

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 798

Short Title: Low-Performing Schools. (Public)

Sponsors: Representatives Elmore, Bell, and Brockman (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Education - K-12, if favorable, Rules, Calendar, and Operations of the House

April 18, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALIGN THE SELECTION OF INNOVATIVE SCHOOLS WITH THOSE  
3 IDENTIFIED BY THE STATE BOARD OF EDUCATION FOR COMPREHENSIVE  
4 SUPPORT AND IMPROVEMENT, TO EXPAND OPTIONS FOR THE INNOVATIVE  
5 SCHOOL DISTRICT TO REQUIRE LOCAL BOARDS OF EDUCATION TO INFORM  
6 BOARDS OF COUNTY COMMISSIONERS OF ACADEMIC PROGRESS ANNUALLY,  
7 AND TO REQUIRE FURTHER STUDY OF REFORMS FOR ASSISTANCE TO  
8 LOW-PERFORMING SCHOOLS.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** Article 7A of Chapter 115C of the General Statutes reads as rewritten:

11 "Article 7A.

12 "North Carolina Innovative School District and Innovation Zones.

13 **"§ 115C-75.5. Definitions.**

14 The following definitions apply in this Article:

- 15 (1) Innovative school. – A qualifying school selected by the State Board of  
16 Education under the supervision of the North Carolina Innovative School  
17 District.
- 18 (2) Innovative school consultant or IS consultant. – An entity selected by the State  
19 Board of Education, upon the recommendation of the ISD Superintendent, to  
20 provide assistance and support through consultation with an innovative  
21 school.
- 22 (3) Innovative school operator or IS operator. – An entity selected by the State  
23 Board of Education upon the recommendation of the ISD Superintendent to  
24 operate an innovative school. ~~Except as otherwise provided in this Article, the~~  
25 ~~Department of Public Instruction may not be selected as an IS operator.~~
- 26 (4) ISD Superintendent. – The superintendent of the ISD appointed by the  
27 Superintendent of Public Instruction in accordance with G.S. 115C-75.6.
- 28 (4a) North Carolina Innovative School District or ISD. – The statewide school unit  
29 established pursuant to this Article.
- 30 (5) Qualifying school. – ~~A low performing school, as defined in~~  
31 ~~G.S. 115C-105.37, that meets one of the following criteria:~~
- 32 a. ~~The school earned an overall school performance score in the lowest~~  
33 ~~five percent (5%) of all schools in the prior school year that meet all~~  
34 ~~of the following requirements:~~



- 1                    1.     ~~The school includes all or part of grades kindergarten through~~  
 2                    ~~fifth.~~  
 3                    2.     ~~The school did not exceed growth in at least one of the prior~~  
 4                    ~~three school years and did not meet growth in at least one of~~  
 5                    ~~the prior three school years.~~  
 6                    3.     ~~One of the models established in G.S. 115C 105.37B for~~  
 7                    ~~continually low performing schools had not been adopted for~~  
 8                    ~~that school for the immediately prior school year.~~  
 9                    b.     ~~The school received a school performance score in the lowest ten~~  
 10                    ~~percent (10%) of all schools that include all or part of grades~~  
 11                    ~~kindergarten through fifth in the prior school year and has been~~  
 12                    ~~designated by the local board of education for consideration by the~~  
 13                    ~~State Board of Education as an innovative school.~~

14                    A school meeting at least one of the following criteria based on performance in the  
 15                    school year prior to identification:

- 16                    a.     A Title I school in the lowest-performing five percent (5%) of school  
 17                    performance grades of all Title I schools. For the purposes of this  
 18                    sub-subdivision, a Title I school is a school identified under Part A of  
 19                    Title I of the Elementary and Secondary Education Act of 1965, as  
 20                    amended.  
 21                    b.     A school serving students in grades nine through 12 that failed to  
 22                    graduate one-third or more of its students.  
 23                    c.     A school identified by the State Board of Education as being in need  
 24                    of comprehensive support and improvement under 20 U.S.C. § 6311  
 25                    (c)(4)(D)(i)(III) due to at least one consistently underperforming  
 26                    subgroup.

27                    ...

28                    **"§ 115C-75.7. Selection of innovative schools.**

29                    (a)     ~~State Board Selection. – The State Board of Education is authorized to select, upon~~  
 30                    ~~the recommendation of the ISD Superintendent, shall select no more than five qualifying~~  
 31                    ~~elementary schools annually to transfer to the ISD as innovative schools. Schools, in accordance~~  
 32                    ~~with this section. The five qualifying schools selected for inclusion in the ISD should represent~~  
 33                    ~~geographic diversity, including urban and rural schools. The State Board of Education shall select~~  
 34                    ~~no more than one qualifying school per local school administrative unit, unless the local board~~  
 35                    ~~of education consents.~~

36                    (b)     ~~Selection-Evaluation Process. – The selection of qualifying innovative schools shall~~  
 37                    ~~be based on an analysis and evaluation of performance over the most recent of qualifying schools~~  
 38                    ~~over a three-year period. Period as follows: Prior to recommendation of selection of a qualifying~~  
 39                    ~~school, the ISD Superintendent shall conduct an evaluation of the school to determine the factors~~  
 40                    ~~contributing to the school's performance and shall confer with the school principal, local board~~  
 41                    ~~of education members, the local school superintendent, and the local board of county~~  
 42                    ~~commissioners to share the findings of the evaluation. The school selection process shall also~~  
 43                    ~~include a public hearing to allow for parent and community input. The ISD Superintendent shall~~  
 44                    ~~evaluate and identify the qualifying schools to recommend for selection as prospective innovative~~  
 45                    ~~schools no later than October 15 prior to the initial school year in which the school may operate~~  
 46                    ~~as an innovative school and shall notify the local boards of education where prospective~~  
 47                    ~~innovative schools are located by that date. The State Board of Education shall select the~~  
 48                    ~~prospective innovative schools no later than December 15.~~

- 49                    (1)     Qualifying list. – In the first school year after a school has been identified as  
 50                    a qualifying school, the school shall be placed on the ISD qualifying list. By  
 51                    November 15, the ISD Superintendent shall notify the superintendent and

1 local board of education of that school's status and provide that school's  
2 performance data, considerations for improvement, and any additional  
3 information deemed necessary by the ISD Superintendent.

4 (2) Watch list. – If a school that was on the qualifying list in the prior school year  
5 remains a qualifying school in the next school year, the school shall be placed  
6 on the ISD watch list. By November 15, the ISD Superintendent shall notify  
7 the superintendent and local board of education of that school's status and  
8 provide that school's performance data, considerations for improvement, and  
9 any additional information deemed necessary by the ISD Superintendent. The  
10 local board of education shall hold a public hearing with a minimum of 10  
11 days' notice. The local board of education shall provide direct notice of the  
12 public hearing to the following assigned to that school: (i) parents of students  
13 and (ii) employees. At the public hearing, the local board of education shall  
14 share potential impacts of the designation, plans for improvement of the  
15 school, and any additional information deemed necessary by the ISD  
16 Superintendent. The local board of education shall submit a copy of the notice  
17 and a transcript of the public hearing to the ISD Superintendent within 60 days  
18 after the hearing.

19 (3) Warning list. – If a school that was on the watch list in the prior school year  
20 remains a qualifying school in the next school year, the school shall be placed  
21 on the ISD warning list. By November 15, the ISD Superintendent shall notify  
22 the superintendent and local board of education of that school's status and  
23 provide that school's performance data, considerations for improvement, and  
24 any additional information deemed necessary by the ISD Superintendent. The  
25 local board of education shall do the following:

26 a. Hold a public hearing with a minimum of 10 days' notice. The local  
27 board of education shall provide direct notice of the public hearing to  
28 the following assigned to that school: (i) parents of students and (ii)  
29 employees. At the public hearing, the local board of education shall  
30 share potential impacts of the designation, including the consequence  
31 of becoming an innovative school if the school remains a qualifying  
32 school, plans for improvement of the school, and any additional  
33 information deemed necessary by the ISD Superintendent. The local  
34 board of education shall provide notice of the public hearing to the ISD  
35 Superintendent 10 days prior to the hearing and provide the  
36 opportunity to the Superintendent to present at the public hearing. The  
37 local board of education shall submit a transcript of the public hearing  
38 to the ISD Superintendent within 60 days after the hearing.

39 b. Present information at a public meeting to the board of commissioners  
40 of the county in which the local school administrative unit is located  
41 on the school's performance while on an ISD list and efforts by the  
42 local board of education to improve the school's performance. The  
43 local board of education shall provide notice of the public meeting at  
44 which the presentation will occur to the ISD Superintendent 10 days  
45 prior to the meeting and provide the opportunity to the Superintendent  
46 to present as part of the presentation at the public meeting.

47 (b1) Support Process. – The State Board of Education shall ensure that qualifying schools  
48 identified for any ISD list are engaged in strategies in compliance with federal and State law for  
49 comprehensive support and improvement. The ISD Superintendent shall monitor those schools  
50 and assist local boards of education in identifying funding, strategies, and partners for  
51 comprehensive support and improvement efforts.

1       (b2) Voluntary Selection. – A local board of education, upon the recommendation of the  
2 ISD Superintendent, may request that the State Board of Education select a qualifying school  
3 under the control of that local board as an innovative school at any time.

4       (c) ~~Local Board Response. Selection Process.~~ – Upon notification by the ISD  
5 Superintendent of selection by the State Board of Education of the qualifying school as a  
6 prospective innovative school, the local board of education shall determine whether to (i) close  
7 the selected qualifying school or (ii) transfer the school into the ISD. The local board shall not  
8 be required to undertake the study required by G.S. 115C-72 before closing the school. Before  
9 the adoption of a resolution, the local board of education shall provide for a public hearing in  
10 regard to the proposed transfer or closure, at which hearing the public shall be afforded an  
11 opportunity to express their views. No later than February 1, the local board of education shall  
12 adopt a resolution either (i) consenting to transfer of the selected qualifying school to the ISD as  
13 an innovative school or (ii) closing that school at the conclusion of that school year. The State  
14 Board of Education may delay the transfer of a selected school to the ISD for one year only upon  
15 the recommendation of the ISD Superintendent. If a school (i) remains a qualifying school in the  
16 school year following the year the school was placed on the ISD warning list and (ii) is one of  
17 the lowest five qualifying schools, as measured by school performance scores, on the ISD  
18 warning list, the school shall be selected by the State Board as an innovative school beginning  
19 with the next school year.

20       (d) Public Notification. – The list of ~~qualifying schools~~ on the ISD qualifying, watch, and  
21 warning lists and selected innovative schools shall be made publically available on a Web site  
22 maintained by the ISD.

23       (e) Waivers for Innovative Schools. – The ISD Superintendent may request a waiver from  
24 the State Board of Education of State Board of Education rules, regulations, policies, and  
25 procedures, or the provisions of this Chapter for innovative schools; however, innovative schools  
26 shall be required to comply with, at a minimum, the statutory requirements for charter schools as  
27 provided in Article 14A of this Chapter. The goal for each waiver shall be improvement of  
28 student performance. All innovative schools shall comply with all applicable constitutional and  
29 statutory nondiscrimination requirements. Notwithstanding G.S. 115C-105.26, the State Board  
30 of Education may grant a requested waiver of State laws or rules for an innovative school  
31 pursuant to this subsection, except for a waiver of State laws or rules applicable to children with  
32 disabilities and any of the other requirements set forth in this subsection.

33 **"§ 115C-75.8. Selection of IS ~~operators~~ operators and consultants.**

34       (a) The State Board of Education may select an IS operator or an IS consultant for a  
35 ~~prospective-selected~~ innovative school by ~~January-December~~ 15 and shall select an IS operator  
36 or an IS consultant for a ~~prospective-selected~~ innovative school no later than ~~February-January~~  
37 15.

38       (b) Upon the recommendation of the ISD Superintendent, the State Board of Education  
39 shall only select an entity to contract as an IS operator or an IS consultant if that entity  
40 demonstrates one of the following:

41           (1) The entity has a record of results in improving performance of ~~persistently~~  
42 low-performing schools or improving performance of a substantial number of  
43 ~~persistently~~ low-performing students within a school or schools operated by  
44 the entity in this State or other states.

45           (2) The entity has a credible and specific plan for dramatically improving student  
46 achievement in a low-performing school and provides evidence that the entity,  
47 or a contractual affiliate of such an entity, is either currently operating a school  
48 or schools in this State that provide students a sound, basic education or  
49 demonstrating consistent and substantial growth toward providing students a  
50 sound, basic education in the prior three school years.

1       ~~(b1) In the event that no entity demonstrates the qualifications required by subsection (b)~~  
2 ~~of this section, the ISD is authorized to act as an IS operator for one academic year and the State~~  
3 ~~Board shall select an entity in accordance with subsection (b) of this section to assume~~  
4 ~~management beginning with the next academic year. If the State Board has not been able to select~~  
5 ~~an entity demonstrating the required qualifications by the third year of management of the school~~  
6 ~~by the ISD, the ISD shall remain the operator of the school until the end of the fifth year and shall~~  
7 ~~develop a transition plan to return the school to the local school administrative unit.~~

8       (c) The selected IS operator or the IS consultant is encouraged to hold public  
9 informational sessions and other outreach to the community, ~~prospective-selected~~ innovative  
10 school, and local board of education of a ~~prospective-selected~~ innovative school ~~prior to a local~~  
11 ~~board's adoption of the resolution required by G.S. 115C-75.7(e).~~school.

12       (c1) The State Board of Education shall determine, based on the needs of the specific  
13 school, whether an innovative school shall be assigned an IS operator or an IS consultant. If a  
14 school is assigned an IS consultant, the school shall continue to be operated by the local school  
15 administrative unit but shall be required to meet the requirements established by the ISD  
16 Superintendent and the IS consultant for a minimum five-year period. An innovative school that  
17 fails to meet those requirements shall be assigned an IS operator by the State Board of Education.

18       (d) The contract between the State Board of Education and IS operator shall require, as a  
19 minimum, that the IS operator meet the same requirements as established for charter schools in  
20 the following statutes:

21           (1) G.S. 115C-218.20 (Civil liability and insurance requirements).

22           (2) G.S. 115C-218.25 (Open meetings and public records).

23           (3) G.S. 115C-218.30 (Accountability; reporting requirements to State Board of  
24 Education).

25           (4) G.S. 115C-218.50 (Charter school nonsectarian).

26           (5) G.S. 115C-218.55 (Nondiscrimination in charter schools).

27           (6) G.S. 115C-218.60 (Student discipline).

28           (7) G.S. 115C-218.65 (North Carolina School Report Cards).

29           (8) G.S. 115C-218.75 (General operating requirements).

30           (9) G.S. 115C-218.85 (Course of study requirements).

31 **"§ 115C-75.9. Management of innovative schools.schools by an IS operator.**

32       (a) Direct Management by IS Operator. – An innovative school shall be subject to direct  
33 management by an IS operator selected by the State Board of Education, upon the  
34 recommendation of the ISD Superintendent, for a five-year contract. ~~In the event that temporary~~  
35 ~~management is necessary due to contract termination, lack of a qualified IS operator under~~  
36 ~~G.S. 115C-75.8(b1), or other unforeseen emergency, the ISD is authorized to act as an IS~~  
37 ~~operator.~~The requirements of this section apply only to innovative schools under the direct  
38 management of an IS operator.

39       (b) Role of IS Operator. – The IS operator shall be authorized to have a direct role in  
40 making decisions about school finance, human capital, and curriculum and instruction for the  
41 innovative school while developing the leadership capacity in such schools.

42       (c) Assignment to Innovative Schools. – All innovative schools shall remain open to  
43 enrollment in the same manner with the same attendance zone as prior to becoming an innovative  
44 school. If a local board of education's reassignment of students within the local school  
45 administrative unit due to student population changes or openings or closures of other schools  
46 impacts the innovative school, the IS operator may appeal to the ISD Superintendent and request  
47 a hearing before the State Board of Education regarding the reassignment. Notwithstanding  
48 G.S. 115C-366, the State Board of Education shall, after hearing from both the local board of  
49 education and IS operator, determine whether the reassignment of students impacting the  
50 innovative school may proceed.

1 (d) Facility and Capital Expenditures. – Facility and capital expenditures shall be  
2 provided as follows:

3 (1) In addition to the transfer of funds as provided in G.S. 115C-75.10, the local  
4 board of education shall be responsible for facility and capital expenditures at  
5 the qualifying school.

6 (2) All IS operators and local boards of education shall enter into an occupancy  
7 agreement establishing the terms of occupancy for the IS operator not  
8 otherwise addressed in statute. If the parties are unable to reach agreement,  
9 either party may petition the State Board of Education to resolve any issues in  
10 dispute.

11 (3) The IS operator shall have first priority in use of the facility for any purpose  
12 related to the operation of the innovative school. The local board of education  
13 may allow use of the facility by governmental, charitable, civic, or other  
14 organizations for activities within the community and may retain any funds  
15 received for such use for any time the IS operator has not provided written  
16 notice to the local board of its use of the facility during that time for a purpose  
17 related to the operation of the innovative school.

18 For the purposes of this subsection, facility and capital expenditures include routine  
19 maintenance and repair, and capital expenditures include building repair and maintenance,  
20 furniture, furnishings, and equipment.

21 (e) Transportation. – The local board of education shall provide transportation of all  
22 students assigned to the innovative school in the same manner as provided for other schools in  
23 the local school administrative unit in that school year.

24 (f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding this  
25 section, the IS operator, in ~~consultation~~ collaboration with the ISD Superintendent, may elect to  
26 enter into a memorandum of understanding for alternate arrangements with the local board of  
27 education to address any of the following:

28 (1) Facility and capital expenditures.

29 (2) Transportation services.

30 (3) Services for Children with Disabilities.

31 If the IS operator elects to use a memorandum of understanding for alternate arrangements,  
32 the IS operator and local board of education shall finalize the memorandum of understanding  
33 within 30 days of the initial request by the IS operator. If the parties have not completed the  
34 memorandum of understanding within 30 days, the State Board of Education shall resolve any  
35 issues in dispute.

36 (g) Student Records. – The local board of education shall make available in a timely  
37 fashion all student records to the innovative school at no cost for all students of that school.

38 (h) Innovative School Employees. – The IS operator shall select and hire the school  
39 principal for an innovative ~~school~~ school in collaboration with the ISD Superintendent. Within  
40 the limits of the school budget, the IS operator or its designee shall select staff members in  
41 accordance with guidance from the ISD Superintendent. Before finalizing staffing  
42 recommendations, the IS operator and the ISD Superintendent or the Superintendent's designee  
43 shall interview all existing staff members at the qualifying school and review student growth and  
44 performance data for those staff members for whom it is available. Notwithstanding Article 21A  
45 of this Chapter, the IS operator and the ISD Superintendent shall be permitted to examine  
46 personnel files of existing staff members for the qualifying school. The IS operator shall have  
47 the authority to decide whether any administrator, teacher, or staff member previously assigned  
48 to a qualifying school selected to become an innovative school shall continue as an employee of  
49 the innovative school. Any such employees retained shall become employees of the ~~ISD. An ISD,~~  
50 unless the IS operator is another local board of education, in which case the employee may  
51 become an employee of that board of education with approval of the ISD Superintendent. Except

1 as otherwise provided in this subsection, an employee hired to work in an innovative school shall  
2 be an employee of the ISD, and the employees shall be under the exclusive control of the ISD.  
3 All employees of the ISD shall be eligible for enrollment in the Teachers' and State Employees'  
4 Retirement System of North Carolina, the State Health Plan, and other benefits available to State  
5 employees. The IS operator shall provide funds to the ISD in an amount sufficient to provide  
6 salary and benefits for employees of the ISD working in the innovative school based on the terms  
7 of employment established by the IS operator. If a teacher at a qualifying school selected to  
8 become an innovative school has career status under G.S. 115C-325 prior to selection to teach at  
9 that innovative school, the teacher may return to a public school in the local school administrative  
10 unit where the innovative school is located with career status upon the end of employment at the  
11 innovative school, if an appropriate position is available. If an appropriate position is unavailable,  
12 the teacher's name shall be placed on a list of available teachers in accordance with  
13 G.S. 115C-325(e)(2).

14 (i) Criminal History Checks. – The State Board of Education shall require applicants for  
15 employment with the ISD to be checked for criminal histories using the process provided in  
16 G.S. 115C-332. The State Board of Education shall provide the criminal history it receives to the  
17 ISD Superintendent and IS operator.

18 (j) Employees of Local Board of Education. – The transfer of a qualifying school shall  
19 be deemed a reorganization of the local school administration unit resulting in a reduction in  
20 force. If an employee is not given the option to continue as an employee for the innovative school,  
21 the local board of education may, in its discretion, do any of the following:

22 (1) Continue the employee's employment with the local board of education.

23 (2) Dismiss the employee due to a reduction in force as provided in Article 22 of  
24 this Chapter.

25 (3) Dismiss the employee as otherwise provided in Article 22 of this Chapter.

26 (k) Liability Insurance. – The IS operator shall maintain reasonable amounts and types  
27 of liability insurance as established by the State Board of Education. No civil liability shall attach  
28 to the State Board of Education, the Department of Public Instruction, the ISD Superintendent,  
29 or a local board of education or to any of their members or employees, individually or  
30 collectively, for any acts or omissions of the IS operator.

31 (l) School Nutrition Program. – The innovative school shall participate in the National  
32 School Lunch Program, as provided in G.S. 115C-264.

33 (m) Cooperation with ISD Superintendent. – The local board of education shall cooperate  
34 with the ISD Superintendent in carrying out his or her powers and duties as necessary in  
35 accordance with this Chapter.

36 **"§ 115C-75.10. Innovative schools funds.**

37 (a) Funding Allocation Selection. – State and local funding for an innovative school  
38 operated by an IS operator shall be allocated as provided in subsection (b) or subsection (c) of  
39 this section. The IS operator shall select one of the allocation methods as the method to be used  
40 for the innovative school.

41 (b) Designated Funding. – Funding shall be allocated to the ISD for the innovative school  
42 by the State Board of Education and local board of education as follows:

43 (1) The State Board of Education shall allocate the following to the ISD for each  
44 innovative school:

45 a. An amount equal to the average per pupil allocation for average daily  
46 membership from the local school administrative unit allotments in  
47 which the innovative school was located for each child attending the  
48 innovative school except for the allocations for (i) children with  
49 disabilities, (ii) children with limited English proficiency, and (iii)  
50 transportation. The State Board of Education shall provide the

- 1 allocation for transportation to the local school administrative unit in  
2 which the innovative school is located.
- 3 b. An additional amount for each child attending the innovative school  
4 who is a child with disabilities.
- 5 c. An additional amount for children with limited English proficiency  
6 attending the innovative school, based on a formula adopted by the  
7 State Board of Education.
- 8 (2) The local school administrative unit in which the innovative school is located  
9 shall transfer to the ISD for the innovative school an amount equal to the per  
10 pupil share of the local current expense fund of the local school administrative  
11 unit for the fiscal year. The per pupil share of the local current expense fund  
12 shall be transferred to the ISD for the innovative school within 30 days of the  
13 receipt of monies into the local current expense fund. The local school  
14 administrative unit and ISD may use the process for mediation of differences  
15 between the State Board of Education and a charter school provided in  
16 G.S. 115C-218.95(d) to resolve differences on calculation and transference of  
17 the per pupil share of the local current expense fund. The amount transferred  
18 under this subsection that consists of revenue derived from supplemental taxes  
19 shall be transferred only to an innovative school located in the tax district for  
20 which these taxes are levied and in which the student resides. The local school  
21 administrative unit shall also provide the ISD with all of the following  
22 information within the 30-day time period provided in this subsection:
- 23 a. The total amount of monies the local school administrative unit has in  
24 each of the funds listed in G.S. 115C-426(c).
- 25 b. The student membership numbers used to calculate the per pupil share  
26 of the local current expense fund.
- 27 c. How the per pupil share of the local current expense fund was  
28 calculated.
- 29 d. Any additional records requested by the ISD from the local school  
30 administrative unit in order for the ISD to audit and verify the  
31 calculation and transfer of the per pupil share of the local current  
32 expense fund.
- 33 (c) Funding Memorandum of Understanding. – The IS operator, in ~~consultation~~  
34 collaboration with the ISD Superintendent, may enter into a funding memorandum of  
35 understanding with the local board of education of the local school administrative unit where the  
36 innovative school is located for all student support and operational services and instructional  
37 services to be provided by the local board of education in the same manner and degree as in the  
38 prior school year or funding in an amount equivalent to the amount the local board of education  
39 would have expended on those services if provided. For the purposes of this subsection, student  
40 support and operational services include cafeteria services, custodial services, broadband and  
41 utilities, and student information services, and instructional services include alternative  
42 education, special education services, test administration services, textbooks, technology, media  
43 resources, instructional equipment, and other resources. The IS operator and local board of  
44 education shall finalize the funding memorandum of understanding within 30 days of the initial  
45 request for the memorandum by the IS operator. If the parties have not completed the funding  
46 memorandum of understanding within 30 days, the State Board of Education shall resolve any  
47 issues in dispute.
- 48 (d) The ISD may seek, manage, and expend federal money and grants, State funding,  
49 municipal funding, and other funding with the same authority as a local school administrative  
50 unit, including decisions related to allocation of State funds among innovative schools, and shall  
51 be considered a local school administrative unit for all federal funding purposes.



1 **"§ 115C-75.11. Accountability and governance for innovative schools.**

2 (a) The IS operator or innovative school with an IS consultant shall set clear goals related  
3 to higher academic outcomes for students, safe and positive learning environments for children,  
4 parent and community engagement, and the efficient and effective use of taxpayer dollars,  
5 empower and equip teachers and school leaders to meet the goals, and hold such teachers and  
6 school leaders accountable to meet the goals. The IS operator or innovative school with an IS  
7 consultant shall apply to the ISD Superintendent for appropriate waivers for the innovative school  
8 pursuant to G.S. 115C-75.7(e).

9 (b) The IS ~~operator~~ operator, in collaboration with the ISD Superintendent, shall select,  
10 approve, or remove the school principal of an innovative school that it is managing in accordance  
11 with this Article.

12 (c) The IS operator or innovative school with an IS consultant shall enter into an  
13 agreement with the school principal regarding specific goals for the innovative school related to  
14 higher academic outcomes for students, safe and positive learning environments for children,  
15 parent and community engagement, and the efficient and effective use of taxpayer dollars. The  
16 agreement shall be made publicly available on the ISD Web site.

17 (d) An innovative school with an IS operator shall not be included in any State evaluation  
18 or performance models used for the local school administrative unit in which the school is located  
19 but shall be considered a part of the ISD for all evaluation purposes.

20 **"§ 115C-75.12. Term of supervision for an innovative ~~school~~ school with an IS operator.**

21 (a) An innovative school shall remain under the supervision of the ISD for a minimum  
22 of five consecutive years through a contract with an IS operator. The following shall apply to the  
23 term of a contract with an IS operator of an innovative school:

24 (1) Early termination of contract based on performance. – If, during the five-year  
25 contract, the innovative school's annual percentage growth does not exceed  
26 the average annual percentage growth of other qualifying schools for three  
27 consecutive years, the State Board of Education, upon the recommendation of  
28 the ISD Superintendent, may terminate the contract at the conclusion of the  
29 academic year and select another IS operator in accordance with  
30 G.S. 115C-75.8 to assume the remainder of the five-year contract and any  
31 occupancy agreements or memorandums of understanding with the local  
32 board of education at the beginning of the next academic year.

33 (2) Nonrenewal of contract based on performance. – If, by the end of the five-year  
34 contract, the innovative school's average annual percentage growth during the  
35 term of the contract does not exceed the average annual percentage growth of  
36 other qualifying schools during the same term, the State Board of Education  
37 shall not renew the contract of the IS operator and develop a transition plan to  
38 return the school to the local school administrative unit.

39 (3) State Board of Education optional extension of contract for three years. – If,  
40 by the end of the five-year contract, the innovative school remains a qualifying  
41 school but has exceeded the average annual percentage growth of other  
42 qualifying schools and has shown growth over the term of the contract, the  
43 State Board of Education, upon the recommendation of the ISD  
44 Superintendent in his or her discretion, may continue the contract with the IS  
45 operator for an additional three-year term. The ISD Superintendent and IS  
46 operator shall engage the school, the school community, and the school's local  
47 board of education in developing a transition plan for the school to leave the  
48 supervision of the ISD at the conclusion of the three-year extension of the  
49 contract. If the State Board of Education does not elect to continue the  
50 contract, the State Board of Education may do any of the following:

51 a. Select another IS operator for a three-year contract.

- 1                   b.       Close the school as provided in subdivision (2) of this subsection.  
2                   c.       Develop a transition plan to return the school to the local school  
3                   administrative unit for the next school year.  
4           (4)     IS operator option to extend contract for three years. – If, by the end of the  
5                   five-year contract, the innovative school receives a grade of C or higher under  
6                   G.S. 115C-12(9)c1., the IS operator shall have the option to extend the  
7                   contract for another three-year term. The ISD Superintendent and IS operator  
8                   shall engage the school, the school community, and the school's local board  
9                   of education in developing a transition plan for the school to leave the  
10                  supervision of the ISD at the conclusion of the three-year extension of the  
11                  contract. Options at the conclusion of the contract shall include the following:  
12                 a.       Conversion to charter. – If, in the development of the transition plan,  
13                   a local board of education indicates by resolution to the State Board of  
14                   Education that the local board of education elects to not receive the  
15                   transfer of the innovative school back to the local school  
16                   administrative unit, the IS operator may apply to convert the school to  
17                   a charter school under Article 14A of this Chapter. If a charter is  
18                   awarded, the charter board of directors may request to use the facility  
19                   as provided in G.S. 115C-218.35. If the IS operator does not seek  
20                   conversion to a charter school or fails to receive a charter, the State  
21                   Board of Education may close the school as provided in subdivision  
22                   (2) of this subsection.  
23                 b.       Alternate as operator or return to local school administrative unit. – If  
24                   the IS operator does not elect to continue the contract, the State Board  
25                   of Education may select another IS operator for a three-year contract  
26                   or may develop a transition plan to return the school to the local school  
27                   administrative unit for the next school year.  
28           (5)     Termination of contract on other grounds. – The State Board of Education,  
29                   upon the recommendation of the ISD Superintendent, may terminate a  
30                   contract with an IS operator at any time during the contract for financial  
31                   mismanagement, noncompliance with federal or State laws, failure to comply  
32                   with the terms of the contract, or evidence of criminal activity. The State  
33                   Board of Education shall develop a transition plan to return the school to the  
34                   local school administrative unit. ~~The ISD is authorized to act as a temporary~~  
35                   ~~IS operator during the transition period, if necessary.~~  
36                 (b)     An innovative school with an IS operator shall remain under the supervision of the  
37                   ISD for no more than eight years.  
38                 (c)     The State Board of Education shall make all decisions related to contracts for IS  
39                   operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this  
40                   section.

41   **"§ 115C-75.13. Innovation zones.**

42                 (a)     If a local board of education transfers a qualifying school to the ISD, the local board  
43                   of education may ask the State Board of Education to be allowed to create an innovation zone (i)  
44                   for up to three ~~continually~~ low-performing schools within its local school administrative unit or  
45                   (ii) if the local school administrative unit has more than thirty-five percent (35%) of the schools  
46                   identified in the unit as low-performing, for some or all of the low-performing schools located in  
47                   the unit.

48                 The State Board of Education shall grant, upon recommendation of the ISD Superintendent,  
49                   such requests for the creation of an innovation zone. The State Board of Education shall also  
50                   authorize the local board of education the flexibility to operate the schools within the innovation  
51                   zone with the same exemptions from statutes and rules as a charter school authorized under

1 Article 14A of this Chapter and with exemptions from local board of education policies as needed  
2 to ensure autonomy under the guidance of the innovation zone office for financial, programmatic,  
3 staffing, and time allocation decisions.

4 (b) The innovation zone created by a local board of education must include all of the  
5 following:

- 6 (1) Development of a clear and specific plan for improving schools within the  
7 innovation zone.
- 8 (2) Establishment of an innovation zone office with a leader ~~recommended by~~  
9 selected in consultation with the ISD Superintendent to be appointed by the  
10 local board of education and approved by the State Board of Education to  
11 govern and lead the schools in the innovation zone.
- 12 (3) Attraction of high-quality staff at schools in the innovation zone through the  
13 use of incentives, favorable working conditions, and development of  
14 partnerships to develop human capital.
- 15 (4) Accountability for those schools based on established benchmarks and goals  
16 for student achievement and for support services provided by the local school  
17 administrative unit based on metrics established by the innovation zone office  
18 for effective and efficient delivery.
- 19 (5) Support for those schools by the innovation zone office to ensure priority in  
20 services from the local school administrative unit, pursuit of outside funding,  
21 and technical support, including support from external partners.

22 (c) A local board of education may maintain an innovation zone created as provided in  
23 subsection (a) for up to five consecutive years. The State Board of Education may terminate the  
24 innovation zone as follows:

- 25 (1) Early termination of innovation zone based on performance. – If, during the  
26 five-year period, the average of the annual percentage growth of the schools  
27 within the innovation zone does not exceed the average annual percentage  
28 growth of other ~~continually~~ low-performing schools for three consecutive  
29 years, the State Board of Education, upon the recommendation of the ISD  
30 Superintendent, may terminate the innovation zone at the conclusion of the  
31 academic year.
- 32 (2) Nonrenewal of innovation zone based on performance. – If, by the end of the  
33 five-year period, the average annual percentage growth of the schools within  
34 the innovation zone over the five-year period does not exceed the average  
35 annual percentage growth of other ~~continually~~ low-performing schools during  
36 the same term, the State Board of Education shall not permit the local board  
37 of education to continue the innovation zone.
- 38 (3) State Board of Education optional extension of innovation zone for three  
39 years. – If, by the end of the five-year period, the schools within the innovation  
40 zone remain ~~continually~~ low-performing schools but have exceeded the  
41 average annual percentage growth of other ~~continually~~ low-performing  
42 schools, the State Board of Education, upon the recommendation of the ISD  
43 Superintendent in his or her discretion, may allow continuation of the  
44 innovation zone for an additional three years.
- 45 (4) Local board of education option to extend innovation zone for three years. –  
46 If, by the end of the five-year period, the schools within the innovation zone  
47 receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of  
48 education shall have the option to extend the innovation zone for another three  
49 years.

50 ~~(d) A low-performing school in an innovation zone, created as provided in clause (ii) of~~  
51 ~~subsection (a) of this section, shall become an innovative school if that low-performing school~~

1 ~~does not exceed expected growth in the last two years of the five consecutive years in the~~  
2 ~~innovation zone."~~

3 **SECTION 2.** G.S. 115C-429(a) reads as rewritten:

4 "(a) Upon receiving the budget from the superintendent and following the public hearing  
5 authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget,  
6 make such changes therein as it deems advisable, and submit the entire budget as approved by  
7 the board of education to the board of county commissioners not later than May 15, or such later  
8 date as may be fixed by the board of county commissioners. At the time of submission of the  
9 budget, the board of education shall also submit to the board of county commissioners in writing  
10 the academic performance of the schools in the local school administrative unit, including the  
11 school performance grades of each school, any schools identified as low-performing or  
12 continually low-performing or included on the Innovative School District qualifying, watch, or  
13 warning list, and efforts by the local board of education to improve those identified schools'  
14 performance. The local board of education shall present the academic performance information  
15 at a public meeting upon the request of the board of commissioners."

16 **SECTION 3.(a)** Notwithstanding G.S. 115C-75.7(a), as amended by this act, the  
17 State Board of Education shall select the following schools to become innovative schools:

- 18 (1) The lowest scoring school in the State based on the school performance score  
19 in the 2017-2018 school year to become an innovative school in the  
20 2019-2020 school year.
- 21 (2) The lowest scoring school in the State based on the school performance score  
22 in the 2018-2019 school year to become an innovative school in the  
23 2020-2021 school year.
- 24 (3) The lowest scoring school in the State based on the school performance score  
25 in the 2019-2020 school year to become an innovative school in the  
26 2021-2022 school year.
- 27 (4) The lowest scoring school in the State based on the school performance score  
28 in the 2020-2021 school year to become an innovative school in the  
29 2022-2023 school year.

30 **SECTION 3.(b)** The State Board of Education shall select all innovative schools, as  
31 required by G.S. 115C-75.7(a), as amended by this act, no earlier than the 2022-2023 school year  
32 for inclusion in the Innovative School District beginning with the 2023-2024 school year, unless  
33 a local board of education requests selection prior to that year.

34 **SECTION 4.** The State Superintendent of Education and the ISD Superintendent  
35 shall jointly study the following and report on any recommendations and suggested legislative  
36 changes to the Joint Legislative Education Oversight Committee no later than March 15, 2020:

- 37 (1) Options for innovative schools. – Structure of innovative schools and types of  
38 partnerships with IS operators, IS consultants, or other entities that provide  
39 effective options and ensure flexibility for the Innovative School District  
40 (ISD) to best address the needs of innovative schools and students. This  
41 recommendation should take into consideration, but is not limited to, factors  
42 such as length of time of an innovative school in the ISD, role or relationship  
43 of the local board of education with the ISD and innovative school, and types  
44 of entities and contract terms that the ISD should use to establish options for  
45 selecting the most appropriate entity to serve the innovative school.
- 46 (2) Reform of low-performing school models. – Alignment of requirements in  
47 Chapter 115C of the General Statutes for identification and reform of  
48 low-performing and continually low-performing schools, including Part 3 of  
49 Article 8B of Chapter 115C of the General Statutes, with other reform efforts  
50 in State and federal law, to ensure a comprehensive and efficient approach to  
51 support and improvement of those schools that does not create redundancies.

1           **SECTION 5.** This act is effective when it becomes law and, except as provided in  
2 Section 3(a) of this act, applies to schools identified based on data from the 2018-2019 school  
3 year as qualifying schools for the 2019-2020 school year.