

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

D

HOUSE BILL 1080
Committee Substitute Favorable 6/1/16
PROPOSED SENATE COMMITTEE SUBSTITUTE H1080-PCS10569-TC-84

Short Title: Achievement School District.

(Public)

Sponsors:

Referred to:

May 11, 2016

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE ACHIEVEMENT SCHOOL DISTRICT.
3 The General Assembly of North Carolina enacts:

4 SECTION 1. Subchapter III of Chapter 115C of the General Statutes is amended by
5 adding a new Article to read:

6 "Article 7A.

7 "Achievement School District and Innovation Zones.

8 **§ 115C-75.5. Definitions.**

9 The following definitions apply in this Article:

- 10 (1) Achievement school. – A qualifying school selected by the State Board of
11 Education under the supervision of the Achievement School District.
- 12 (2) Achievement School District or ASD. – The statewide school unit established
13 pursuant to this Article.
- 14 (3) Achievement school operator or AS operator. – An entity selected by the State
15 Board of Education upon the recommendation of the ASD Superintendent to
16 operate an achievement school. The Department of Public Instruction may not
17 be selected as an AS operator.
- 18 (4) ASD Superintendent. – The superintendent of the ASD appointed by the State
19 Board of Education in accordance with G.S. 115C-75.6(b).
- 20 (5) Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37,
21 that meets one of the following criteria:
- 22 a. The school received a school performance score in the lowest five
23 percent (5%) of all schools in the prior school year that meet all of the
24 following requirements:
- 25 1. The school includes all or part of grades kindergarten through
26 fifth.
- 27 2. The school did not exceed growth in at least one of the prior
28 three school years and did not meet growth in at least one of the
29 prior three school years.
- 30 3. One of the models established in G.S. 115C-105.37B for
31 continually low-performing schools had not been adopted for
32 that school for the immediately prior school year.
- 33 b. The school received a school performance score in the lowest ten
34 percent (10%) of all schools that include all or part of grades
35 kindergarten through fifth in the prior school year and has been



* H 1 0 8 0 - P C S 1 0 5 6 9 - T C - 8 4 *

1 designated by the local board of education for consideration by the State
2 Board of Education as an achievement school.

3 **"§ 115C-75.6. Achievement School District.**

4 (a) There is established the Achievement School District (ASD) under the administration
5 of the State Board of Education. The ASD shall assume the supervision, management, and
6 operation of elementary schools that have been selected as achievement schools pursuant to this
7 Article.

8 (b) An ASD Superintendent Selection Advisory Committee shall be established to make a
9 recommendation to the State Board of Education on appointment of a superintendent to serve as
10 the executive officer of the ASD. The Committee shall ensure that the individual recommended
11 has qualifications consistent with G.S. 115C-271(a). The Lieutenant Governor shall serve as chair
12 of the Committee and shall appoint the following additional members:

13 (1) Three members of the State Board of Education.

14 (2) One teacher or retired teacher.

15 (3) One principal or retired principal.

16 (4) One superintendent or retired superintendent.

17 (5) One parent of a student currently enrolled in a low-performing school, as
18 defined in G.S. 115C-105.37.

19 (c) The State Board of Education shall consider the recommendation of the ASD
20 Superintendent Selection Advisory Committee and shall appoint a superintendent to serve as the
21 executive officer of the ASD. The ASD Superintendent shall serve at the pleasure of the State
22 Board of Education at a salary established by the State Board of Education within the funds
23 appropriated for this purpose. The ASD Superintendent shall have qualifications consistent with
24 G.S. 115C-271(a) and report directly to the State Board of Education.

25 (d) By January 15 annually, the State Board of Education and the ASD Superintendent
26 shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of
27 ASD, including the selection of achievement schools and their progress.

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

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

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

47 (c) Local Board Response. – Upon notification by the ASD Superintendent of selection by
48 the State Board of Education of the qualifying school as a prospective achievement school, the
49 local board of education shall determine whether to (i) close the selected qualifying school or (ii)
50 transfer the school into the ASD. The local board shall not be required to undertake the study
51 required by G.S. 115C-72 before closing the school. Before the adoption of a resolution, the local

1 board of education shall provide for a public hearing in regard to the proposed transfer or closure,
2 at which hearing the public shall be afforded an opportunity to express their views. No later than
3 March 1, the local board of education shall adopt a resolution either (i) consenting to transfer of
4 the selected qualifying school to the ASD as an achievement school or (ii) closing that school at
5 the conclusion of that school year. The State Board of Education may delay the transfer of a
6 selected school to the ASD for one year only upon the recommendation of the ASD
7 Superintendent.

8 (d) Public Notification. – The list of qualifying schools and selected achievement schools
9 shall be made publically available on a Web site maintained by the ASD.

10 (e) Waivers for Achievement Schools. – The ASD Superintendent may waive State Board
11 of Education rules, regulations, policies, and procedures, or the provisions of this Chapter for
12 achievement schools; however, achievement schools shall be required to comply with, at a
13 minimum, the statutory requirements for charter schools as provided in Article 14A of this
14 Chapter. The goal for each waiver shall be improvement of student performance. All achievement
15 schools shall comply with all applicable constitutional and statutory nondiscrimination
16 requirements.

17 **"§ 115C-75.8. Selection of AS operators.**

18 (a) The State Board of Education may select an AS operator for a prospective achievement
19 school by January 15 and shall select an AS operator for a prospective school no later than
20 February 15.

21 (b) The State Board of Education, upon the recommendation of the ASD Superintendent,
22 shall only select an entity to contract as an AS operator if that entity demonstrates one of the
23 following:

24 (1) The school or schools operated by the entity in this State or other states have a
25 record of results in improving performance of persistently low-performing
26 schools or improving performance of a substantial number of persistently
27 low-performing students attending the school.

28 (2) The entity has a credible and specific plan for dramatically improving student
29 achievement in a low-performing school and provides evidence that the entity is
30 currently operating a school or schools in this State that provide a sound, basic
31 education or has demonstrated consistent and substantial growth toward
32 providing a sound, basic education in the prior three school years or is a
33 contractual affiliate of such an entity.

34 (c) The selected AS operator is encouraged to hold public informational sessions and other
35 outreach to the community, prospective achievement school, and local board of education of a
36 prospective achievement school prior to a local board's adoption of the resolution required by
37 G.S. 115C-75.7(c).

38 (d) The contract between the State Board of Education and AS operator shall require, as a
39 minimum, that the AS operator meet the same requirements as established for charter schools in
40 the following statutes:

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

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

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

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

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

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

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

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

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

51 **"§ 115C-75.9. Management of achievement schools.**

1 (a) Direct Management by AS Operator. – An achievement school shall be subject to
2 direct management by an AS operator selected by the State Board of Education, upon the
3 recommendation of the ASD Superintendent, for a five-year contract.

4 (b) Role of AS Operator. – The AS operator shall be authorized to have a direct role in
5 making decisions about school finance, human capital, and curriculum and instruction for the
6 achievement school while developing the leadership capacity in such schools.

7 (c) Assignment to Achievement Schools. – All achievement schools shall remain open to
8 enrollment in the same manner with the same attendance zone as prior to becoming an
9 achievement school. If a local board of education's reassignment of students within the local
10 school administrative unit due to student population changes or openings or closures of other
11 schools impacts the achievement school, the AS operator may appeal to the ASD Superintendent
12 and request a hearing before the State Board of Education regarding the reassignment.
13 Notwithstanding G.S. 115C-366, the State Board of Education shall, after hearing from both the
14 local board of education and AS operator, determine whether the reassignment of students
15 impacting the achievement school may proceed.

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

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

21 (2) All AS operators and local boards of education shall enter into an occupancy
22 agreement establishing the terms of occupancy for the AS operator not
23 otherwise addressed in statute. If the parties are unable to reach agreement,
24 either party may petition the State Board of Education to resolve any issues in
25 dispute.

26 (3) The AS operator shall have first priority in use of the facility for any purpose
27 related to the operation of the achievement school. The local board of education
28 may allow use of the facility by governmental, charitable, civic, or other
29 organizations for activities within the community and may retain any funds
30 received for such use for any time the AS operator has not provided written
31 notice to the local board of its use of the facility during that time for a purpose
32 related to the operation of the achievement school.

33 For the purposes of this subsection, facility and capital expenditures include routine
34 maintenance and repair, and capital expenditures include building repair and maintenance,
35 furniture, furnishings, and equipment.

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

39 (f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding this
40 section, the AS operator, in consultation with the ASD Superintendent, may elect to enter into a
41 memorandum of understanding for alternate arrangements with the local board of education to
42 address any of the following:

43 (1) Facility and capital expenditures.

44 (2) Transportation services.

45 (3) Services for Children with Disabilities.

46 If the AS operator elects to use a memorandum of understanding for alternate arrangements,
47 the AS operator and local board of education shall finalize the memorandum of understanding
48 within 30 days of the initial request by the AS operator. If the parties have not completed the
49 memorandum of understanding within 30 days, the State Board of Education shall resolve any
50 issues in dispute.

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

3 (h) Achievement School Employees. – The AS operator shall select and hire the school
4 principal for an achievement school. Within the limits of the school budget, the AS operator or its
5 designee shall select staff members in accordance with guidance from the ASD Superintendent.
6 Before finalizing staffing recommendations, the AS operator and the ASD Superintendent or the
7 Superintendent's designee shall interview all existing staff members at the qualifying school and
8 review student growth and performance data for those staff members for whom it is available.
9 Notwithstanding Article 21A of this Chapter, the AS operator and the ASD Superintendent shall
10 be permitted to examine personnel files of existing staff members for the qualifying school. The
11 AS operator shall have the authority to decide whether any administrator, teacher, or staff member
12 previously assigned to a qualifying school selected to become an achievement school shall
13 continue as an employee of the achievement school. Any such employees retained shall become
14 employees of the ASD. An employee hired to work in an achievement school shall be an
15 employee of the ASD, and the employees shall be under the exclusive control of the ASD. All
16 employees of the ASD shall be eligible for enrollment in the Teachers' and State Employees'
17 Retirement System of North Carolina, the State Health Plan, and other benefits available to State
18 employees. The AS operator shall provide funds to the ASD in an amount sufficient to provide
19 salary and benefits for employees of the ASD working in the achievement school based on the
20 terms of employment established by the AS operator.

21 (i) Criminal History Checks. – The State Board of Education shall require applicants for
22 employment with the ASD to be checked for criminal histories using the process provided in
23 G.S. 115C-297.1. The State Board of Education shall provide the criminal history it receives to the
24 ASD Superintendent and AS operator.

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

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

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

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

33 (k) Liability Insurance. – The AS operator shall maintain reasonable amounts and types of
34 liability insurance as established by the State Board of Education. No civil liability shall attach to
35 a local board of education or to any of its members or employees, individually or collectively, for
36 any acts or omissions of the AS operator.

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

39 (m) Cooperation with ASD Superintendent. – The local board of education shall cooperate
40 with the ASD Superintendent in carrying out his or her powers and duties as necessary in
41 accordance with this Chapter.

42 **"§ 115C-75.10. Achievement schools funds.**

43 (a) Funding Allocation Selection. – State and local funding for an achievement school
44 shall be allocated as provided in subsection (b) or subsection (c) of this section. The AS operator
45 shall select one of the allocation methods as the method to be used for the achievement school.

46 (b) Designated Funding. – Funding shall be allocated to the ASD for the achievement
47 school by the State Board of Education and local board of education as follows:

48 (1) The State Board of Education shall allocate the following to the ASD for each
49 achievement school:

50 a. An amount equal to the average per pupil allocation for average daily
51 membership from the local school administrative unit allotments in

1 which the achievement school was located for each child attending the
2 achievement school except for the allocations for (i) children with
3 disabilities, (ii) children with limited English proficiency, and (iii)
4 transportation. The State Board of Education shall provide the allocation
5 for transportation to the local school administrative unit in which the
6 achievement school is located.

7 b. An additional amount for each child attending the achievement school
8 who is a child with disabilities.

9 c. An additional amount for children with limited English proficiency
10 attending the achievement school, based on a formula adopted by the
11 State Board of Education.

12 (2) The local school administrative unit in which the achievement school is located
13 shall transfer to the ASD for the achievement school an amount equal to the per
14 pupil share of the local current expense fund of the local school administrative
15 unit for the fiscal year. The per pupil share of the local current expense fund
16 shall be transferred to the ASD for the achievement school within 30 days of
17 the receipt of monies into the local current expense fund. The local school
18 administrative unit and ASD may use the process for mediation of differences
19 between the State Board of Education and a charter school provided in
20 G.S. 115C-218.95(d) to resolve differences on calculation and transference of
21 the per pupil share of the local current expense fund. The amount transferred
22 under this subsection that consists of revenue derived from supplemental taxes
23 shall be transferred only to an achievement school located in the tax district for
24 which these taxes are levied and in which the student resides. The local school
25 administrative unit shall also provide the ASD with all of the following
26 information within the 30-day time period provided in this subsection:

27 a. The total amount of monies the local school administrative unit has in
28 each of the funds listed in G.S. 115C-426(c).

29 b. The student membership numbers used to calculate the per pupil share
30 of the local current expense fund.

31 c. How the per pupil share of the local current expense fund was
32 calculated.

33 d. Any additional records requested by the ASD from the local school
34 administrative unit in order for the ASD to audit and verify the
35 calculation and transfer of the per pupil share of the local current
36 expense fund.

37 (c) Funding Memorandum of Understanding. – The AS operator, in consultation with the
38 ASD Superintendent, may enter into a funding memorandum of understanding with the local
39 board of education of the local school administrative unit where the achievement school is located
40 for all student support and operational services and instructional services to be provided by the
41 local board of education in the same manner and degree as in the prior school year or funding in
42 an amount equivalent to the amount the local board of education would have expended on those
43 services if provided. For the purposes of this subsection, student support and operational services
44 include cafeteria services, custodial services, broadband and utilities, and student information
45 services, and instructional services include alternative education, special education services, test
46 administration services, textbooks, technology, media resources, instructional equipment, and
47 other resources. The AS operator and local board of education shall finalize the funding
48 memorandum of understanding within 30 days of the initial request for the memorandum by the
49 AS operator. If the parties have not completed the funding memorandum of understanding within
50 30 days, the State Board of Education shall resolve any issues in dispute.

1 (d) The ASD may seek, manage, and expend federal money and grants, State funding, and
2 other funding with the same authority as a local school administrative unit, including decisions
3 related to allocation of State funds among achievement schools.

4 **"§ 115C-75.11. Accountability and governance for achievement schools.**

5 (a) The AS operator shall set clear goals related to higher academic outcomes for students,
6 safe and positive learning environments for children, parent and community engagement, and the
7 efficient and effective use of taxpayer dollars, empower and equip teachers and school leaders to
8 meet the goals, and hold such teachers and school leaders accountable to meet the goals. The AS
9 operator shall apply to the ASD Superintendent for appropriate waivers for the achievement
10 school pursuant to G.S. 115C-75.7(e).

11 (b) The AS operator shall select, approve, or remove the school principal of an
12 achievement school that it is managing in accordance with this Article.

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

18 (d) An achievement school shall not be included in any State evaluation or performance
19 models used for the local school administrative unit in which the school is located but shall be
20 considered a part of the ASD for all evaluation purposes.

21 **"§ 115C-75.12. Term of supervision for an achievement school.**

22 (a) An achievement school shall remain under the supervision of the ASD for a minimum
23 of five consecutive years through a contract with an AS operator. The following shall apply to the
24 term of a contract with an AS operator of an achievement school:

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

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

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

51 a. Select another AS 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) AS operator option to extend contract for three years. – If, by the end of the
5 five-year contract, the achievement school receives a grade of C or higher under
6 G.S. 115C-12(9)c1., the AS operator shall have the option to extend the
7 contract for another three-year term. The ASD Superintendent and AS operator
8 shall engage the school, the school community, and the school's local board of
9 education in developing a transition plan for the school to leave the supervision
10 of the ASD at the conclusion of the three-year extension of the contract.
11 Options at the conclusion of the contract shall include the following:
12 a. Conversion to charter. – If, in the development of the transition plan, a
13 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 achievement school back to the local school
16 administrative unit, the AS 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 as
19 provided in G.S. 115C-218.35. If the AS 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 (2)
22 of this subsection.
23 b. Alternate as operator or return to local school administrative unit. – If
24 the AS operator does not elect to continue the contract, the State Board
25 of Education may select another AS operator for a three-year contract or
26 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 ASD Superintendent, may terminate a contract
30 with an AS 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 Board
33 of Education shall develop a transition plan to return the school to the local
34 school administrative unit.
35 (b) An achievement school shall remain under the supervision of the ASD for no more
36 than eight years.
37 (c) The State Board of Education shall make all decisions related to contracts for AS
38 operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this
39 section.
40 **§ 115C-75.13. Innovation zones.**
41 (a) If a local board of education transfers a qualifying school to the ASD, the local board
42 of education may ask the State Board of Education to be allowed to create an innovation zone for
43 up to three continually low-performing schools within its local school administrative unit. The
44 State Board of Education shall grant such requests for the creation of an innovation zone. The
45 State Board of Education shall also authorize the local board of education the flexibility to operate
46 the schools within the innovation zone with the same exemptions from statutes and rules as a
47 charter school authorized under Article 14A of this Chapter and with exemptions from local board
48 of education policies as needed to ensure autonomy under the guidance of the innovation zone
49 office for financial, programmatic, staffing, and time allocation decisions.
50 (b) The innovation zone created by a local board of education must include all of the
51 following:

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

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

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

44 **SECTION 2.** G.S. 115C-105.37A is amended by adding a new subsection to read:

45 "(d) The State Board of Education shall report annually to the Superintendent of the
46 Achievement School District on any schools identified under this section as qualifying schools as
47 defined in G.S. 115C-75.5 for consideration to be selected as achievement schools in accordance
48 with Article 7A of this Chapter."

49 **SECTION 3.** G.S. 115C-321(a) reads as rewritten:

1 "(a) All information contained in a personnel file, except as otherwise provided in this
2 Chapter, is confidential and shall not be open for inspection and examination except to any of the
3 following persons:

- 4 (1) The employee, applicant for employment, former employee, or his properly
5 authorized agent, who may examine his own personnel file at all reasonable
6 times in its entirety except for letters of reference solicited prior to employment.
7 (2) The superintendent and other supervisory personnel.
8 (3) Members of the local board of education and the board's attorney.
9 (4) A party by authority of a subpoena or proper court order may inspect and
10 examine a particular confidential portion of an employee's personnel file.
11 (5) An achievement school operator and the Superintendent of the Achievement
12 School District if the school where the individual is employed has been selected
13 as an achievement school as provided in Article 7A of this Chapter."

14 **SECTION 4.** Evaluation of the Achievement School District and Other Innovation
15 Models. – The State Board of Education shall contract during the 2016-2017 school year with an
16 independent research organization to evaluate the implementation and effectiveness of the
17 following:

- 18 (1) The Achievement School District in turning around low-performing schools
19 beginning with the 2017-2018 school year through the 2021-2022 school year.
20 The State Board of Education shall require AS operators to provide the
21 independent research organization with requested data to conduct the
22 evaluation. The independent research organization shall include an analysis on
23 the impact of public versus private funding in the effectiveness of the
24 Achievement School District.
25 (2) Innovation zones in turning around low-performing schools beginning with the
26 2016-2017 school year through the 2021-2022 school year. The State Board of
27 Education shall require local boards of education granted innovation zones to
28 provide the independent research organization with requested data to conduct
29 the evaluation.

30 The independent research organization shall report its interim findings to the State
31 Board of Education annually no later than February 15, beginning in 2017, and shall submit a final
32 report no later than February 15, 2023. The State Board of Education shall provide the report of
33 the independent research commission, along with any recommended legislative changes, to the
34 Joint Legislative Education Oversight Committee annually no later than March 1, beginning in
35 2017 until submission of the final report in 2023.

36 **SECTION 5.** There is appropriated from the General Fund to the Department of
37 Public Instruction four hundred thousand dollars (\$400,000) in recurring funds for the 2016-2017
38 fiscal year for salary and benefits for the ASD Superintendent, staff, and other expenses associated
39 with the ASD. There is appropriated from the General Fund to the Department of Public
40 Instruction five hundred thousand dollars (\$500,000) for the 2016-2017 fiscal year to contract with
41 an independent research organization to conduct the evaluation required in Section 4 of this act.

42 **SECTION 6.** It is the intent of the General Assembly to appropriate to the Department
43 of Public Instruction four hundred fifty thousand dollars (\$450,000) for the 2017-2018 fiscal year
44 and annually thereafter for innovation zone model grants. Upon appropriation of funds, the State
45 Board of Education shall award innovation zone model grants of up to one hundred fifty thousand
46 dollars (\$150,000) per fiscal year for five years to local boards of education who (i) have been
47 authorized to adopt the innovation zone model by the State Board of Education for up to three
48 schools and (ii) provide a dollar-for-dollar match with non-State funding for the requested grant
49 amount. Innovation zone model grants shall be directed by local boards of educations to the
50 innovation zone office to address specific issues in innovation zone schools.

1 **SECTION 7.** This act becomes effective only if funds are appropriated by the Current
2 Operations Appropriations Act of 2016 for the Achievement School District.

3 **SECTION 8.** This act is effective when it becomes law and supervision of
4 achievement schools by the Achievement School District shall begin with the 2017-2018 school
5 year. In the discretion of the State Board of Education (i) the ASD Superintendent may not be
6 required during the 2016-2017 school year to recommend qualifying schools for inclusion in the
7 ASD for the 2017-2018 school year and (ii) the time line for selection of achievement schools for
8 the 2017-2018 school year provided in G.S. 115C-75.7 may be varied, but in no event may the
9 local board of education's decision occur later than April 1, 2017. The State Board of Education
10 may select up to five qualifying schools to transfer to the ASD beginning with the 2017-2018
11 school year but shall select at least two qualifying schools to transfer to the ASD no later than the
12 2018-2019 school year and shall have selected five qualifying schools for transfer to the ASD no
13 later than the 2019-2020 school year.