



Public Schools of North Carolina
State Board of Education
Department of Public Instruction

Report to the North Carolina General Assembly

Annual Charter Schools Report
G.S. 115C-218.110(b)

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DPI Chronological Schedule, 2016-17

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LEGISLATION AND HISTORICAL BACKGROUND

In 1996, the North Carolina General Assembly passed the Charter School Act, thereby authorizing the establishment of “a system of charter schools to provide opportunities for teachers, parents, pupils, and the community to create and sustain schools that operated independently of existing schools, as a method to accomplish all of the following:

1. Improve student learning;
2. Increase learning opportunities for all students, with special emphasis on expanded learning experiences for student who are identified as at risk of academic failure or academically gifted;
3. Encourage the use of different and innovative teaching methods;
4. Create new professional opportunities for teachers, including the opportunities to be responsible for the learning at the school site;
5. Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and
6. Hold the schools established under this Part accountable for meeting measurable student achievement results, and provide the schools with a method to change from rule-based to performance-based accountability systems.”

Codified in NC General Statute as Article 14A of Chapter 115C (115C-218, *et al.*), the charter schools law assigns the State Board of Education the sole authority to grant approval of applications for charters.

Statute originally capped at 100 the number of charter schools that could operate in the State in a given school year, but the General Assembly removed that ceiling in August 2011. Thirty-four charter schools opened in the inaugural year of 1997. There were 158 charter schools operating in the 2015-16 school year, including 21 of the original 34 schools. Since 1997, 45 schools were open at some time have closed.

Current statute sets the parameters for how the system of charter schools must operate. The law includes the following sections:

- Purpose of charter schools; establishment of North Carolina Charter Schools Advisory Board and North Carolina Office of Charter Schools
- Eligible applicants, contents of applications; submission of applications for approval
- Final approval of applications for charter schools
- Charter school exemptions
- Charter school operation
- General requirements
- Accountability; reporting requirements to the State Board of Education

- Charter School Facilities
- Charter School Transportation
- Admission requirements
- Employment Requirements
- Funding for charters
- Causes for nonrenewal or termination; disputes

Finally, G.S. 115C-218.110 directs that the State Board “shall report annually no later than January 15 to the Joint Legislative Education Oversight Committee on the following:

- (1) The current and projected impact of charter schools on the delivery of services by the public schools.
- (2) Student academic progress in the charter schools as measured, where available, against the academic year immediately preceding the first academic year of the charter schools' operation.
- (3) Best practices resulting from charter school operations.
- (4) Other information the State Board considers appropriate.”

This report addresses this legislated reporting requirement.

CURRENT STATE OF CHARTER SCHOOLS IN NC

School & Student Population

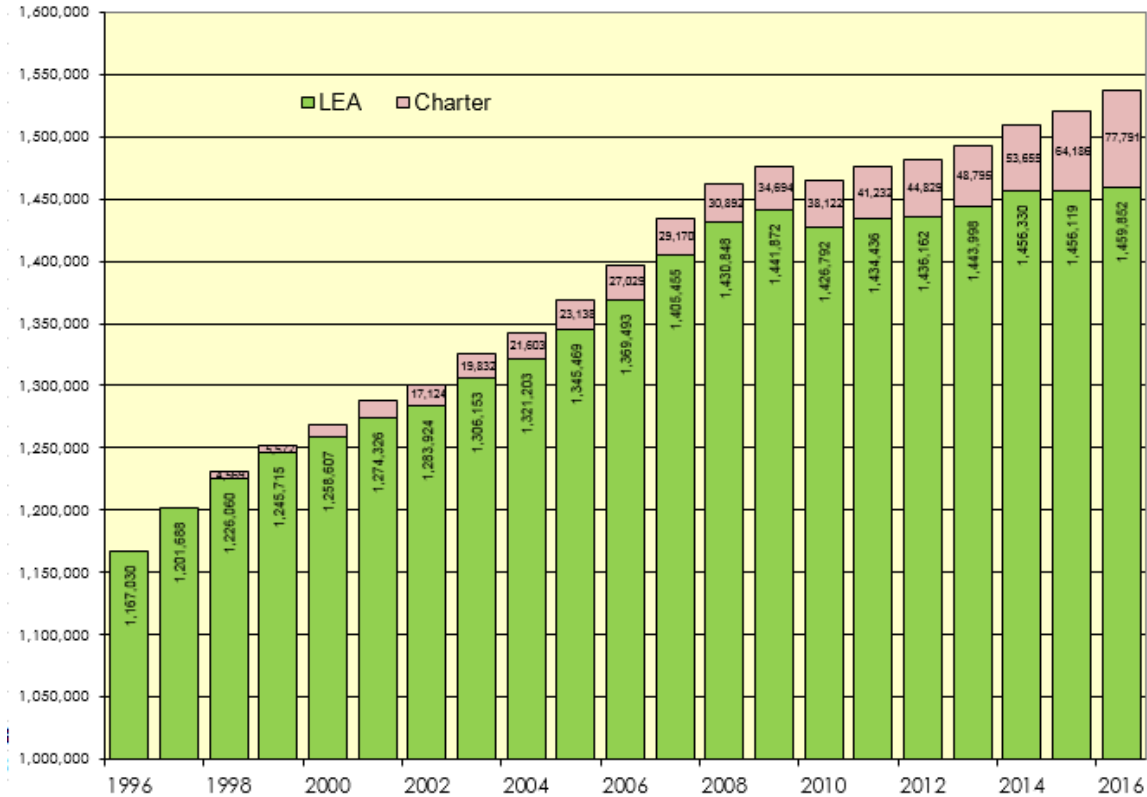
Schools

Between 1997 and 2011, the number of charter schools in NC grew first rapidly, then slowly, but steadily until it reached the legislatively maximum of 100 schools. Since the removal of “the cap” in 2011, 338 applicants have submitted complete applications for charters and the State Board of Education has approved 95. While 338 applications were submitted, the Charters Schools Advisory Council or Board or has not recommended 338 applications for SBE approval. Twenty-eight applicants applied in 2015 to open schools in 2017-18. The SBE approved eight of 13 or 61.5% of applications recommended by the Charter Schools Advisory Board pending the successful completion of a mandatory planning year. No applications were submitted in 2015 for fast-track replication, a special option added in policy in 2015. Thirty-eight applications were submitted in 2016 to open schools in 2018-19. Those applications are still under review. One hundred sixty-seven charter schools are operating in 2016-17.

Students

The charter schools student population has grown steadily since 1997, with larger annual increases occurring in the years since the cap on schools was lifted in 2011. The graph below illustrates the increase in allotted charter school student enrollments from 1997 to 2016. According to first month Average Daily Membership (ADM) figures certified in December 2016, 81,968 students are now being served by charter schools.

**Allotted Average Daily Membership
1995-2016**



Data Source: Highlights of the North Carolina Public School Budget, February 2016 (updated in December 2015), Information Analysis, Division of School Business, North Carolina Department of Public Instruction.

In addition to current charter schools' student population, many students have applied to enroll in charter schools but have not been able to enroll due to limited spaces. The NCDPI Office of Charter Schools surveys charter schools annually to gather data regarding the number of students on "wait lists" statewide. In the 2016 survey (closed December 2016), 103 charter schools (61.7% of the 167 schools in operation) responded and indicated that a total of 37,477 students are on wait lists. This figure reflects a point in time (wait lists could change daily) and cannot be verified as an unduplicated count of students (as a student could be on multiple school wait lists), but is the best information available regarding the number of students who have indicated interest in attending charter schools but are not currently enrolled.

Admissions and Student Demographics

Background

NC's charter schools are not subject to school district geographic restrictions and often have student populations drawn from multiple local school districts. Charter schools are directed in G.S. 115C-218.45(e) to "make efforts [to have] the population of the school reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the [charter] school is located or the racial and ethnic composition of the specific population that the school seeks to serve residing within the local school administrative unit in which the [charter] school is located." There is no mechanism by which schools can guarantee racial and ethnic balance, however, nor is there an official consequence for not achieving it.

Charter schools may target certain students through admissions set-asides, if the student population being given priority for admission is identified as such through the school's State Board-approved mission and admissions process. Two charter schools have used this flexibility to employ a "weighted lottery" to work toward a more diverse student body. The Central Park School for Children, located in Durham County, and Community School of Davidson, located in Mecklenburg County, has SBE approval to conduct a weighted lottery based upon the Economically Disadvantaged status of families. Two additional schools have submitted requests to offer a weighted lottery. The ability to conduct weighted lotteries was codified in the 2015 long session in HB 334 and provides for charter schools to have additional controls to enroll underserved populations if supported by the school's mission.

Charter schools may not discriminate in their admissions process on the basis of race, creed, national origin, religion, or ancestry. Charter schools may target certain students through their marketing, but "any child who is qualified under the laws of [NC] for admission to a public school is qualified for admission to a charter school." General Statute does offer a provision for single-gender schools. The Girls Leadership Academy of Wilmington (GLOW), approved for operation beginning in 2016, is the first single-gender charter school.

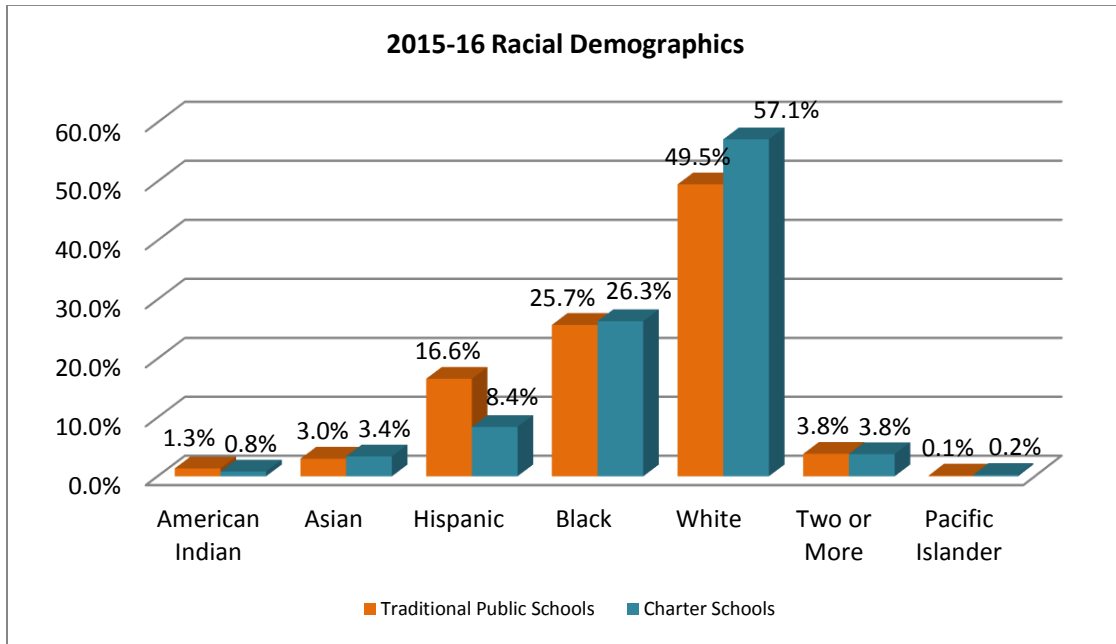
Each charter school has an authorized maximum funded enrollment. If a school receives more applications from qualified applicants than there are funded slots at the school, the school must conduct a lottery and establish a wait list. Students who are not enrolled through the lottery must re-apply for admission each year. Students who are enrolled do not need to re-apply and may retain enrollment in subsequent years.

Demographics: Race and Ethnicity

Based on data from 2015-16, the overall student populations in the NC charter schools and traditional public schools are similar in terms of racial and ethnic composition, though several differences do exist. As illustrated in the chart below, the overall charter schools student population is highly similar to the traditional school population in terms

of the proportion of students who are American Indian, Asian, Black, Two or More Races/Ethnicities, and Pacific Islander. The two notable differences between charter school and traditional school overall populations are that the charter school population is 7.6% more White and 8.2% less Hispanic.

Overall Traditional Public Schools and Charter Schools Racial Demographics

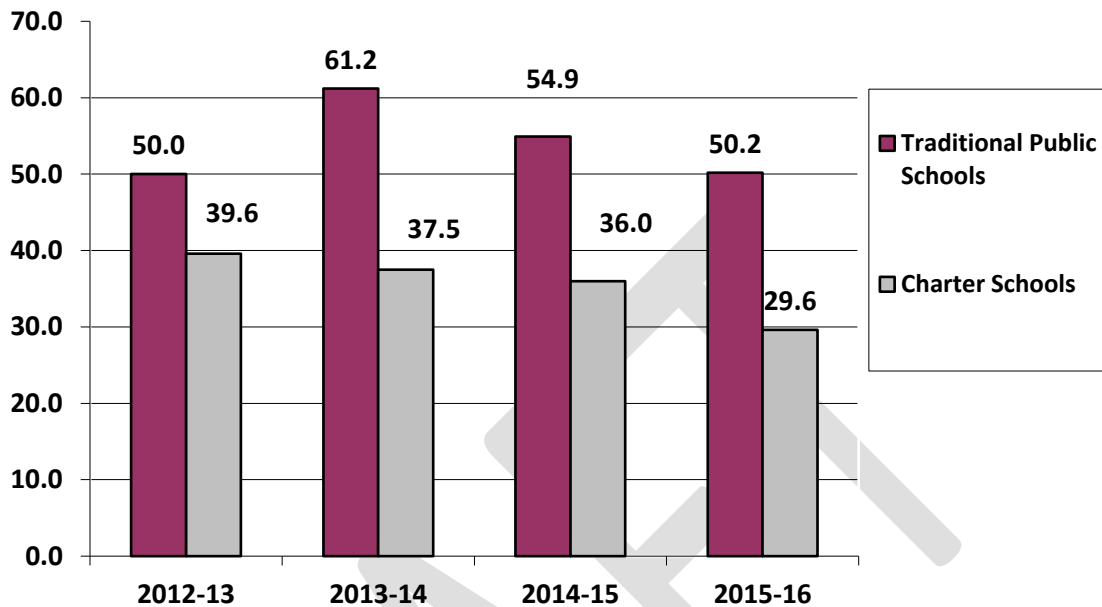


Source: 2015-16 Grade, Race, Sex Report www.ncpublicschools.org/fbs/accounting/data

Demographics: Socio-Economic Status

Overall, NC’s charter schools and traditional public schools differ in terms of the percentage of Economically Disadvantaged (ED) students (e.g., students from families with lower income) they serve. As illustrated in the chart below, the percentage of ED students in traditional public schools and charter schools has fluctuated over the past three years, but historically, charter schools have served a lower proportion of ED students than traditional schools. In 2015-16, the percentage of ED students in charter schools was approximately 20.6% lower than in traditional schools.

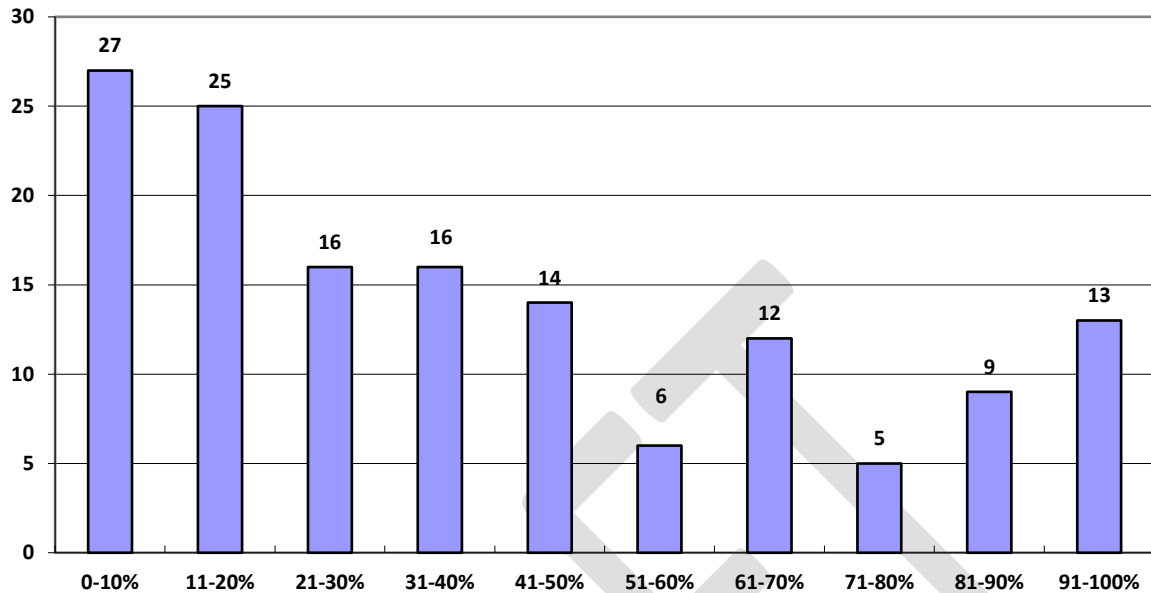
**Percentage of Overall Student Population that is Economically Disadvantaged (ED)
(2012-13 to 2015-16)**



Analysis of school-level data for 2015-16 indicates that the median percentage of ED students in charter schools is 31.3%; seventeen schools did not report in 2015-16 and were not included in the median calculation. Analysis of school-level data for 2014-15 indicates that the median percentage of ED students in charter schools is 24.4%; seven schools reported 0% ED students. The chart on the following page displays the distribution of 2014-15 charter schools based on percentage of ED students served.

It is important to note that the ED student data (collected through NCDPI Testing and Accountability Services) is self-reported by charter schools. While charter schools do certify to NCDPI that the numbers they report are accurate, some schools have expressed concern that, since they must ask families to self-report income information to verify ED status, the figures may underrepresent the true ED population in a given school and across all charter schools. Charter schools that do not participate in the National Free and Reduced Lunch program, and therefore do not have that participation rate to use as a proxy for ED student status, may be most likely to report figures that underrepresent the true ED population at their schools. Improvements to this data collection are being mitigated through collaboration with the National School Lunch Program by using data available through the Direct Certification System for the 2016-17 school year.

Distribution of Charter Schools by Percentage of Economically Disadvantaged Students Served in 2015-16

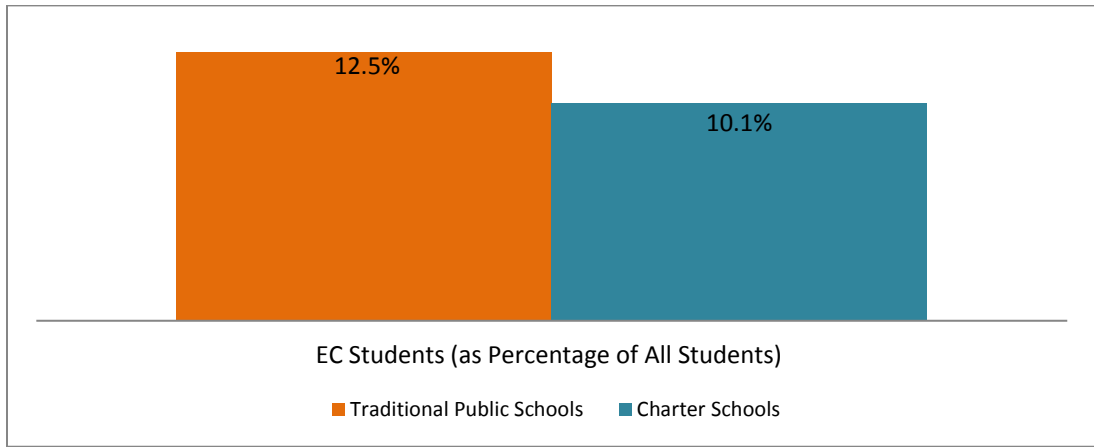


Data Source: NCDPI Accountability Services, 2015-2016. The 17 schools that did not report are not included in the distribution.

Demographics: Exceptional Children

The Exceptional Children's Division collects exceptional children headcount data twice annually. The last reported headcount was April 2016. Based on this data, charter schools serve a slightly lower proportion of students identified as requiring Exceptional Children's (EC) services as are served by traditional public schools. The overall percentage of EC students served is 2.4% lower than the percentage served in traditional schools.

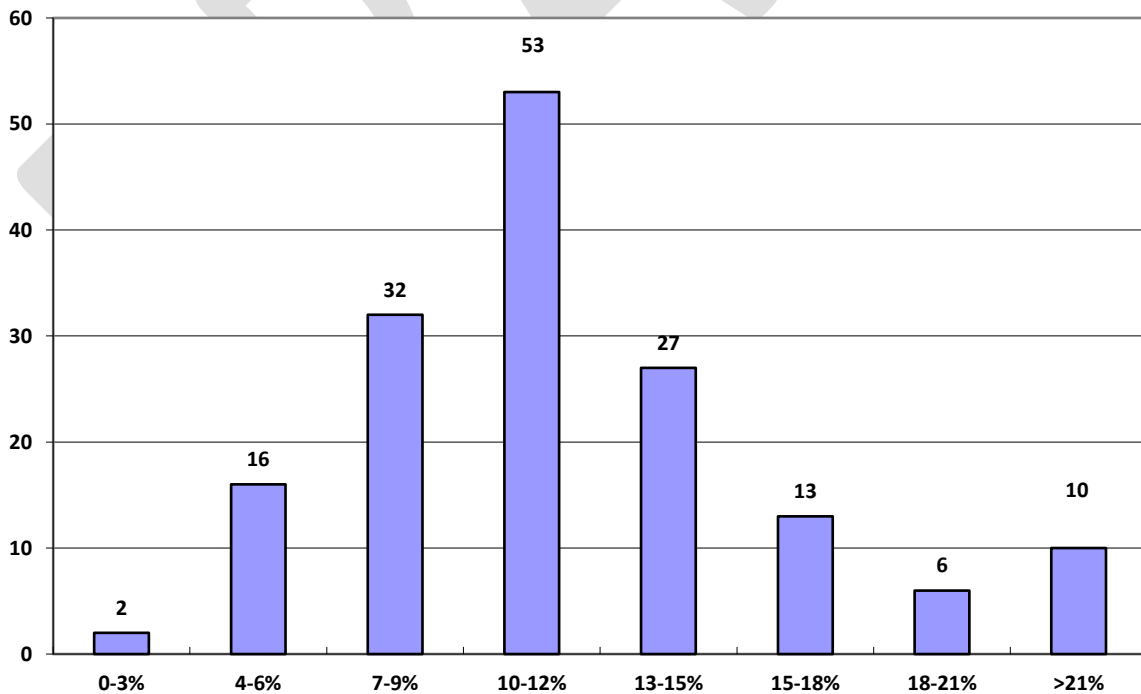
**Exceptional Children’s (EC) Charter Student Population by April 2016 Headcount
(Percentage of Overall Student Population)**



Data Source: Exceptional Children’s Services Division

School-level data indicates that the median percentage of EC students served in charter schools is 10.1%, with the majority of charter schools serving between 7-15% EC students, which is in the average range for traditional public schools.

Distribution of Charter Schools by Percentage of EC Students Served in 2015-16



Data Source: Exceptional Children’s Services Division

Charter Schools Operating Requirements

Charter schools, once approved, must complete a planning year and meet “Ready to Open” criteria that focus on ensuring quality charter board-approved policies to guide the following:

- Sound fiscal management
- Effective governance and operations
- Hiring of high quality staff
- Ensuring student health and safety
- Compliance with Testing and Accountability requirements
- Compliance with Exceptional Children’s requirements

Once opened, though each charter school has significant flexibility in how it operates, the school must meet financial, governance, and academic standards set by the State through statute, State Board of Education policy, its approved charter application, and the terms of the [Charter Agreement](#) signed by each school when the State Board grants final approval of the charter. The Office of Charter Schools helps the State Board monitor each school’s financial, academic, and operational performance annually, and does a comprehensive review, assisted by the Charter Schools Advisory Board, as part of considering whether to grant charter renewals.

Charter Schools Performance

Academic Performance: School Performance Grades

As a result of G.S. 115C-83.15, beginning with the 2013-14 school accountability data, all public schools are assigned School Performance Grades (A-F) based on test scores, and, for high schools, additional indicators that measure college and career readiness. School Performance Grades (SPG) are based on student achievement (80%) and growth (20%). In 2014-15 a letter grade of A^{+NG} was added to represent schools that received an A rating and that did not have significant achievement and/or graduation gaps.

2015-2016 School Performance Grades for All Public Schools

Table 6. Performance Grades by Public Schools and by Public Charter Schools*

Overall Grade	Public Schools		Public Charter Schools	
	Number	Percent	Number	Percent
A ^{+NG}	72	3.1	12	7.7
A	81	3.5	5	3.2
B	589	25.6	45	29.0
C	1,034	44.9	50	32.3
D	440	19.1	29	18.7
F	88	3.8	14	9.0
Total	2,304		155	

*Due to rounding, the percent of schools may not total 100%.

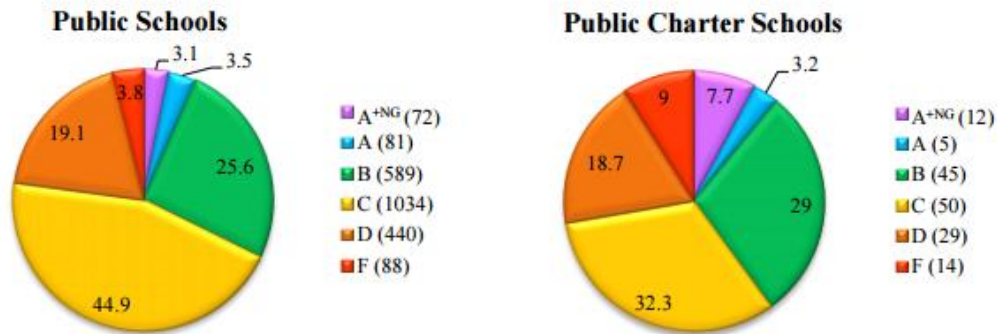


Figure 10. Performance grades for public schools and public charter schools

Data Source:

<http://www.ncpublicschools.org/docs/accountability/reporting/exsumm16.pdf>

The data indicates that charter schools had higher percentages than traditional public schools of both A/A^{+NG} and B ratings, and D and F ratings. This suggests that there are higher percentages of charter schools on both ends of the rating continuum and fewer in the average range, as compared to traditional public schools.

Academic Performance: Relative to State Board of Education Goals

As part of its strategic planning initiative, the State Board of Education created a series of goals for charter school performance over time. Specifically, Goals 2.4.1a, 2.4.1b, and 2.4.2 set targets for charter school academic performance, as measured through percentage of students proficient on State tests, and school growth, as defined by the Education Value Added Assessment System (EVAAS). The following chart shows the charter schools’ actual results relative to the State Board’s goals and targets:

State Board of Education Strategic Plan: Goals and Measures for Charter Schools

	Measure	2012-13		2013-14		20-14-15		2015-16	
		Targeted	Actual	Targeted	Actual	Targeted	Actual	Targeted	Actual
2.4.1a	Percentage of charter schools at or above 60% on EOG and EOC assessments (Students scoring Levels 4 & above: College-and-career-ready (CCR) standard)	NA	30.8%	49.2%	32.0%	51.7%	39.9%	43.0%	38.3% ^{2*}
2.4.1b	Percentage of charter schools at or above 60% on EOG and EOC assessments (Students scoring Levels 3 & above: Grade Level Proficiency (GLP) standard)	NA	NA	49.2%	54.4%	51.7%	55.9%	58.0%	59.7% ^{2*}
2.4.2	Percentage of charter schools meeting or exceeding expected annual academic growth	N/A	82.7%	73.0%	75.6%	75.0%	73.4%	75%	70.1% ^{3*}
2.4.3	Percentage of charter schools meeting or exceeding all financial and operational goals as measured by the Office of Charter School's performance framework*	N/A	N/A	N/A	N/A	N/A	32.1%	TBD	76.9% ^{4*}

¹The 32.1% excludes items that we anticipate removing or revising in 2015-16; with those items included, the 2014-15 total is 26.0%

²This calculation does not include two schools that closed at the conclusion of 2015-16 or two schools that do not offer tested grades

³This calculation does not include two schools that closed at the conclusion of 2015-16 or six schools that do not have a growth score

⁴This is a combined rating of Operations and Finance and do not include two schools that closed at the conclusion of 2015-16. Individual ratings for Operations is 132/156 or 84.6% and for Finance 138/156 or 88.4%

*These preliminary statistics have not been approved by the State Board of Education and are subject to change based upon Accountability or other data corrections.

Data Source: State Board of Education Strategic Plan

(<http://stateboard.ncpublicschools.gov/strategic-plan/strategic-plan-full.pdf>)

It is important to note for that these State Board measures, which align with statutory language delineating a floor for “academic adequacy,” are above and beyond what the Board uses to measure school performance for *all* public schools (see Objective 1.5/measures 1.5.1a-b, 1.5.2, and 1.5.3 in the State Board Strategic Plan, linked above). The charter schools’ performance on the additional measures 2.4.1a and 2.4.1b that are only for charter schools (illustrated above), while not reaching the State Board’s targets, is higher than the state average school performance against these measures and higher than the average for traditional schools only. The chart below illustrates this comparison.

Percent of NC Public Schools At/Above 60% CCR (Level 4 or 5) on the 2015-16 EOG and EOC Assessments				
Type of School	# LEAs/Charters Under 60%	# LEAs/Charters Over 60%	% Over 60%	SBE Target
Charter	95	59	38.3%	43.0%
Traditional	109	6	5.2%	N/A
Percent of NC Public Schools At/Above 60% GLP (Level 3, 4, or 5) on the 2014-15 EOG and EOC Assessments				
Type of School	# LEAs/Charters Under 60%	# LEAs/Charters Over 60%	% Over 60%	SBE Target
Charter	62	92	59.7%	58.0%
Traditional	76	39	33.9%	N/A

Data source: NCDPI Accountability Division’s 2015-16 State, District and school Level Summary Data (<http://www.ncpublicschools.org/accountability/reporting/>)

Academic Performance: Low-Performing and Continually Low-Performing Schools

House Bill 242 approved in 2016 removed the language defining academic inadequate schools from 60% or growth in two of three years. The new language defined Low-Performing and Continually Low-Performing Charter Schools.

- Low-performing charter schools are those that received a school performance grade of D or F and a school growth score of “met expected growth” or “not met expected growth”.
- A continually low-performing charter school is a charter school that has been designated by the State Board as low-performing for at least two of three consecutive years.

In 2015-16, there were 30 charter schools designated as Low-Performing. This does not include the two charter schools that closed at the conclusion of 2015-16 due to non-renewal. There were 24 charter schools designated as Continually Low-Performing.

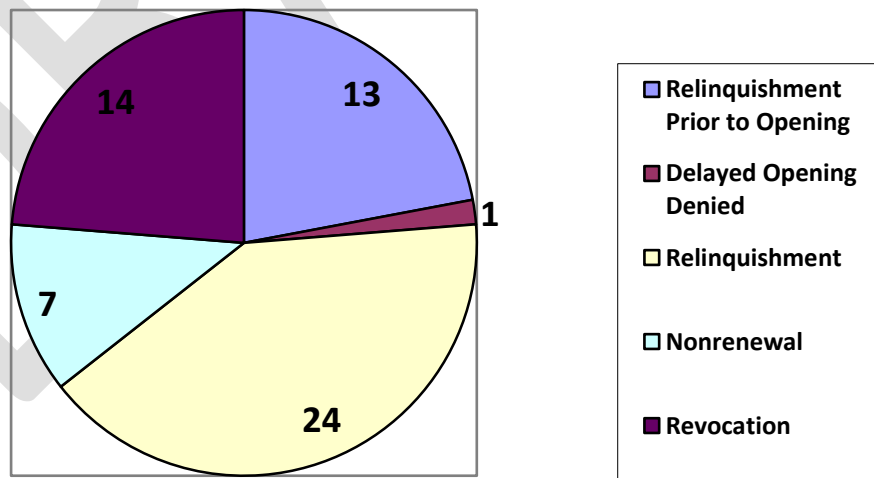
Charter School Closure

Between 1997 and 2016, 59 charter schools closed. This total number includes schools that were not able to open, schools that relinquished their charters, and schools that either had their charters revoked or not renewed by the State Board of Education.

The majority of charter school closures have been the result of financial or financially-related issues – low enrollment, fiscal noncompliance, excessive debt, etc. Out of the 45 schools that opened for operation, but then closed, 35 (or 80%) of those schools closed due to financial reasons.

Since the cap on charter schools was lifted in 2011, 15 schools have closed (including three that were not able to open). These 15 schools account for 25% of all school closures since 1997. Since August of 2014, 11 charter schools have closed. Two of those schools relinquished the charter prior to opening and five schools were in the first year of operation. One of those schools was revoked due to non-compliance with requirements for services for Exceptional Children. Since 2012, three schools closed due to inadequate academics.

Reasons for Charter School Closure from 1997-2016
(# of Schools by Closure Reason)



IMPACT OF CHARTER SCHOOLS ON THE PUBLIC SCHOOL SYSTEM

Historical Overall Fiscal Impact

Growth in the number of charter schools combined with increased student populations at existing charter schools has increased the financial impact charter schools have on the overall system of public schools. The growing enrollments in charter schools mean an increase in State Public School Fund dollars allotted to them. As the chart on the next page shows, State funding for charter schools has increased from just over \$16 million in 1997 to more than \$366 million in 2014-15.

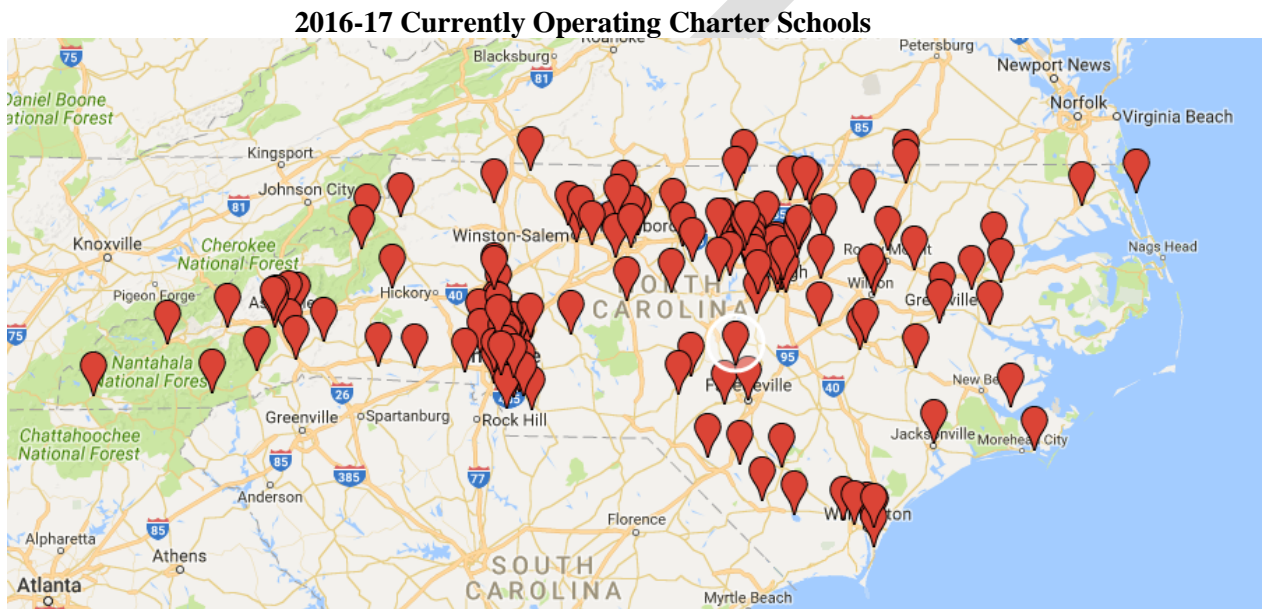
Charter Schools Status Report 1997 - 2016

Year	Approved	Opened	Closed	Relinq w/o Opening	Total in Operation	Planning Allotted ADM	% of Total ADM	Total State Funds Allotted
1996-97	34	0	0	0	0			
1997-98	31	34	1	0	33	4,106	0.3%	\$ 16,559,947
1998-99	28	26	3	0	56	5,572	0.4%	\$ 32,143,691
1999-00	17	23	4	4	75	10,257	0.8%	\$ 50,104,210
2000-01	9	15	4	3	86	14,230	1.1%	\$ 64,213,491
2001-02	3	8	3	2	91	19,492	1.5%	\$ 77,177,902
2002-03	2	5	3	1	93	19,832	1.5%	\$ 87,233,744
2003-04	4	2	2	0	93	21,578	1.6%	\$ 94,286,726
2004-05	2	4	0	0	97	24,784	1.8%	\$ 110,888,050
2005-06	1	2	3	0	96	28,733	2.1%	\$ 132,089,910
2006-07	7	1	4	0	93	29,170	2.0%	\$ 144,299,621
2007-08	2	7	2	0	98	30,892	2.1%	\$ 169,871,326
2008-09	0	2	3	0	97	34,694	2.3%	\$ 191,751,412
2009-10	3	0	1	0	96	38,449	2.6%	\$ 187,726,898
2010-11	1	3	0	0	99	41,314	2.8%	\$ 200,058,046
2011-12	9	1	0	0	100	44,829	3.0%	\$ 228,291,552
2012-13	24	8	1	1	107	48,795	3.3%	\$ 255,396,318
2013-14	26	22	2	1	127	53,655	3.6%	\$ 304,459,644
2014-15	14	24	3	0	148	64,186	4.2%	\$ 366,455,982
2015-16	15	14	3	1	159	81,943	5.4%	\$ 444,131,335
	232	201	42	13				

Data Source: Highlights of the North Carolina Public School Budget, February 2016, Information Analysis, Division of School Business, North Carolina Department of Public Instruction.

Current School Year (2016-17) Specific Fiscal Impact

For the current academic year over half of the 115 local school districts in North Carolina have charter schools located within them. Even though a charter may be located in a specific school district, charter schools are not bound to only serve students from the district in which they are located. Many charter schools serve students from multiple school districts, in which cases the charter schools' impact extends across school district boundaries. The specific fiscal impact of a given charter school on its "home district" and those around it will vary depending upon the number of students from the various districts who attend the charter school.



Data Source: <http://www.ncpublicschools.org/charterschools/schools/map>

167 charter schools, located in 62 school districts and 60 counties, are currently open and serving 81,968 students (first month ADM for 2015-2016). The projected enrollment for 2016-2017 was 96,904 students. The funded ADM for 2016-17 is 92,273. Statewide, charter schools are at 95% of projected enrollment for 2016-17.

Prior to 2013, the State Board of Education was required by legislation to solicit impact statements from LEAs when new applications for charters were being considered or when existing charter schools wanted to grow beyond what was normally allowed within the statute. The General Assembly removed the requirement that LEAs submit impact statements, but the State Board has continued to consider comments from school districts in situations involving charter school enrollment growth.

Other Considerations: Other Fiscal and Non-Fiscal Impact

Discussion of the impact of charter schools upon the overall system of public schools typically focuses on the amount of operational (also known as "current expense") funding

shifting from each school district to charter school(s) in or near the district; however, there are a number of other impacts, though perhaps harder to document, that are worth considering. For example, another potential fiscal impact in urban school districts facing overcrowding is that they might have less immediate needs to expand facilities if significant numbers of students choose charter schools instead.

Charter schools may also have non-fiscal impacts on the system of public schools. Where charters exist, they typically do create alternative education options for parents to consider for their students, though the accessibility of these alternative options may be limited for some families in cases where a charter does not provide the same level of transportation or school nutrition services as the local school district. Presence of “competitive” charters in a district may create greater urgency and/or focus for all the schools – traditional and charters – to experiment in order to find what will work best to improve student outcomes for their particular student populations. Similarly, the presence of charter school options for parents may lead parents to engage more deeply with the public schools – traditional or charter – in order to better understand the options available for students.

BEST PRACTICES RESULTING FROM CHARTER SCHOOL OPERATIONS

Charter Schools Performance Framework

In September 2014, the State Board of Education (SBE) commissioned the Office of Charter Schools (OCS); through its strategic plan, to develop and implement a Performance Framework (PF). Specifically, the PF captures school data trends over time, is a part of the renewal process, and may be used for high-stakes decision-making. Information outlined in the PF allows OCS to provide charter schools, SBE, and Charter Schools Advisory Board (CSAB) one consistent document to determine whether a charter school is meeting academic, operational and financial goals.

The OCS published the first PF for charter schools in June 2015. At the August 5, 2015, meeting, OCS updated the SBE on the June 2015 PF and outlined next steps for the 2016 release. After receiving feedback from the field and upon recommendation of the CSAB, OCS made adjustments to the PF to include information only required by statute, SBE policy, and the charter agreement. Further changes included producing a more simplified document to contain two (2) ratings (Compliant and Not Compliant) and streamlining the data collection/review process using Microsoft SharePoint. Finally, a timeline was established to align the PF release with the NC Department of Public Instruction's (NCDPI) annual academic data announcement.

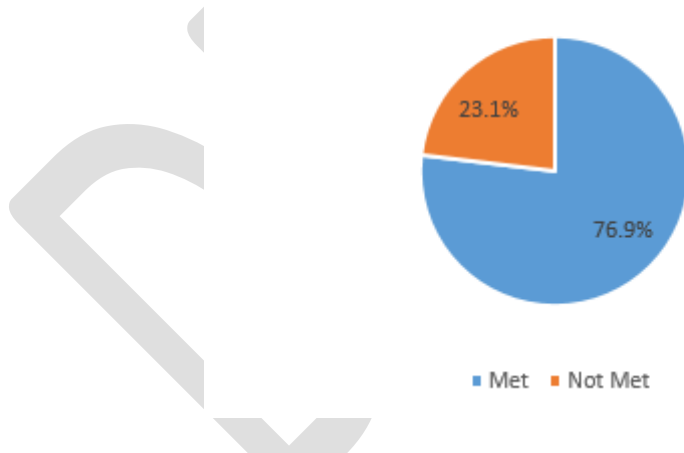
The 2016 PF data collection period started June 23, 2016, and concluded July 8, 2016. Prior to the data collection period, OCS provided training to all charter schools on using Microsoft SharePoint. During the data collection process, technical assistance was granted as needed. Extensions were granted to charter schools requesting additional time to submit information. OCS reviewed and provided feedback for items submitted for the PF from July - August 2016. OCS then provided a correction period for schools to adjust

items to ensure compliance with statute, SBE policy, and the charter agreement. Any school not making specific corrections or submitting requested documentation after extension requests received a rating of "Not Compliant" for the 2016 PF.

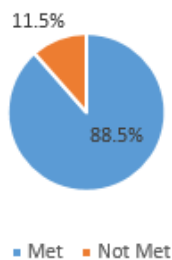
At its September 2016 meeting, the CSAB recommended that the OCS produce a report to the SBE each year to summarize charter schools progress with meeting academic, financial, and operational goals. The report, approved by the CSAB on October 13, 2016, summarizes the performance of the 157 charter schools operating during the 2015-16 school year.

120 of 156 or 76.9% of charter schools met or exceeded all financial and operational goals. This calculation does not include two charter schools that closed at the conclusion of 2015-16. 138 of 156 or 88.5% of all charter schools met expected financial standards and 132 of 156 or 84.6% of all charter schools met expected operational standards. The 2014-15 measure for schools that met or exceeded both financial and operational goals was 32.1%. While there was no targeted goal set for 2015-16, there were gains of 44.8%. These gains may be attributed to the direct support in the achievement of operational compliance by the Office of Charter Schools both during the 2015-16 school year and through feedback and support during the annual evidence collection process.

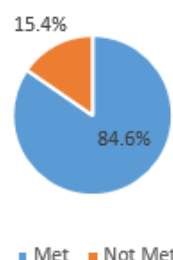
Percentage of Charter Schools that Met or Exceeded All Financial and Operational Requirements for 2015-16



Percentage of Charter Schools that Met Financial Requirements in 2015-16



Percentage of Charter Schools that Met Operational Requirements in 2015-16

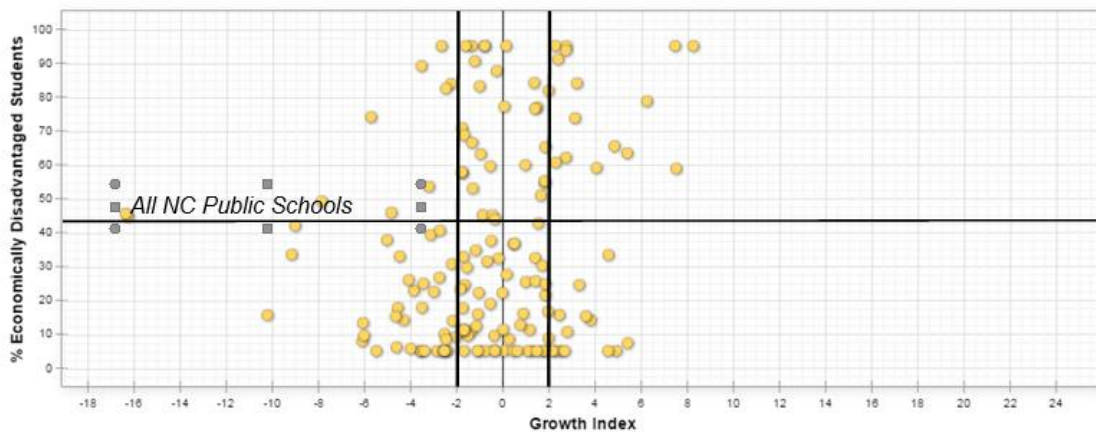


The [report](#), recommended by the Charter Schools Advisory Board, was approved by the State Board of Education at the November 3, 2016 meeting.

High Academic Growth with Disadvantaged Student Population

Another measure of excellence for charter (and traditional) schools is achieving high academic growth, as measured by the Education Value Added Assessment System (EVAAS) with a student population that is economically disadvantaged. As illustrated below, eight charter schools were able to exceed growth expectations with student populations that were 70% or greater Economically Disadvantaged, and two of these schools were able to achieve extremely high growth.

2015-16 Charter Schools Percentage of Economically Disadvantaged Students and Academic (EVAAS) Growth



Based on this 2015-16 data,

In addition, the following ten other charter schools with an ED population over 70% exceeded expectations for student growth (by achieving an EVAAS growth score of greater +2):

- Alpha Academy (26B)
- Carter Community (32C)
- Carter G. Woodson (34D)
- Douglass Academy (65C)
- Global Scholars Academy (32M)
- Guilford Preparatory Academy (42C)
- Henderson Collegiate (91B)
- Reaching All Minds Academy (32Q)

- Rocky Mount Preparatory (64A)
- Torchlight Academy (92L)

The following six other charter schools with an ED population over the state average (all public schools) of 43.7% similarly exceeded expectations for student growth:

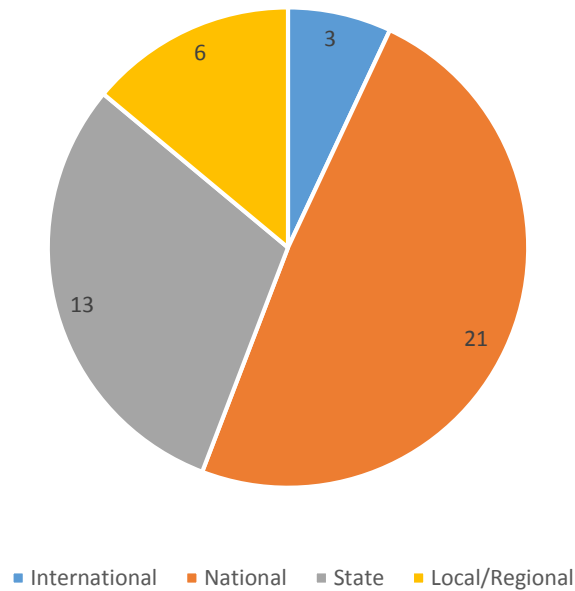
- The College Prep and Leadership Academy of High Point (41H)
- The Institute for the Development of Young Leaders (32P)
- North East Carolina Preparatory (33A)
- Quality Education Academy (34B)
- Sallie B. Howard School for the Arts (98A)
- Success Institute (49D)

Charter Schools Receiving Special Awards and Recognition

North Carolina charter schools have been recognized since their inception in 1997. In 2016, charter schools have maintained exemplary models at the state, national and international level. While a comprehensive list of awards and recognition is not available, the Office of Charter Schools utilizes school self-reporting and the *U.S. News and World Reports* school rankings as examples of charter school achievement.

The Office of Charter Schools conducted a [survey](#) of schools that received awards or recognition in 2015-16. The survey was conducted from October 11- October 25, 2016. This self-reported information may not include all of the awards and recognition achieved by charters schools in 2016. The awards and recognition reported ranged from city/local awards to international awards. Many awards represent the mission-based goals of the school. Twenty schools responded to the survey and reported 43 awards and recognition in the following categories:

2015-16 Charter School Number Awards and Recognition Received by Category



In addition to the self-reported awards and recognition, [*U.S. News and World Reports*](#) nationally recognizes the top high schools. In 2016, one charter high school was in the top 100 high schools nationally. There were 5 charter high schools recognized in the top 100 charter high schools nationally. Eleven charter high schools were designated in the top 50 schools in North Carolina.

OTHER INFORMATION

The Office of Charter Schools and NCDPI Support of Charter Schools

As discussed in the Academic Performance section above, the State Board of Education has set a goal of increasing the number of charter schools that meet or exceed all operational, financial, and academic performance expectations. To this end, NCDPI, through the Office of Charter Schools (OCS) and other areas of the agency, provides a broad range of services to charter schools to help ensure that they understand how to meet all State and federal laws and policies and the promises they have made in their charter applications/agreements. In addition, though charter schools are not required to use the curricular, instructional, and technological resources provided for all public schools, NCDPI works to ensure that charter school leadership is fully informed about State-provide resources that could provide charters with cost effective, high quality materials and infrastructure if they so choose. Finally, NCDPI responds almost daily to requests from charter school leaders and their contractors, charter school advocates, parents, and public officials for information about charter schools and/or technical assistance.

Highlights of the services that NCDPI provides to the NC charter schools include the following:

- Office of Charter Schools (OCS)
 - Conducts Application Process training for prospective applicants for charters
 - Hosts Planning Year training for new charter school boards and school leaders on topics including governance, state and federal law, SBE policies, and the Charter Agreement.
 - Delivers periodic refresher training for charter school board members and school leaders
 - Maintains efficient, user-friendly online Application, Renewal, and Grade Enrollment & Expansion Request systems
 - Maintains a website with OCS- and NCDPI-created resources, and links to externally created resources (such as those provided by the National Association of Charter School Authorizers)
 - Provides daily technical assistance through phone and email communication with school staff, parents, charter advocacy organization representatives, vendors, et al
 - Processes individual schools' amendments to their charters (some amendments can be approved by OCS, while many require approval through State Board deliberations)
 - Staffs the State Board of Education's Education Innovation and Charter Schools Committee (to present charter school policy items and amendments that schools have requested) and the Charter Schools Advisory Board
 - Meets with groups of charter school leaders periodically to hear their concerns and identified needs and discuss with these leaders how OCS can better serve them
 - Hosts annual charter school leadership institute where charter leaders can receive technical assistance from a variety of NCDPI experts and share with other charter school leaders
- Educator Effectiveness and Curriculum & Instruction Divisions
 - Provide a range of training, technical assistance, and both face-to-face and online professional development opportunities, including the following:
 - Inviting all charter schools to participate in Summer Institutes and other statewide and regional professional development gatherings supported with Race to the Top funding between 2010-11 and 2015-16

- Inviting all charter schools to participate in the Principal READY meetings (professional development specifically for principals and assistant principals) across the State
 - Inviting all charter schools to participate in regionally-delivered professional development regarding standards and curriculum (i.e., instructional strategies)
 - Encouraging all charter schools to use the online professional development modules available through Home Base (and providing training for how to do so)
 - Offering webinars on a variety of topics (such as how to use Home Base tools and the Statewide Educator Evaluation System) specifically targeted to charter school administrators
- K-3 Literacy Division
 - Provides charter schools statewide with a dedicated consultant to conduct professional development for teachers and principals regarding literacy instruction and the State’s formative, diagnostic assessment system (required for use as part of the Excellent Schools Act/Read to Achieve legislation)
 - Trains master literacy trainers (including charter schools representatives) across the state to provide ongoing support regionally to schools regarding early literacy instruction
- Exceptional Children’s Division
 - Assists charter schools in accessing federal funds for students with special learning needs
 - Provides a range of technical assistance services to help charter schools meet the needs of children with special learning needs
 - Invites all charter schools to annual conference designed to provide professional development across a broad range of topics related to serving students with special learning needs
 - Provide support in the new charter application evaluation process
 - Provides support staff specific to Charter School
 - Supports the Office of Charter Schools and the Charter School Advisory Board by providing detailed school compliance information
- Finance and School Business Divisions
 - Advocate for adequate funding for State Public School Fund, which is the source of funds for both traditional and charter school funds (which rise and fall in concert, as the State funds for each charter are based on the funding to the district in which the charter is located)
 - Allot State funds to charter schools

- Provide efficient, user-friendly online Charter School Average Daily Membership (CSADM) system for schools to enter their projected enrollments
- Monitor and reports on charter school expenditures (in response to oversight by the General Assembly)
- Process (with OCS) schools' requests for school enrollment and grade expansion
- Provide support in the new charter application evaluation process
- Supports the Office of Charter Schools and the Charter School Advisory Board by providing detailed school compliance information
- Information Technology Area and Digital Teaching & Learning Division
 - Enable charter schools to benefit from State economies of scale for technology solutions set up to serve every school – traditional and charter – Statewide
 - Provide all charter schools with cloud-based student accounting system with many school management features, including scheduling and producing customized student transcripts
 - Provide all charter schools with opportunity to use cloud-based professional development and instructional/classroom management tools (through Home Base)
- Child Nutrition Division
 - Assists charter schools in accessing federal funding to support free and reduced price lunch program
- Transportation Division
 - Provides free inspections and detailed reports regarding safety of charter school buses
 - Provides free replacement of school buses at retirement threshold when school has purchased a new bus

Update on Legislation Affecting Charter Schools

The General Assembly, in its 2015 Session, ratified House Bill 242, which made a number of changes to charter schools statute. The changes are as follows:

Application Amendments

- Modified the language to include provision for the State Board of Education to consider enrollment increases above 20% for capital expansion even if the general provisions for expansion are not met.

Charter School Enrollment

- Added the provision to offer enrollment priority to a student who was enrolled in another charter school in the State in the previous school year that does not offer the students' next grade level
- Added the provision to offer enrollment priority to a student who was enrolled in another charter school in the State in a previous school year that does not offer the student's next grade level and both of the charter schools have an enrollment articulation agreement to accept students or are governed by the same board of directors.

Charter Applications and Renewals

- Added language to require the State Board of Education to review the operations of each charter schools at least once prior to expiration of its charter to ensure that the school is meeting the expected academic, financial, and governance standards.
- Changed the renewal language from "may" to "shall" to require the issuance of a renewal of ten years if certain criteria are met.

Low-Performing and Continually Low-Performing Schools

- Removed the language that defined inadequate performance of not meeting grow or 60% proficiency in any two of three years.
- Added language to define low-performing and continually low-performing schools.
- Added language with provisions of terminating, not renewing or seeking applicants for assumption for charter schools identified as continually low-performing.

Update on Virtual Charter School Pilot

Section 8.35.(a-g) of S.L. 2014-100 directed State Board of Education to implement a virtual charter school pilot program that would first serve students in August 2015. This pilot program would last for four years and is limited to only two virtual charter schools.

In August 2015, the two virtual charter schools opened after successfully completing the Ready to Open process. The State Board of Education discussed the [Virtual Charter School Report](#) at the December 1, 2016 meeting and may approve the report at its January 2017 meeting.

Update on Drop-Out Prevention and Recovery Pilot

S.L. 2014-104 established a two-year pilot program for one alternative charter school that would focus on dropout prevention and recovery.

Commonwealth High School in Charlotte applied for and was approved for the pilot program, and opened in the 2014-15 school year. The pilot has now concluded. Currently, there are two additional schools in operation and pending approval for using this model.

The State Board submitted a [legislatively required report](#) to the Joint Legislative Education Oversight Committee on May 10, 2016 regarding Commonwealth's pilot experience.

Update on 2016 Charter Renewals

Eleven charter schools completed the renewal process in 2016. The Charter School Advisory Board (CSAB) utilized the same framework for determining recommendations for the number of years for each renewed charter terms from 2015.

The State Board of Education approved all of the CSAB's 2015 renewal recommendations. Of the 11 renewals, six received a ten-year term, one received a seven-year term, one received a three-year term, one received a three-year term with stipulations, and two received non-renewals.

Update on 2015 Charter Applications

Twenty-eight charter applicants submitted applications for the 2017-18 school year through NCDPI's automated system in September 2015. The Office of Charter Schools reviewed the applications, and the applicant groups with incomplete applications were given five days to submit or clarify incomplete items. All thirteen applicants that were given the five days to submit missing information did so; each of the 28 applications were deemed complete and moved forward for substantive review. Each applicant group was interviewed by the CSAB between November 2015 and April 2016 as part of the formal review process. The CSAB made recommendations to the State Board of Education (SBE) for applications to move into the Planning Year/Ready to Open process for 13 schools. The SBE approved eight of the 13 or 61.5% of the recommended schools.

Trends in the 2015 applications included the following:

- Mecklenburg County and surrounding counties continued to be the area with the most applicants.
 - Mecklenburg County (6 applicants)
 - Gaston County (3 applicants)
 - Union County (1 applicant)
 - Iredell County (1 applicant)
- Urban areas generally have also continued to be the focus of the preponderance of charter applications
 - Forsyth County (3 applicants)

- Guilford County (2 applicants)
- Wake County (4 applicants)
- Increasingly, applicant non-profit boards are partnering with Education Management Organizations (EMOs); there are 12 such applicants in 2015.

Accelerated Planning Year

On November 6, 2014, the State Board of Education revised its existing policy TCS-U-013 that mandated a planning year for all new charter schools. The State Board identified key characteristics of a new applicant that could lead to the acceleration of the planning year. Those key indicators are:

- Clear and compelling need for accelerated planning
- Partnership with two or four-year institution of higher education in NC
- Verified absence of a charter school in the proposed county of location
- Agreement to participate in the planning year while the charter application is being reviewed without any guarantee of a charter award.

The Northeast Academy of Aerospace and Advanced Technologies located in Pasquotank County met the statutory criteria for acceleration and completed the Ready to Open process in the fall of the year in which the school's application was approved, opening in August 2015 with 122 students. For 2015-16, this school did not meet growth but did exceed by more than 12% the LEA in both College and Career Readiness (CCR) and Grade Level Proficiency (GLP).