



# HOUSE BILL 1080: Achievement School District.

**This Bill Analysis  
reflects the contents  
of the bill as it was  
presented in  
committee.**

2016-2017 General Assembly

<b>Committee:</b>	House Education - K-12	<b>Date:</b>	May 25, 2016
<b>Introduced by:</b>	Reps. Bryan, Brockman, Bradford	<b>Prepared by:</b>	Drupti Chauhan and Kara McCraw
<b>Analysis of:</b>	PCS to First Edition H1080-CSTC-76		Committee Co- Counsels

**SUMMARY:** *HB 1080 would create the Achievement School District (ASD), a State-level and statewide school administrative unit for low-performing schools from across the State. It would also allow the creation of innovation zones for local school administrative units (LEA) that transfer a qualifying school into the ASD, and provide a principal turnaround reform model for continually low-performing schools.*

*The PCS for HB 1080 would makes substantive and technical changes, including:*

- *Revises the definition of qualifying school.*
- *Requires the SBE to authorize no more than 5 principal turnaround model schools.*
- *Requires ongoing evaluations of the ASD, innovation zones, and principal turnaround reform model beginning in 2017 until 2023.*
- *Creates a 5 school innovation zone in Charlotte-Mecklenburg Schools composed of Project LIFT and Beacon Initiative schools.*
- *Creates a small and medium LEA innovation zone pilot of up to 3 schools.*

**CURRENT LAW:** Administration of public schools in the State is primarily at the local level, with the exception of certain schools that serve specialized populations administered at the State level. There are 115 local school administrative units in North Carolina which largely correspond to counties or, in some cases, cities.

G.S. 115C-105.37B allows LEAs with continually low-performing schools to request approval from the State Board of Education to adopt certain reform models for those schools, including the "restart model" which authorizes the local board to operate a school with the same flexibility of a charter school (except for certain employment requirements) or under the management of an educational management organization selected through a rigorous review process. These schools remain under the control of the local board of education.

**BILL ANALYSIS:** **Section 1** would create a new article establishing the Achievement School District and Innovation Zones as follows:

**Definitions – G.S. 115C-75.5** sets forth the definitions related to the ASD.

**Achievement School District – G.S. 115C-75.6** establishes the ASD under the control of the State Board of Education (SBE) and headed by the ASD Superintendent. Recommendations for selection of the ASD Superintendent would be made by a Selection Advisory Committee, headed by the Lt. Governor with final appointment by the SBE.

**Selection of Achievement Schools – G.S. 115C-75.7** provides that the SBE, upon the recommendation of the ASD Superintendent, would select 5 qualifying elementary schools to transfer to the ASD as achievement

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schools. No more than 1 school could be selected from each LEA unless the LEA consents to more than 1, and the selected schools should reflect geographic diversity.

**Selection Process:** To qualify for consideration, the elementary school must meet one of the following:

1. Received a school performance score in the lowest 5% of all schools in the prior school year that meet the following requirements:
  - The school includes all or part of grades K-5.
  - The school did not exceed growth in at least one of the prior 3 school years and did not meet growth in at least one of the prior 3 school years.
  - One of the reform models for continually low-performing schools has not been adopted for the school in the prior school year.
2. Received a school performance score in the lowest 10% of all schools that include all or part of grades K-5 in the prior school year and was designated by the local board of education for consideration as an achievement school by the SBE.

The ASD Superintendent must consider the school's performance over the past 3 years, conduct an evaluation of the school, confer with local officials, hold a public hearing, and make recommendations to the SBE by November 15. The SBE must select the prospective schools by January 15.

**Local Board of Education Determination:** Once notified that an elementary school in the LEA has been selected, the local board must adopt a resolution no later than March 1 to: (i) close the school at the end of the school year; (ii) consent to the transfer of the school to the ASD, or (iii) request adoption of the principal turnaround reform model under G.S. 115C-105.37B. Prior to the determination, the local board must hold a public hearing on the proposed transfer, closure, or adoption of the principal turnaround reform model.

**Public Notification:** A list of the qualifying and selected achievement schools would be made publically available on the ASD website.

**Waivers for AS Schools:** The ASD Superintendent may waive SBE rules, regulations, policies, and procedures, or the provisions of this Chapter for achievement schools but they must comply with, at a minimum, the statutory requirements for charter schools as provided in Article 14A of this Chapter.

**Selection of AS Operators – G.S. 115C-75.8** requires the SBE to select operators for the achievement schools (AS operators) by February 15.

**Selection Criteria:** The AS operators would be selected based on recommendations of the ASD Superintendent. To qualify for selection, an AS operator must show one of the following:

- 1) The school or schools operated by the entity in this State or other states have a record of results in improving performance of either persistently low performing schools or of a substantial number of persistently low-performing students attending the school.
- 2) The entity (or a contractual affiliate) has a credible and specific plan for dramatically improving student achievement in a low-performing school and provides evidence that the entity is currently operating a school or schools in this State that either provide a sound, basic education or have demonstrated consistent and substantial growth towards providing a sound, basic education in the prior three school years.

**Community outreach opportunities:** The selected AS operators would have to be given opportunity to hold public information sessions and other outreach to the community, school, and local board prior to the local board's adoption of the transfer/closure resolution by March 1.

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**Management of Achievement Schools – G.S. 115C-75.9** requires the direct management of an achievement school by an AS operator for a 5 year contract. The AS operator would have a direct role in making decisions on school finance, human capital, and curriculum and instruction.

**Assignment to Achievement Schools:** Achievement schools must remain open to enrollment in the same manner with the same attendance zone as prior to becoming an achievement school. If the local board's student reassignments due to populations changes or openings or closures of other schools impacts the achievement school, the AS operator can appeal to the ASD Superintendent and request a hearing before the SBE on the reassignment and the SBE would determine if the local board's reassignment plan may proceed.

**Facility and Capital Expenditures:** The LEA in which the achievement school is located would remain responsible for facility and capital expenditures for the achievement school. An occupancy agreement must be agreed up and differences can be petitioned to the SBE for resolution. The AS operator would have first priority in facility use for any purpose related to the operation of the school.

**Transportation:** The local board of education must provide transportation of all students assigned to the achievement school in the same manner as transportation is provided for schools within the LEA.

**Alternate Arrangements for Memorandums of Understanding:** If the AS operator chooses to do so, facilities, capital, transportation, and services for children with disabilities may be addressed in a different manner through a memorandum of understanding (MOU) which must finalized within 30 days of the request of the AS operator. The SBE would resolve any disputes.

**Student Records:** The local board of education must make student records available to the achievement school at no cost.

**Achievement School Employees:** The AS operator must select and hire the school principal for the school and select staff members as guided by the ASD Superintendent. The AS operator and the ASD Superintendent or designee must interview existing staff members at the school and review student data for those staff members. They may also review personnel files for the existing staff members and have the authority to decide whether existing staff members shall continue as employees of the achievement school. Those hired to work in an achievement school would be employees of the ASD and under its exclusive control and would continue to be State employees on the terms of the employment established by the AS operator.

**Local Boards of Education Employees:** The transfer of a school to the ASD would be a reorganization of the LEA resulting in a reduction of force. If an employee is not hired by the ASD, the local board of education may: (i) continue the employee's employment with the local board of education; (ii) dismiss the employee due to a reduction in force; or (iii) dismiss the employee on other grounds.

**Liability Insurance:** The AS operator must maintain liability insurance as established by the SBE with no civil liability attaching to the local boards of education for any acts or omissions of the AS operators.

**School Nutrition Program:** The achievement school must participate in the National School Lunch Program.

**Local Board Cooperation:** The local board of education must cooperate with the ASD Superintendent in carrying out necessary powers and duties.

**Achievement School Funds – G.S. 115C-75.10** provides for the funding allocation to achievement schools. The AS Operator may choose between 1) Designated Funding or a 2) Funding Memorandum of Understanding.

## 1) Designated Funding:

The SBE would allocate to the ASD for each achievement school:

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- 1) An amount equal to the average per pupil allocation for average daily membership from the LEA allotments in which the achievement school was located for each child at the achievement school except for the allocations for children with disabilities, children with limited English proficiency, and transportation. The transportation allocation would be given to the LEA in which the achievement school is located.
- 2) An additional amount for each child that is a child with a disability.
- 3) An additional amount for each child with limited English proficiency.

The LEA must transfer an amount equal to the per pupil share of the local current expense fund with any dispute resolved by the method provided for charter schools. Revenue derived from supplemental taxes could only be transferred to an achievement school in the tax district for which these taxes are levied and in which the student resides.

**2) Funding Memorandum of Understanding:** The AS operator may enter into a funding memorandum of understanding with the local board of education for all student support and operational and instructional services to be provided by the local board of education in the same manner and degree as the prior school year or funding in an amount equal to what the local board of education would have spent on those services. These services include cafeteria services, custodial services, broadband and utilities etc. Disputes would be resolved by the SBE.

The ASD may seek federal, State, and other funds in the same manner as an LEA, including decisions related to allocation of State funds among achievement schools.

**Accountability and Governance for Achievement Schools – G.S. 115C-75.11** provides that the AS operator would select and hire the school principal, and would have authority to remove the principal. The AS operator must have an agreement with the principal on specific goals for the school related to higher academic outcomes for students with that agreement posted on the ASD website. The achievement school outcomes would not be included in evaluation models for the LEA.

**Terms of Supervision for an Achievement School – G.S. 115C-75.12** states that the achievement school must remain under the supervision of the ASD for at least 5 consecutive years through a contract with an AS operator. An achievement school can remain under the supervision of the ASD for no more than 8 years.

**Early Termination of Contract Based on Performance:** If the achievement school's annual percentage growth does not exceed the average annual percentage growth of other qualifying schools for 3 consecutive years during the 5 year contract, the SBE may terminate the contract at the end of that academic year and select another AS operator to assume the remainder of the contract.

**Nonrenewal of Contract Based on Performance:** If at the end of the 5 year contract, the achievement school's average annual percentage growth during the term of the contract does not exceed the average annual percentage growth of other qualifying schools for the same term, the SBE must not renew the contract with the AS operator and develop a transition plan to return the school to the LEA.

**State Board Optional Extension of Contract for 3 years:** If by the end of the 5 year contract, the achievement school remains a qualifying school but has exceeded the average annual percentage growth of other qualifying schools, the SBE, upon the recommendation of the ASD Superintendent, can continue the contract with the AS operator for another 3 years.

If the SBE does not elect to continue the contract, it may: (i) select another AS operator for a 3 year contract; (ii) close the school; or (iii) develop a transition plan to return the school to the LEA.

**AS Operator Option to Extend Contract for 3 years:** If by the end of the 5 year contract, the achievement school receives a grade of C or higher under the performance grades issued to schools, the AS operator has the option to extend the contract for 3 years. Stakeholders shall develop a transition plan for the school to leave the ASD at the end of the 3 year extension with the options at the end of the contract being as follows:

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(i) conversion to a charter school if the local board of education does not wish to receive the school back into the LEA (if no charter is received, the SBE may close the school) or (ii) the SBE may select another AS operator for a 3 year contract or develop a transition plan to return the school to the LEA.

**Termination of Contract on Other Grounds:** The SBE may terminate a contract with an AS operator at any time during the contract for financial mismanagement, noncompliance with federal or State laws, failure to comply with the contract, or evidence of criminal activity.

**Innovation Zones – G.S. 115C-75.13** provides that if a local board of education transfers a qualifying school to the ASD, the local board may then ask the SBE to be allowed to create an innovation zone for up to 3 continually low-performing schools within its local school administrative unit. The SBE must grant these requests and authorize the local board to have the flexibility to operate the schools within the innovation zone with the same exemptions of rules and statutes as given to charter schools as well exemptions from local board policies.

The innovation zone must include the following:

- Plan for improving the schools in the innovation zone.
- An innovation zone office with a leader appointed by the local board and approved by the SBE.
- High quality staff at the schools in the innovation zone through the use of incentives, favorable working conditions, and partnerships.
- Accountability based on benchmarks and goals for student achievement.
- Support for the schools in the innovation zone to ensure priority in services from the local school administrative unit, and pursuit of outside funding and technical support.

**SECTION 2: Annual Report** - Directs the SBE to report annually to the ASD Superintendent on schools identified as qualifying schools for consideration to be selected as achievement schools.

**SECTION 3: Principal Turnaround Model.** – Adds the principal turnaround model for a local board of education to utilize in reforming a school in its LEA that has been identified as a continually low-performing school. The SBE may authorize the adoption of the principal turnaround model in no more than 5 schools statewide.

The principal turnaround model would require the following:

- The local board must replace the current principal with a turnaround principal who has a proven record of success. The local board's selection must be approved by the SBE.
- The local board must hire the turnaround principal on a 5 year contract that includes significant compensation and other incentives, with the principal providing a written plan for improving student achievement.
- The local board must consider recommendations of the turnaround principal on personnel in coordination with the superintendent and implementing them to the extent possible.
- Annual reporting by the turnaround principal on the principal's methods and the school's progress and performance to the local board of education.
- Sharing of information with other turnaround principals on a regular basis. The ASD would also serve as a resource for turnaround principals.
- Provision of additional discretionary funds by the local board of education to the turnaround principal to address specific issues in the school, including but not limited to professional development, extended school days, or parent academies.
- Authorization by the SBE to operate the school with the same exemptions from statutes and rules as charter schools.

**SECTION 4: Conforming Change** - Makes conforming changes to the personnel file statute.

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**SECTION 5: Independent Evaluation** - The SBE must contract with an independent research organization (IRO) beginning in 2016-2017 to evaluate the implementation and effectiveness of the ASD, innovation zones, and principal turnaround model. The IRO must include analysis on the impact of public versus private funding in evaluation the effectiveness of the ASD. The IRO must report its annual interim findings beginning February 15, 2017, with a final report to the SBE by February 15, 2023, and the SBE must provide the report along with recommended legislative changes to the JLEOC annually beginning March 1, 2017 until submission of the final report in 2023.

**SECTION 6:** Authorizes the SBE to allow Charlotte-Mecklenburg Board of Education to create an innovation zone of up to 5 low-performing schools from Project LIFT and Beacon Initiative schools.

**SECTION 7:** Authorizes the SBE to solicit applications for a 3 year pilot to allow 2 local boards to each create an innovation zone of up to 3 low-performing schools, without a requirement that the local board transfer a school to the ASD. One pilot will be awarded to a small district innovation school of an LEA of less than 6,000 students, and one to a medium district innovation zone of an LEA of between 6,001 and 20,000 students. The SBE shall report on pilot outcomes and recommendations on continuation or expansion to the JLEOC by March 15, 2020.

**SECTION 8: ASD and Evaluation Appropriation** - Appropriates to DPI (i) \$400,000 in recurring funds for the 2016-2017 fiscal year for salary and benefits for the ASD Superintendent, staff, and other associated expenses, and (ii) \$500,000 for the 2016-2017 fiscal year to contract for the evaluation required in Section 5.

**SECTION 9: Principal Turnaround Grants** - Expresses the intent of the General Assembly to appropriate to DPI \$375,000 for the 2017-2018 fiscal year and annually thereafter for principal turnaround reform model grants. The SBE must award principal turnaround reform model grants of up to \$75,000 per fiscal year for five years to local boards of education who (i) have been authorized to adopt the principal turnaround reform model by the SBE for a school, and (ii) provide a dollar for dollar match with non-State funding for the requested grant amount. Principal turnaround reform model grants must be used by local boards of education to provide substantial incentives for turnaround principals and to provide additional discretionary funds for use by the turnaround principal to address specific issues in the school.

**SECTION 10: Innovation Zone Model Grants** - Expresses the intent of the General Assembly to appropriate to DPI \$450,000 for the 2017-2018 fiscal year and annually thereafter for innovation zone model grants. The SBE must award innovation zone model grants of up to \$150,000 per fiscal year for 5 years to local boards of education who (i) have been authorized to adopt the innovation zone model by the SBE, and (ii) provide a dollar for dollar match with non-State funding for the requested grant amount.

**SECTION 11: Effective Only if Funds are Appropriated** - The act would become effective only if funds are appropriated by the Current Operations Appropriations Act of 2016 for the Achievement School District.

**EFFECTIVE DATE:** This proposed legislation would become effective when it becomes law, and apply beginning with the 2017-2018 school year. In the discretion of the SBE (i) the ASD Superintendent may not be required during the 2016-2017 school year to recommend qualifying schools for inclusion in the ASD for the 2017-2018 school year and (ii) the timeline for selection of achievement schools for the 2016-2017 school year provided in G.S. 115C-75.7 may be varied, but in no event may the local board of education's decision occur later than April 1, 2017. The SBE may select up to five qualifying schools to transfer to the ASD beginning with the 2017-2018 school year, but must select at least two qualifying schools to transfer to the ASD no later than the 2018-2019 school year and shall have selected five qualifying schools for transfer to the ASD no later than the 2019-2020 school year.

**BACKGROUND:** As introduced, HB 1080 was recommended by the House Select Committee on Achievement School Districts.