

(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

NC law authorizes the State Board of Education to issue up to 100 charters. Greater than 10% of NC's schools are either State Board-chartered, or "charter-like" autonomous, innovative schools operating under either the 2010 Reform of Continually Low-Performing Schools Act or the 2003 NC Innovative Education Initiatives Act (Appendices 40 and 44). The number of high-performing charter schools in NC has grown rapidly in recent years. NC charter school law does not restrict student enrollment in charter schools.

Of the 2,495 schools operating in North Carolina during the 2009-10 school year, ninety-six (96) were State Board-chartered schools operating under the State's Charter School law (G. S. 115C-238.29A). NC law does limit the total number of State Board-chartered schools to 100 and does limit the number of charter schools the State Board may authorize in any single LEA to five per year. (G.S. 115C-238.29D). If one of the 100 charters is available, NC law requires the State Board of Education to issue a charter to any qualified applicant. One hundred (100) charters equals 3.8% of the total number of NC public schools. Those 100 charters, however, represent only a fraction of the public schools that operate outside the usual State statutory and regulatory requirements. Under the 2003 Innovative Education Initiatives Act (provided in Appendix 44), NC also has additional schools (described in Sections E2 and F2.v) that meet the RttT definition of "innovative, autonomous public schools." These innovative schools function as "charter-like schools" in that they have the same autonomy and emphasis on innovation promoted in the best charter schools. There are currently 70 Early College High Schools, and 36 Redesigned High Schools in NC operating under the auspices of the Innovative Education Initiatives Act. There is no limit on the number of these innovative schools that LEAs may create, in partnership with an institution of higher education. When existing innovative schools are included in the count of "charter-like schools," 8.3% of NC's schools are either charter or charter-like innovative schools. The number of innovative schools and their proportion of NC public schools could increase to well over 10% if LEAs so choose.

The NC General Assembly has just established a new statute (115C-105.37B) that gives LEAs increased opportunity to create charter-like innovative, autonomous schools (Appendix 40). This new statute authorizes the State Board to approve a request by an LEA to reform, through adoption of one of four USED turnaround models, any of its schools that meet the State Board definition of continually low-performing (as defined in G.S. 115C-105.37A). These four now-statutory models are the same RttT-aligned State models described in Section E2. Under the *School Restart* model, an approved LEA would be granted the authority to operate its reformed school with “the same exemptions from statutes and rules as a charter school” that is State Board-chartered.

Many NC charter schools meet the RttT definition of *high-performing*. Since the State Board issued the first charters in 1996, it has worked diligently to increase the number of high-performing charter schools. Evidence shows that, under State Board direction, the NC Office of Charter Schools has helped 50 charter schools increase their overall student performance composites between 2007-08 and 2008-09 (up from a total of five over the prior four years). Equally important is the fact that, between 2007-08 and 2008-09, only four charter schools registered a decline in overall student performance composite (down from 28 during the 2005-06 and 2006-07 school years). The Board has used the following three strategies to work toward having all charters be high-performing:

1. The State Board uses a comprehensive evaluation/selection process for awarding new charters (see Section F2.ii below);
2. NCDPI provides support and tools that have proven effective in high-performing charter schools (*e.g.*, Education Value-Added Assessment System) to the charter schools that are not high performing; and
3. The State Board has effective procedures for closing charter schools that fail to meet the State Board guidelines for student performance or financial compliance (see Section F2.ii below).

The support NCDPI provides to charter schools includes the following:

- Instructional seminars on reading and writing across the curriculum;
- Information and training regarding how to disaggregate and use student test data to improve instruction;
- Information and training regarding how to differentiate instruction;

- Teacher evaluation tools to improve instruction;
- Information and training regarding how to increase student use of higher order thinking skills;
- Training for charter personnel in state and national curriculum initiatives; and
- Training for charter school boards of directors in finance, governance and policy development.

In the past three years, nine *low-performing* charter schools have also received more intensive, tailored support. Of those nine charter schools, eight improved to the point where they then met the high-performing definition.

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

As noted above, any LEA, either in partnership with an institution of higher education or with State Board approval in cases of continually low-performing schools (G.S 115C-105.37B), may establish an autonomous, innovative school that has all the hallmarks of a charter school (see, Sections E2, F2.i, and F2.v). Under NC law (G.S. 115C-238.29A), the State Board is the sole body authorized to issue charters. An independent panel of experts reviews all applications for State Board charters to determine if each applicant meets the required legislative criteria. The panel then presents all qualified applicants to the State Board for review, interviews, and recommendations (the State Board reserves the right to consider and interview any applicant, regardless of the panel’s review). The State Board has final authority to grant all charters. Research suggests this approval structure creates the strongest probability of promoting high performing charter schools.¹²

When awarding charters, the State Board follows the authorizing legislation [G.S. 115C-238.29G(a)1] to make sure student achievement is a factor in charter school selections. The State Board also considers whether the proposed charter school would expand learning opportunities for all students, particularly those who are identified as being at risk of academic failure or academically

¹²A recent Stanford study concluded that States that empower multiple entities to act as charter school authorizers realize significantly lower growth in academic learning in their students (CREDO, 2009).

gifted, and whether the charter school would provide expanded choices beyond the types of educational opportunities that are available within the public school system. State Board regulations favor award of charters to applicants who have a sound marketing plan that promotes a diverse student population. Once granted, the charter gives the applying non-profit corporation 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, State Board 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 State Board also has several policies in place to ensure that students attending charter schools are receiving appropriate instruction and that charter schools operate in accordance with sound financial and accounting principles.

To assist with the implementation of its policies, the State Board has created an Office of Charter Schools within NCDPI that is dedicated to supporting and monitoring all charter schools. The Office of Charter Schools 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 Office of Charter Schools staff visit all assigned charter schools annually to perform monitoring and support functions.

The State Board requires all public schools, including charter schools, to be accountable for public funds and to improve student performance. Although the State Board 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, State Board 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, as described in Section D2).

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

- Charter School Application Statistics: Appendix 48 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 49 identifies all the charter schools that have relinquished their charter or whose charter was revoked by the State Board; and
- Curriculum Information for Charter Schools: Appendix 50 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

Under the NC funding system for charter schools, the State and LEAs must provide charter schools with the same per pupil operating funding provided to students in regular public schools.

State Funding for Charter Schools

In accordance with NC G. S. 115C-238.29H, the State provides each charter school with the exact same level of appropriations, on a per pupil basis, as the State provides to LEAs. As described above in Section F1.ii, NC allocates funding to LEAs in various funding categories. The State totals these allocations for each LEA and divides the total allocations by that LEA’s average daily membership (a figure similar to enrollment that is used for student accounting and budget purposes) to calculate the State allocation for each LEA in dollars per child. To that figure the State adds an amount equal to the per student proportion of any unallotted dollars to account for State funding from unallotted State funds used by LEAs (for example, unemployment compensation, worker’s compensation; annual leave, etc.). The State then provides a charter school with the total allotted and unallotted per pupil funding for each student enrolled in the charter school from a particular LEA. As a result, each charter school receives the same amount of State funding per capita (including that for transportation, supplies, textbooks, teachers, etc.) that the student’s home LEA would have received if the student had enrolled in a school operated by the LEA.

In accordance with legislation, several categorical State funding categories are not included in the dollar per pupil calculation. In those cases, the charter school is included in the state formula on the same terms as an LEA and receives the funds generated by the formula. Funds for Children with Disabilities (\$3,545 per student) and Limited English Proficiency (\$3,300 per student) are examples of such headcount-targeted funding. Also some funding for Driver's Training remains at the LEA to provide services for all students in the county.

All State funding generated through the standard allotment formulas based on the number of students enrolled in the charter school is allotted to the charter school for its use. NC does not withhold a percentage of the State funds available to a charter school, as is a common practice in other states.

Local Funding for Charter Schools

NC law [G.S. 115C-238.29H(b)] also requires each LEA to provide each charter school with a proportionate share of its current local operations funds based upon the number of students from the LEA who attend the charter school. The formula for disbursement of local funding for charter schools is as follows:

$$\text{Dollars in the LEA Operating Fund} / \text{Students Enrolled in the LEA} \times \text{Number of LEA Students Enrolled in a Charter School} = \text{Base Funding Allotment for the Charter School}$$

Federal Funding for Charter Schools

Charter schools are included in Federal funding formulas just as are LEAs and receive those Federal funds based on eligibility. Charter schools will participate in and receive any funding generated as a result of the NC RttT effort.

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

NC laws require charter schools to operate under the same facility requirements as required for any public school. NC does not impose stricter or additional facility-related requirements on charter schools. A charter school can use any State or local funds (as described above in Section F2.iii) to lease facilities, tenant improvements, or pay debt service on loans used to secure facilities. The State 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 separate/specific funding stream to charter schools only for facilities and county commissioners are prohibited from providing charter schools with local funds specifically for capital outlay projects.

Capital funding in North Carolina is primarily a local expense. Annual State appropriations for capital average less than \$250 million (3% of public school funding). As noted in Section F2.iii, NC does not withhold a percentage of the State funds available to a charter school (often 5% in other States).

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

North Carolina has a vigorous program for encouraging innovative and autonomous public schools. In addition to charter schools, 106 such schools, each of which meets the RttT definition of “innovative autonomous public schools,” currently are operating in North Carolina.

As noted above, in 2003 NC enacted General Statute 115C-238.50 which authorized the Cooperative Innovative High School Programs. Under this legislation, an LEA and one or more NC institution of higher education can jointly apply, to the State Board of Education, to establish a cooperative innovative high school program. All the cooperative innovative high school programs:

1. Prepare students adequately for future learning in the workforce or in an institution of higher education.
2. Expand students' educational opportunities within the public school system.
3. Center on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.

4. Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and colleges or universities, or both.
5. Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.
6. Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.
7. Are held accountable for meeting measurable student achievement results.
8. Encourage the use of different and innovative teaching methods.
9. Establish joint institutional responsibility and accountability for support of students and their success.
10. Effectively utilize existing funding sources for high school, college, university, and vocational programs and actively pursue new funding from other sources.
11. Develop methods for early identification of potential participating students in the middle grades and through high school.
12. Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.

These innovative high schools are required to either target students who are at risk of dropping out of high school before attaining a high school diploma 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 NCDPI that free it from restrictions on the use of State funding and from other specific State laws and policies.

The State Board has approved 70 Learn and Earn schools under this law. These schools operate on a community college or university campus and allow students to graduate in five years with a high school degree and two years of college credit. In addition, 36 restructured and/or STEM high schools have been approved by the State Board of Education. A restructured high school is a large

school which has been administratively reorganized into smaller independent high schools operating on the same campus as the previous large high school. Each independent restructured high school adopts an educational theme (such as STEM) and students select the high school that best addresses their interests.

Finally, as noted above, the NC General Assembly has just established a new statute (115C-105.37B) that gives LEAs increased opportunity to create charter-like innovative, autonomous schools (Appendix 40). This new statute authorizes the State Board to approve a request by an LEA to reform, through adoption of one of four USED turnaround models, any of its schools that meet the State Board definition of continually low-performing (as defined in G.S. 115C-105.37A). These four now-statutory models are the same RttT-aligned State models described in Section E2. Under the *School Restart* model, an approved LEA would be granted the authority to operate its reformed school with “the same exemptions from statutes and rules as a charter school” that is State Board-chartered.