receive those funds based on federal eligibility requirements.

F.2.iv. The State provides charter schools with funding for facilities, assistance with facilities acquisition, access to public facilities, the ability to share in bonds and mill levies, or other supports

According to NC General Statute 115C-238.29H, NC does not impose stricter or additional facility-related requirements on charter schools. NC statute requires charter schools to operate under the same facility requirements as required for any public school. A charter school can use any NC or local funds (as described in Section F2iii) to lease facilities or make tenant improvements. NC does not own local facilities; but local education agencies are required to work with charter schools when facilities are available and not in use by the local district. NC does not directly appropriate a specific funding stream to charter schools for facilities and county commissioners are prohibited from providing charter schools with local funds specifically for capital outlay projects.

F.2.v. The State enables LEAs to operate innovative, autonomous public schools other than charter schools

As described in Section E2 and mentioned in Section F2i, NC has a vigorous program for encouraging innovative and autonomous public schools other than charter schools. Over 100 Early College High Schools and Redesigned High Schools are operating in NC, and there is no cap on increasing these numbers. In fact, within the authorizing legislation (described in Section E2 and provided in Appendix 39), NC is requesting support within this proposal to extend a network of innovative STEM-focused high schools.

These innovative high schools are required to either target students who are at risk of dropping out of high school or offer

accelerated learning programs. Cooperative, innovative high school programs may include the creation of a school within a school, a technical high school, or a high school or technical center located on the campus of a college or university. Once approved, the school can obtain waivers from the NCDPI, which frees it from restrictions on the use of NC funding and from other specific NC laws and policies.