

- Begin funding English Language Learners at 1:20 teachers to students and 1:200 translators to students.
- Set a minimum state share of the non-classroom component at 25%.
- Provide 50% of funding for medical insurance premiums for instructional positions.

The changes made since 2007 have infused \$290 million new recurring dollars into K-12 education.

Over the past several years – and especially in the recent fiscal crisis – Tennessee has made funding K-12 public education its top priority. The budget for K-12 education actually increased between FY 2008 and FY 2009 as described above (both in actual dollars and in the percentage of available revenues for education). Changes in the BEP, including new additions for at-risk students and English language learners, resulted in greater numbers of high-need students receiving adequate funding in high-need schools and districts. The state is on sound financial footing to receive and leverage Race to the Top dollars.

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

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 (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;
- 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;
- 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

Section F(2)(i): Tennessee views its charter schools as key partners in giving families, students, and educators additional options for high-quality schools. Because of a strong emphasis on quality and accountability, the state’s charters have established a successful track record over the past seven years: Two schools have received a Title I Distinguished School Award for closing the achievement gap from the Tennessee Department of Education; one received an award from the Education Consumers Foundation for its outstanding value-added gains, and a majority of the state’s charters continue to outperform district and statewide averages on the annual state assessments in math and reading/language arts.

We believe we have much to learn from the innovation, autonomy, and accountability that are cornerstones of the charter school movement: innovation to allow the creation of new, promising practices and strategies that can then be transferred to and flourish in other parts of our K-12 system; autonomy to enable educators at the school level to optimize the allocation of resources; and accountability to ensure that progress in student achievement is being made in order for a school to continue serving our students.

In 2002, Tennessee passed charter legislation. Please see Appendix F-2-1 for a description of relevant charter school laws. However, it became clear that the law needed to be strengthened to broaden student eligibility for charters, thereby giving more families and students educational choices. It also became clear that the state needed to raise the cap to enable more high-quality charter schools to operate in Tennessee. In 2009, Governor Bredesen signed changes to the law:

- It expanded charter school eligibility in qualifying school districts to include all students who are eligible for free- and

reduced-lunch. (The previous law restricted charter schools to serve students zoned to a school on the No Child Left Behind “High Priority List”; students who have failed to pass the state standardized tests in grades 3-12; or students who were previously enrolled in a charter school.)

- Under the law, qualifying districts must:
 - Have a minimum enrollment of 14,000 students
 - Have had at least three schools that missed AYP for two consecutive years (High Priority List)
- Five districts currently qualify under these provisions: Memphis, Metro Nashville, Hamilton County (Chattanooga), Knox County (Knoxville), and Sumner County.
- Districts not qualifying can, by a two-thirds vote of the local school board, open up eligibility to all free- and reduced-lunch students. Therefore, any district in Tennessee can authorize charter schools to serve students who qualify for free- and reduced-price lunches by virtue of the district’s demographics or through a vote of the local school board (and, as explained above, students in any district meeting the academic or previous charter school enrollment criteria are eligible to attend a charter school).
- The new law also raised the charter cap from 50 schools to 90 schools statewide, with a cap of 35 in Memphis, 20 in Nashville, and 4 in Shelby County. Conversion schools – existing public schools that convert themselves into charter schools under an approved process by their local board of education – do not count toward the cap.
- The renewal period was extended from five years to 10 years, although there will be a school review conducted at the five-year mark to ensure the school is meeting the goals to which it has committed.
 - To maintain quality and accountability, the law allows authorizers to close a charter school after two years of not making Adequate Yearly Progress – perhaps one of the toughest charter school accountability laws in the nation. The Memphis City Schools acted on this provision in 2007 by closing a charter high school, indicating that the district is committed to ensuring the quality of its charter schools.

- The law also set a per-pupil allocation for facilities funding, which allows Tennessee to qualify for U.S. Department of Education facilities grants.

Tennessee has created the conditions to enable the expansion of best-performing innovative schools, including charters, through its recent changes. These elements are important complements to the human capital strategy to create the conditions in which high-quality educators can succeed. These changes are important to the overall success by creating a set of proof points throughout the state.

We recognize that beyond improving its charter statute to create the necessary conditions for great charters to flourish, the state must be – and will be – proactive in developing strategies to identify and help talented entrepreneurs start and run high-performing charter schools and charter networks. A fundamental part of that strategy is establishing collaborative partnerships among education entrepreneurs, philanthropic organizations, community development corporations, the business community, LEAs, and state education agencies. In our largest urban districts, this type of collaboration has already begun and has started to bear fruit. Please see Appendix F-2-3 for examples.

Tennessee not only is looking to grow outstanding charter schools internally. It also is aggressively seeking to attract the highest-performing charter operators from around the country to work in Tennessee (as evidenced by recent policy changes to make the education environment more friendly for charter operators; the launch of the Nashville mayor’s incubator described in Section F(3); and the many years of work by education reform-focused foundations to bring nationally recognized models to Tennessee — including Knowledge is Power Program (KIPP), and Building Excellent Schools, a highly regarded charter leader fellowship program.. In addition, the Achievement School District, as described in Section E(2)(ii), also will assist high-quality charter operators in locating facilities for them to expand and serve students in low-performing schools.

Tennessee has 1,734 public K-12 schools, including 22 public charter schoolsⁱⁱⁱ. If the statewide cap of 90 charter schools were reached, that would equal 5.1% of all public schools in the state. However, it is crucial to keep in mind that conversions of existing schools do not count toward the cap. Currently, one out of the 22 existing charter schools is a conversion school. This

means that the state can open another 69 new charter schools – and convert an unlimited number of existing traditional schools into charter schools – before reaching the cap of 90.

Tennessee is strongly committed to growing the number of charter schools, but doing so in a way that ensures all approved schools are capable of delivering a rigorous education that equips students for college and career success. As we thoughtfully approve new schools that can deliver powerful results and those schools continue to perform at a high level, we believe there will be overwhelming community and political support to raise and/or lift the cap to provide quality options for our students and families.

Section F(2)(ii): Tennessee’s charter school laws encourage the development of high-quality charter school applications and makes clear that not making progress on student achievement can be sole grounds for closure. For the exact statutory language and reporting requirements, please see Appendix F-2-1. Following are highlights of Tennessee’s state laws governing how charter schools are approved, monitored, held accountable, reauthorized, or closed:

- The law requires that charter applicants apply to their LEA for approval, and if denied, they can appeal to the State Board of Education. The application process conducted by the LEA includes the submission of a charter application by a sponsoring entity. The application consists of 21 sections, detailing the mission, vision, instructional strategies, goals, financial operations, and governance of the school. The LEA scores each proposal and provides specific written feedback to each applicant, with a recommendation for approval or denial.
- Operating charter schools are required to submit annual reports to the LEA and commissioner of education detailing, among other things, progress toward their academic goals contained in their charter and their financial stability. In practice, LEAs also engage in periodic visits to each charter school to help provide support and monitor compliance.
- Charters are granted for 10-year periods. In the fifth year of initial operation, and the fifth year following a renewal, the Department of Education conducts an audit to determine whether the charter’s goals are being met.
- A charter school can be closed for three reasons: committing a material violation of the conditions or provisions of a charter,

failing to make Adequate Yearly Progress over two consecutive years, or mismanaging funds. The AYP requirement makes student achievement a significant factor in renewal or revocation of a charter and ensures that only high-quality charter schools continue to exist in the state.

- As explained in Section F(2)(i), Tennessee’s charter law encourages the creation and maintenance of charter schools that serve populations that are similar to local district student populations. Tennessee law assures that charter schools serve high-need students with the following requirements
 - If any charter school class or grade is oversubscribed, enrollment is determined by lottery.
 - First priority is given to students who are eligible because they failed to reach proficiency, or are zoned to or are attending a school that failed to make AYP.
 - Second priority is given to students who qualify because of free or reduced-price lunch eligibility.

The tables below illustrate the history of charter approval, appeals to the State Board of Education, renewal, or closure in Tennessee since 2004-05, as well as the reasons for denial at the local level:

Table 1: Charter School Approval/Denial/Closure in Tennessee since 2004-05

	2004-05	2005-06	2006-07	2007-08	2008-09
# charter applications	26	3	5	10	12
# approved	7	0	1	4	6
# denied locally (see Table #2 for reasons)	19	3	4	6	6
# appealed: # successful in appeal to State Board of Education	8:1	2:1	1:0	1:0	1:1
# closed	0	0	0	1	0

Table #2: Reasons for Charter Application Denial by LEAs since 2004-05

	2004-05	2005-06	2006-07	2007-08	2008-09
# incomplete	4	0	1	0	0
# ineligible	2	0	0	0	1
# fiscal/academic weakness	13	2	3	5	5
# fiscal, academic, or organizational weakness	0	1	0	0	0
# withdrawn	0	0	0	1	0

Section F(2)(iii): Tennessee requires equitable funding for charter schools. State law requires that charter school students receive the same per-pupil funding that would have followed them to a school district if the students had enrolled in a non-charter public school. The law states that these per-pupil allocations will be based on “one hundred percent of state and local funds received by the LEA, including current funds allocated for capital outlay purposes, excluding the proceeds of debt obligations and associated debt service.” The per-pupil amount passes through the LEA to the charter schools, and the LEA cannot deduct a portion of the per-pupil allocation for administrative costs. For the exact statutory language, please see Appendix F-2-1.

As with its non-charter public schools, Tennessee encourages charter schools to seek local, state, and federal grants to help them advance their mission. Tennessee has participated in the federal public Charter Schools Program (CSP) since 2003 and has been able to award start-up funding to each charter school in the state, ranging from \$500,000 to \$700,000. In July, Tennessee was one of five states to receive a CSP grant from the U.S. Department of Education’s Office of Innovation and Improvement to support new and developing charter schools. The CSP grant, totaling over \$22 million, will be distributed over a five-year period. The scope

of this grant is designed to expand the number of high-quality charter schools, support successful charter schools through state and local involvement, encourage dissemination of best practices within charter schools to the broader public, and improve academic achievement of charter school students.

Section F(2)(iv): Tennessee law requires that charter school students receive per-pupil funding for capital expenses. The law states that the Department of Education will calculate the amount of capital funding due to an LEA, reserve the charter schools' share based on the charter schools' enrollment, and send that amount directly to the charter schools (as opposed to the 100% pass-through funding for per-pupil expenditures outlined above). The charter schools' capital dollars may be used for rent for school facilities, construction, renovation of an existing school facility, leasehold improvements, debt service on a school facility or purchase of a building or land, as long as no funds will be spent to buy land when the charter school does not have immediate plans to construct a building on the land. For the exact statutory language, please see Appendix F-2-1.

State law also allows LEAs to submit bond applications on behalf of charter schools, or include charter schools in their own applications. For the exact statutory language, please see Appendix F-2-1.

Tennessee imposes no facility-related requirements on charter schools that are stricter than those applied to traditional public schools.

Section F(2)(v): Tennessee believes that while charter schools are one source of educational innovation, they are not the only source. Three state laws in particular enable additional innovations. For the exact statutory language, please see Appendix F-2-2:

- Tenn. Code Ann. §49-15-101 et seq., allows LEAs to partner with post-secondary institutions to establish innovative high schools. These schools are specifically given the same statutory and regulatory waiver option as charter schools. In effect, these laws give LEAs all the authority and options with non-charter high schools that public charter high schools have. As detailed elsewhere in this application, Tennessee plans to apply this law to create STEM-focused high schools as well as

RAMP-UP high schools.^{STEM} This law also has been used to create five middle- and early-college high schools in the state.

- Tenn. Code Ann. §49-1-207 gives LEAs authority to develop innovative educational programs, and allows the commissioner to waive any state rule to facilitate such programs. In essence, this law allows district seeking new models of public schools other than charter schools to seek a waiver of any state guideline that may hinder such programs. Metro Nashville Public Schools has requested waivers to enable high school students to receive appropriate credit for courses taken at Vanderbilt University and to establish innovative non-traditional high schools.
- Tenn. Code Ann. §49-13-134 encourages LEAs with charter schools to establish non-charter public schools of innovation using federal funds. These schools can function as a control group to enable the effectiveness of charter schools to be better assessed through comparative evaluations or studies.

Tennessee believes that innovation can be found in both non-charter and charter schools. The key is creating high-quality schools that can incorporate innovation within a variety of structures. Tennessee's charter school act and its statutes permitting districts to open schools of innovation allow both traditional school districts and charter authorizers to advance creative ideas to serve Tennessee's children.

(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.