



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

Report to the North Carolina General Assembly

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

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Report # 36
DPI Chronological Schedule, 2015-16

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LEGISLATION AND HISTORICAL BACKGROUND

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

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

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

Statute originally capped at 100 the number of charter schools that could operate in the State in a given school year, but the General Assembly removed that ceiling in August 2011. Thirty-four charter schools opened in the inaugural year of 1997. There are 158 charter schools currently operating in the 2015-16 school year, including 21 of the original 34 schools. Since 1997, 43 schools that have been open at some time have closed.

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

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

- Accountability; reporting requirements to the State Board of Education
- Charter School Facilities
- Charter School Transportation
- Admission requirements
- Employment Requirements
- Funding for charters
- Causes for nonrenewal or termination; disputes

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

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

This report addresses this legislated reporting requirement.

CURRENT STATE OF CHARTER SCHOOLS IN NC

School & Student Population

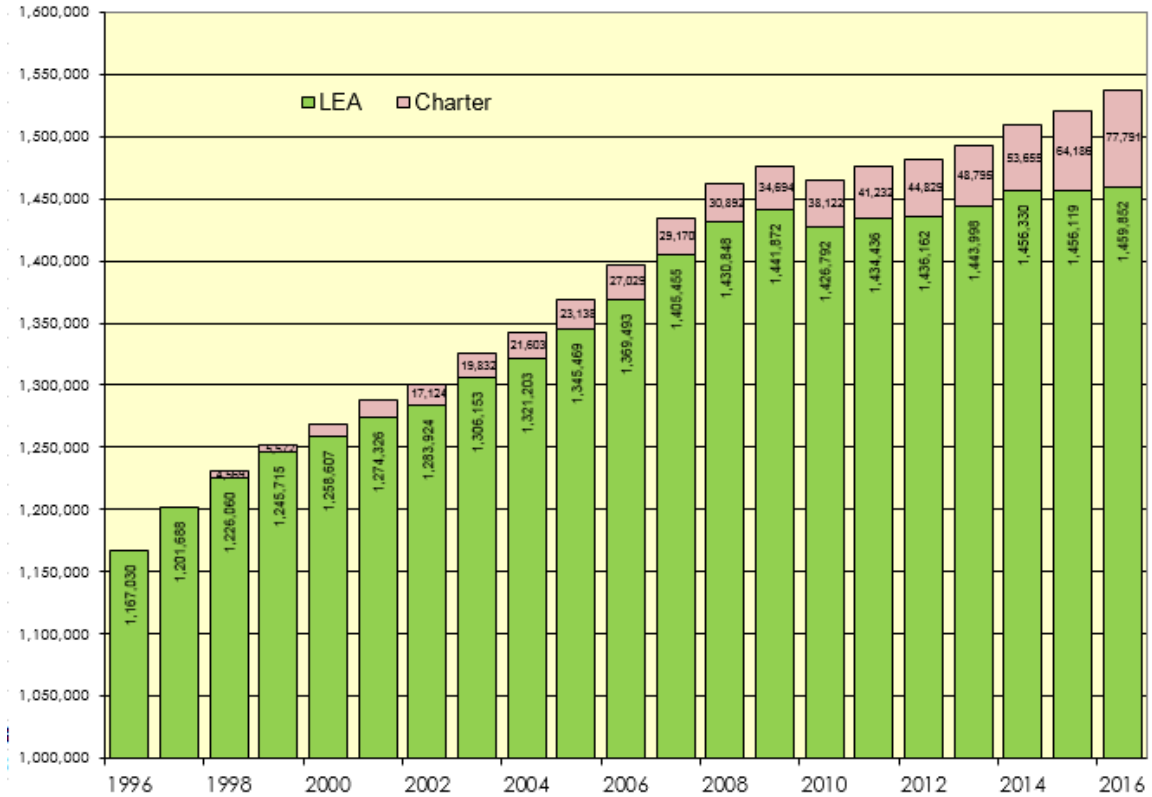
Schools

Between 1997 and 2011, the number of charter schools in NC grew first rapidly, then slowly, but steadily until it reached the legislatively maximum of 100 schools. Since the removal of “the cap” in 2011, 300 applicants have submitted complete applications for charters and the State Board of Education has approved 87. Twenty-eight more applicants have applied in 2015 to open schools in 2017-18; these applications are still being reviewed. No applications were submitted in 2015 for fast-track replication, a special option added in policy in 2015. One hundred fifty-eight charter schools are operating in 2015-16. Included in that total are the State’s first two virtual charter schools (directed in S.L. 2014-100 to be established as pilots) and one drop-out prevention and recovery charter school (directed in S.L. 2014-104 to be established as a pilot).

Students

The charter schools student population has grown steadily since 1997, with larger annual increases occurring in the years since the cap on schools was lifted in 2011. The graph below illustrates the increase in allotted charter school student enrollments from 1997 to 2016. According to first month Average Daily Membership (ADM) figures certified in November 2015, 81,951 students are now being served by charter schools.

**Allotted Average Daily Membership
1995-2016**



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

In addition to the current charters schools student population, many students have 24691 applied to enroll in charter schools, but have not been able to enroll due to limited spaces at schools. The NCDPI Office of Charter Schools surveys charter schools annually to gather data regarding the number of students on “wait lists” statewide. In the 2015 survey (closed December 2015), 92 charter schools (58% of the 158 schools in operation) responded and indicated that a total of 38,378 students are on wait lists. This figure reflects a point in time (wait lists could change daily) and cannot be verified as an unduplicated count of students (as a student could be on multiple school wait lists), but is the best information available regarding the number of students who have indicated interest in attending charter schools but are not currently enrolled.

Admissions and Student Demographics

Background

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

Charter schools may target certain students through admissions set-asides, if the student population being given priority for admission is identified as such through the school's State Board-approved mission and admissions process. Two charter schools have used this flexibility to employ a "weighted lottery" to work toward a more diverse student body. Francine Delaney New School for Children, located in Asheville City, is under a federal desegregation order and must ensure that the percentage of black students attending matches that of the district. The Central Park School for Children, located in Durham County, has SBE approval to conduct a weighted lottery based upon the Economically Disadvantaged status of families. The ability to conduct weighted lotteries was codified in the 2015 long session in HB 334 and provides for charter schools to have additional controls to enroll underserved populations if supported by the school's mission.

Charter schools may not discriminate in their admissions process on the basis of race, creed, national origin, religion, or ancestry. Charter schools may target certain students through their marketing, but "any child who is qualified under the laws of [NC] for admission to a public school is qualified for admission to a charter school."

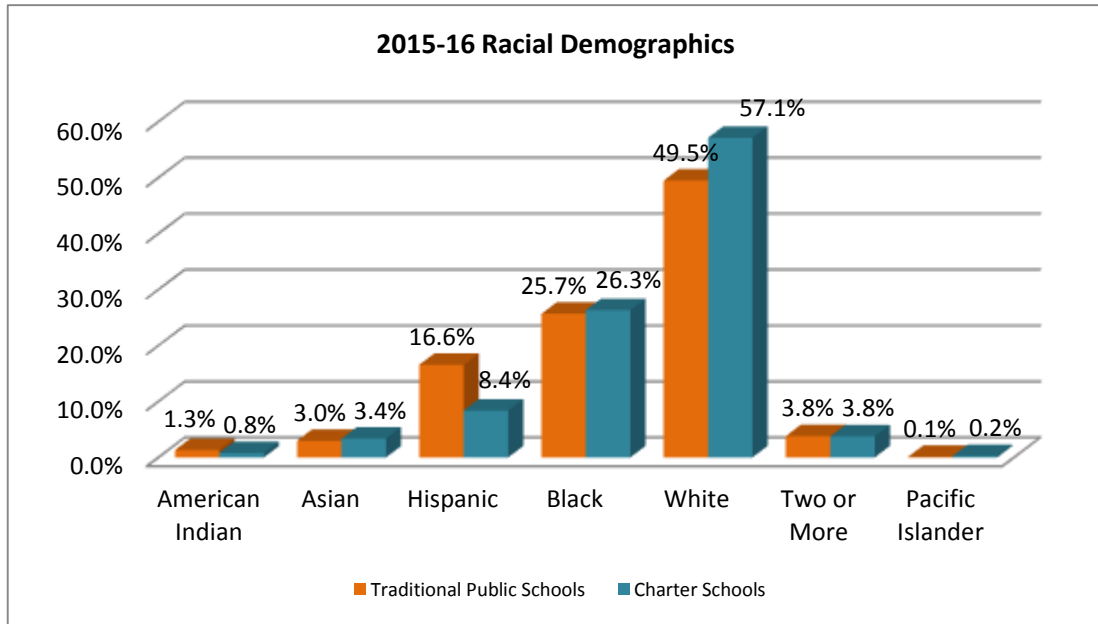
Each charter school has an authorized maximum funded enrollment. If a school receives more applications from qualified applicants than there are funded slots at the school, the school must conduct a lottery and establish a wait list. Students who are not enrolled through the lottery must re-apply for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

Demographics: Race and Ethnicity

Based on data from 2014-15, the overall student populations in the NC charter schools and traditional public schools are similar in terms of racial and ethnic composition, though several differences do exist. As illustrated in the chart below, the overall charter schools student population is highly similar to the traditional school population in terms of the proportion of students who are American Indian, Asian, Black, Two or More Races/Ethnicities, and Pacific Islander. The two notable differences between charter

school and traditional school overall populations are that the charter school population is 15% (7.6 percentage points) more White and 49% (8.2 percentage points) less Hispanic.

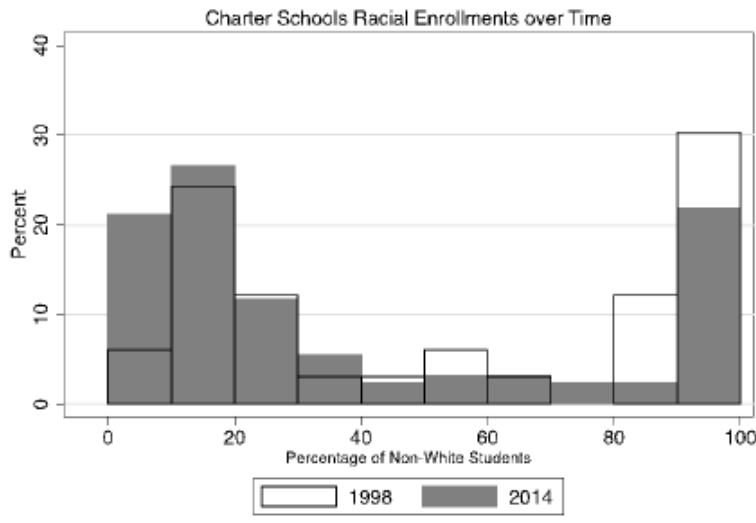
Overall Traditional Public Schools and Charter Schools Racial Demographics



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

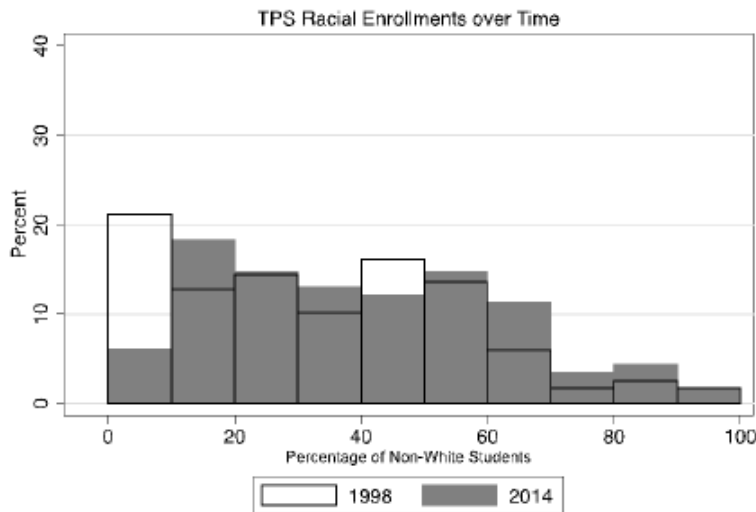
School-level data, however, indicates greater differences between the charter schools and traditional public schools in terms of the racial composition of individual school populations. In an April 2015 report entitled *The Growing Segmentation of the Charter School Sector in North Carolina* (see http://www.caldercenter.org/sites/default/files/WP%20133_0.pdf), Duke University researchers Helen Ladd, Charles Clotfelter, and John Holbein documented the findings of their analysis of the racial composition of NC charter schools' student populations. The analysis finds that the student populations of individual charter schools in NC have historically been either predominantly white (less than 20 percent nonwhite) or predominantly minority (greater than 80 percent nonwhite). Also, over time, the share of minority students in charter schools has declined. Figures 2a and 2b (from the *Ladd, et al* report) below illustrate how these trends differ from the traditional public schools.

Figure 2a. Distribution of charter school students by racial mix of schools (1998 & 2014)



Source: National Center for Education Statistics Common Core of Data & NCDPI; Author's calculations.

Figure 2b. Distribution of traditional public school (TPS) students by racial mix of schools (1998 & 2014)



Source: National Center for Education Statistics Common Core of Data & NCDPI; Author's calculations.

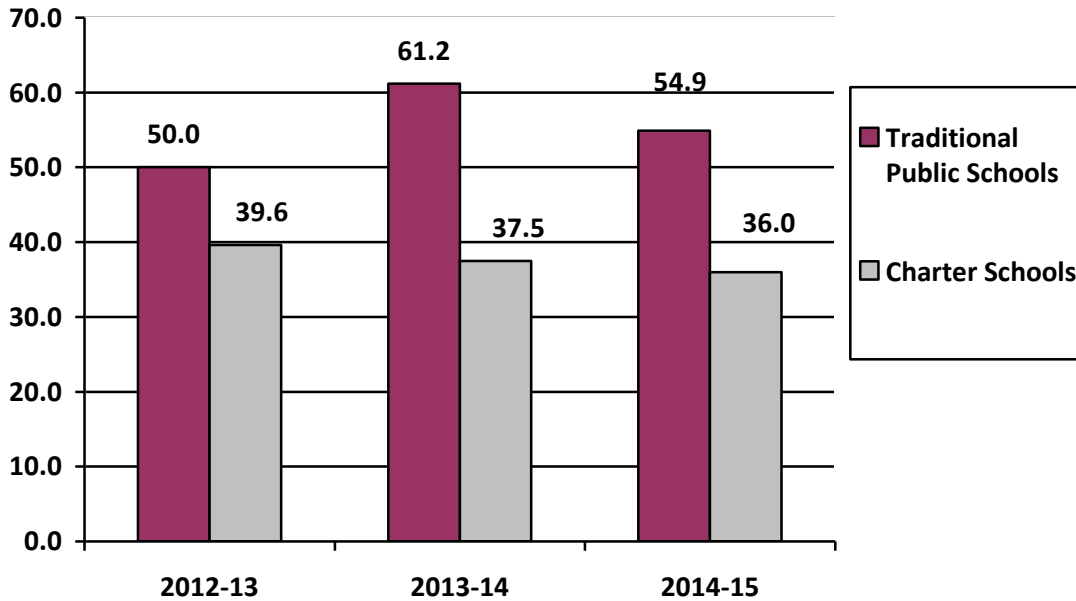
Data Source: NCDPI Accountability Services, 2014-2015

Demographics: Socio-Economic Status

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

students than traditional schools. In 2014-15, the percentage of ED students in charter schools was approximately 34% (19 percentage points) lower than in traditional schools.

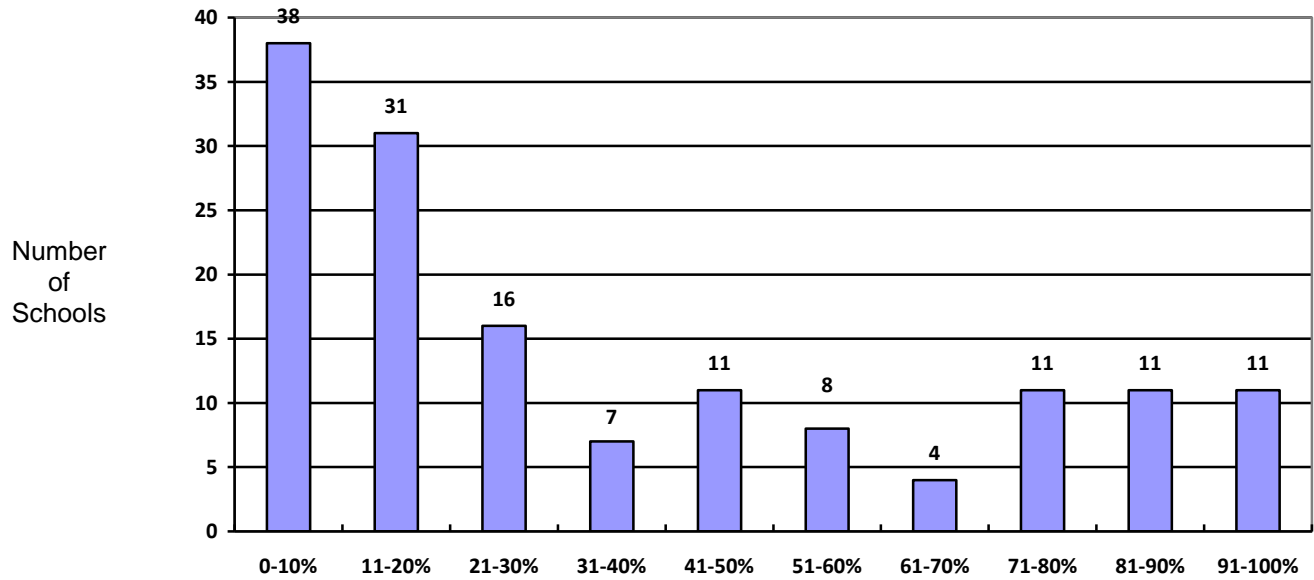
**Percentage of Overall Student Population that is Economically Disadvantaged (ED)
(2012-13 to 2014-15)**



Analysis of school-level data for 2014-15 indicates that the median percentage of ED students in charter schools is 24.4% and the majority of charter schools have an ED percentage below 20%; seven schools reported 0% ED students. The chart on the following page displays the distribution of 2014-15 charter schools based on percentage of ED students served.

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

Distribution of Charter Schools by Percentage of Economically Disadvantaged Students Served in 2014-15

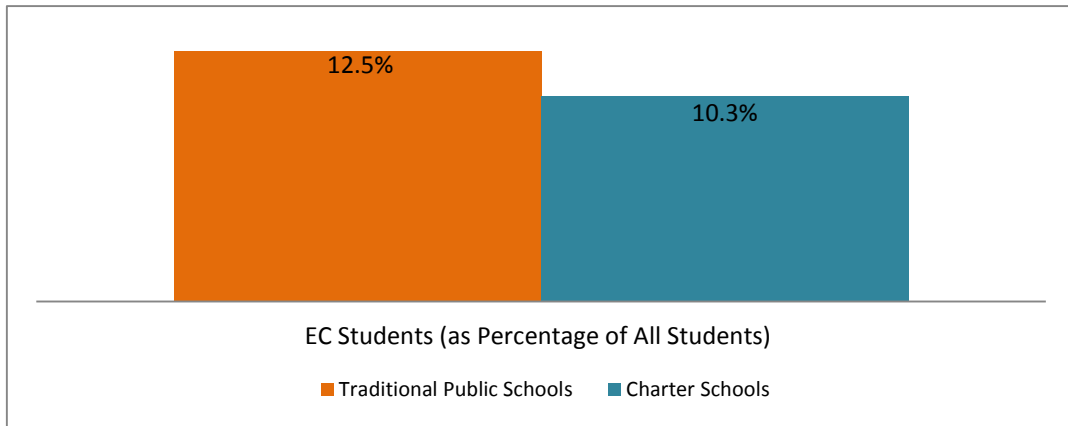


Data Source: NCDPI Accountability Services, 2014-2015

Demographics: Exceptional Children

The Exceptional Children’s Division collects exceptional children headcount data twice annually. The last reported headcount was April 2015. Based on this data, charter schools serve a slightly lower proportion of students identified as requiring Exceptional Children’s (EC) services as are served by traditional public schools. The overall percentage of EC students served is 18% (2.2 percentage points) lower than the percentage served in traditional schools.

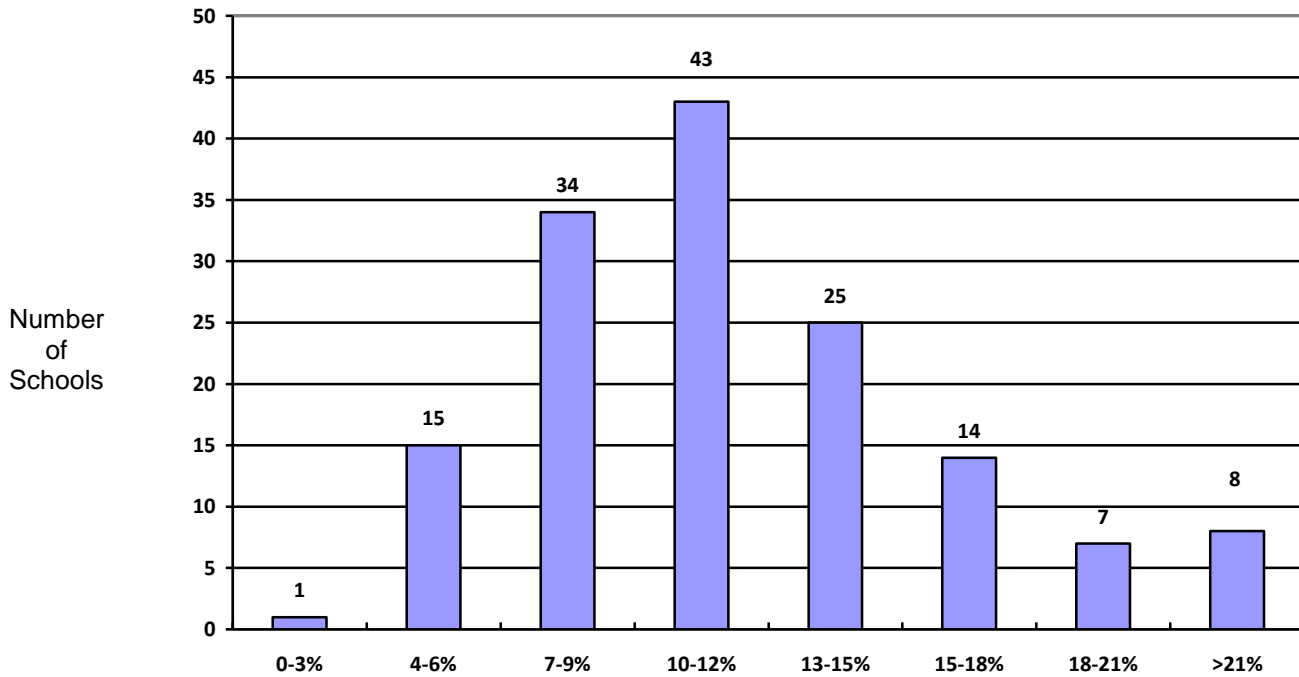
**Exceptional Children's (EC) Charter Student Population by April 2015 Headcount
(Percentage of Overall Student Population)**



Data Source: Exceptional Children's Services Division

School-level data indicates that the median percentage of EC students served in charter schools is 10.8%, with the majority of charter schools serving between 7-15% EC students, which is in the average range for traditional public schools.

Distribution of Charter Schools by Percentage of EC Students Served in 2014-15



Data Source: Exceptional Children's Services Division

Charter Schools Operating Requirements

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

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

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

Charter Schools Performance

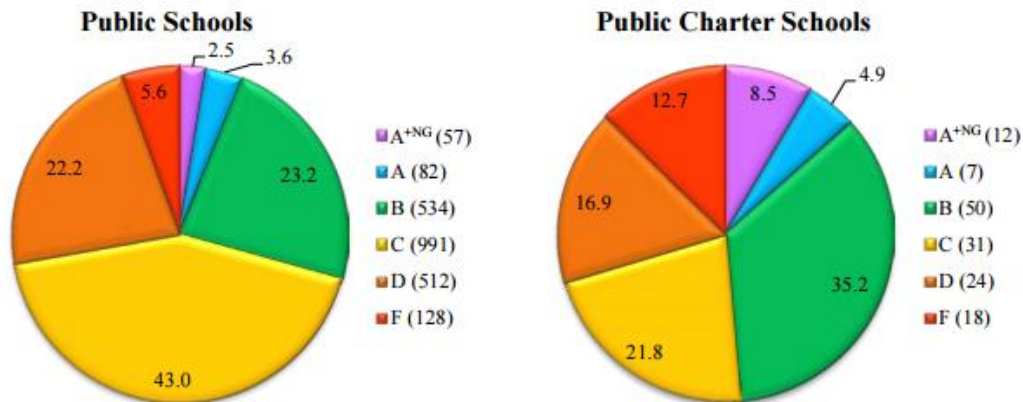
Academic Performance: School Performance Grades

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

2014-2015 School Performance Grades for All Public Schools

Overall Grade	Public Schools		Public Charter Schools	
	Number	Percent	Number	Percent
A ^{+NG}	57	2.5	12	8.5
A	82	3.6	7	4.9
B	534	23.2	50	35.2
C	991	43.0	31	21.8
D	512	22.2	24	16.9
F	128	5.6	18	12.7
Total	2,304		142	

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



Data Source: www.ncpublicschools.org/docs/accountability/reporting/exsumm15.pdf

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

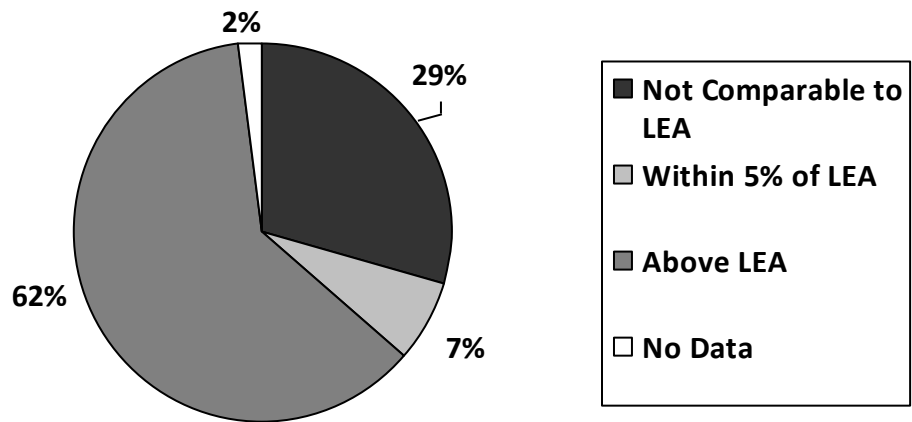
Academic Performance: School Performance Composites and Growth

The General Assembly amended charter schools statute in 2013 to expand the academic expectations to be considered when reviewing schools for charter renewal. G.S. 115C-218.5 requires that a charter school’s academic outcomes should be “comparable to the local school administrative unit in which the charter school is located.” The Charter School Advisory Board (CSAB), when considering this requirement for renewal recommendations, defined “comparable” as having a Performance Composite in Grade Level Proficiency (GLP) less 5% of the local school administrative unit in which the school is located.

Data for 2014-15, illustrated below, indicate that approximately two thirds of charter schools are either comparable to or exceed the composite performance in Grade Level

Proficiency of the local school administrative unit in which they are located. Approximately one third of charter schools are not comparable to their local school districts. Schools with no data serve students in K-2 and do not have proficiency scores.

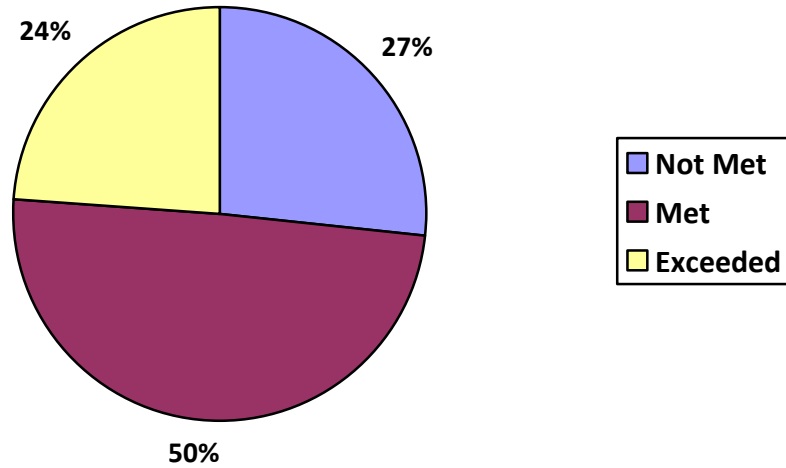
Charter School Performance as Compared to Home LEAs



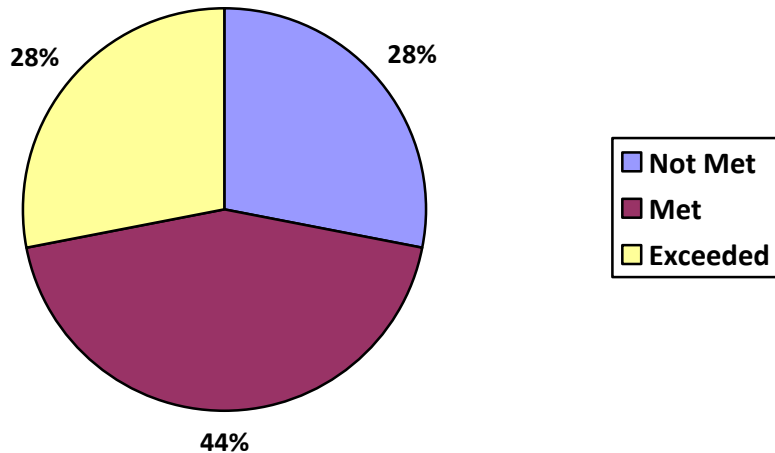
Data Source: NCDPI Accountability Services, 2014-2015

Under the current accountability model, all public schools receive a growth status of *Not Met*, *Met*, or *Exceeded*. The data for 2014-15, illustrated below, indicates that the charter schools achieved approximately the same distribution of these statuses as the traditional public schools.

Charter School Academic Growth 2014-2015



Traditional Public School Growth 2014-2015



Academic Performance: Relative to State Board of Education Goals

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

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

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

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

*Data Source: State Board of Education Strategic Plan
(<http://stateboard.ncpublicschools.gov/strategic-plan/strategic-plan-full.pdf>)*

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

is higher than the state average school performance against these measures and higher than the average for traditional schools only. The chart below illustrates this comparison.

Percent of NC Public Schools At/Above 60% CCR (Level 4 or 5) on the 2014-15 EOG and EOC Assessments				
Type of School	# Schools Under 60%	# Schools Over 60%	% Over 60%	SBE Target
Charter	86	57	39.8%	51.7%
Traditional	2,063	444	17.7%	N/A
Percent of NC Public Schools At/Above 60% GLP (Level 3,4, or 5) on the 2014-15 EOG and EOC Assessments				
Type of School	# Schools Under 60%	# Schools Over 60%	% Over 60%	SBE Target
Charter	63	80	55.9%	51.7%
Traditional	1,598	909	36.3%	N/A

Data source: NCDPI Accountability Division’s 2014-15 State, District and school Level Summary Data (<http://www.ncpublicschools.org/accountability/reporting/>)

Academic Performance: “Inadequate” Schools

In the same August 2011 legislation that lifted the cap on the number of charter schools in NC, the General Assembly also codified language defining “inadequate academic performance” for a charter school. “Inadequate” is defined as demonstrating less than 60% proficiency and not meeting growth for two of three consecutive years. Schools meeting these criteria in a given year are notified that they must improve or could face revocation of their charter.

2012 marked the first time that the State Board revoked a school’s charter because the school was deemed academically inadequate. Soon after, 2012-13 was the first year of re-normed State tests, so scores did not count against schools for purposes of this policy. Based upon accountability results for the following year, 2013-14, however, 16 charter schools received academic warning letters because they were at less than 60% proficiency and did not meet growth. Five of these schools were in their first year of operation while the rest had two or more years of operational experience. Four of the 16 schools continued to meet the statutory criteria in 2014-15 and therefore have now been formally designated as “academically inadequate.” Two of the schools have been in operation fewer than five years and two have been in operation more than five years. These four schools are under review by the Charter School Advisory Board, which will make a recommendation to the State Board of Education regarding what actions to take regarding these four schools.

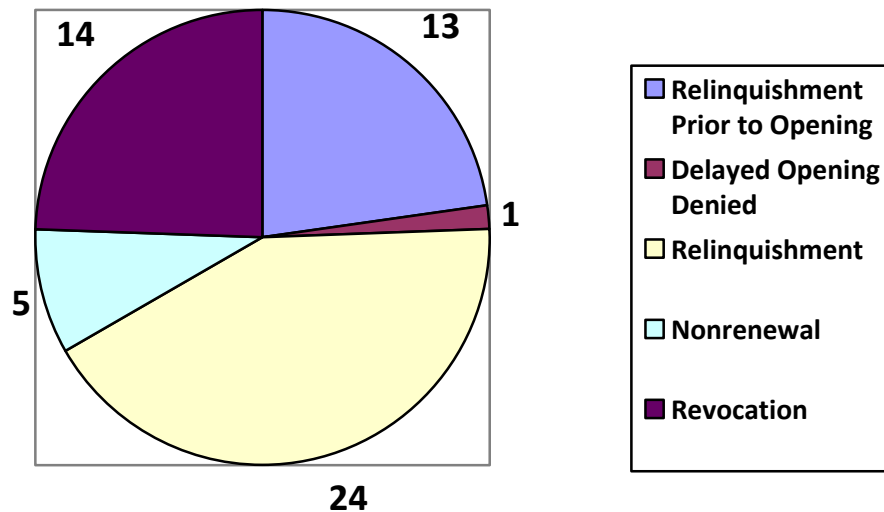
Charter School Closure

Between 1997 and 2011, 57 charter schools closed. This total number includes schools that were not able to open, schools that relinquished their charters, and schools that either had their charters revoked or not renewed by the State Board of Education.

The majority of charter school closures have been the result of financial or financially-related issues – low enrollment, fiscal noncompliance, excessive debt, etc. Out of the 43 schools that opened for operation, but then closed, 35 (or 80%) of those schools closed due to financial reasons.

Since the cap on charter schools was lifted in 2011, 13 schools have closed (including three that were not able to open). These 13 schools account for 23% of all school closures since 1997. Since August of 2014, seven charter schools have closed. Two of those schools relinquished the charter prior to opening and five schools were in the first year of operation. One of those schools was revoked due to non-compliance with requirements for services for Exceptional Children.

Reasons for Charter School Closure from 1997-2015
(# of Schools by Closure Reason)



IMPACT OF CHARTER SCHOOLS ON THE PUBLIC SCHOOL SYSTEM

Historical Overall Fiscal Impact

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

Charter Schools Status Report 1997-2015

Year	Approved	Opened	Closed	Relinq w/o Opening	Total in Operation	Planning Allotted ADM	% of Total ADM	Total State Funds Allotted
1996-97	34	0	0	0	0			
1997-98	31	34	1	0	33	4,106	0.3%	\$ 16,559,947
1998-99	28	26	3	0	56	5,572	0.4%	\$ 32,143,691
1999-00	17	23	4	4	75	10,257	0.8%	\$ 50,104,210
2000-01	9	15	4	3	86	14,230	1.1%	\$ 64,213,491
2001-02	3	8	3	2	91	19,492	1.5%	\$ 77,177,902
2002-03	2	5	3	1	93	19,832	1.5%	\$ 87,233,744
2003-04	4	2	2	0	93	21,578	1.6%	\$ 94,286,726
2004-05	2	4	0	0	97	24,784	1.8%	\$ 110,888,050
2005-06	1	2	3	0	96	28,733	2.1%	\$ 132,089,910
2006-07	7	1	4	0	93	29,170	2.0%	\$ 144,299,621
2007-08	2	7	2	0	98	30,892	2.1%	\$ 169,871,326
2008-09	0	2	3	0	97	34,694	2.3%	\$ 191,751,412
2009-10	3	0	1	0	96	38,449	2.6%	\$ 187,726,898
2010-11	1	3	0	0	99	41,314	2.8%	\$ 200,058,046
2011-12	9	1	0	0	100	44,829	3.0%	\$ 228,291,552
2012-13	24	8	1	1	107	48,795	3.3%	\$ 255,396,318
2013-14	26	22	3	0	127	53,655	3.6%	\$ 304,459,644
2014-15	14	24	3	0	148	64,186	4.2%	\$ 366,455,982
	217	187	40	11				

Data Source: Highlights of the North Carolina Public School Budget, February 2015, Information Analysis, Division of School Business, North Carolina Department of Public Instruction.

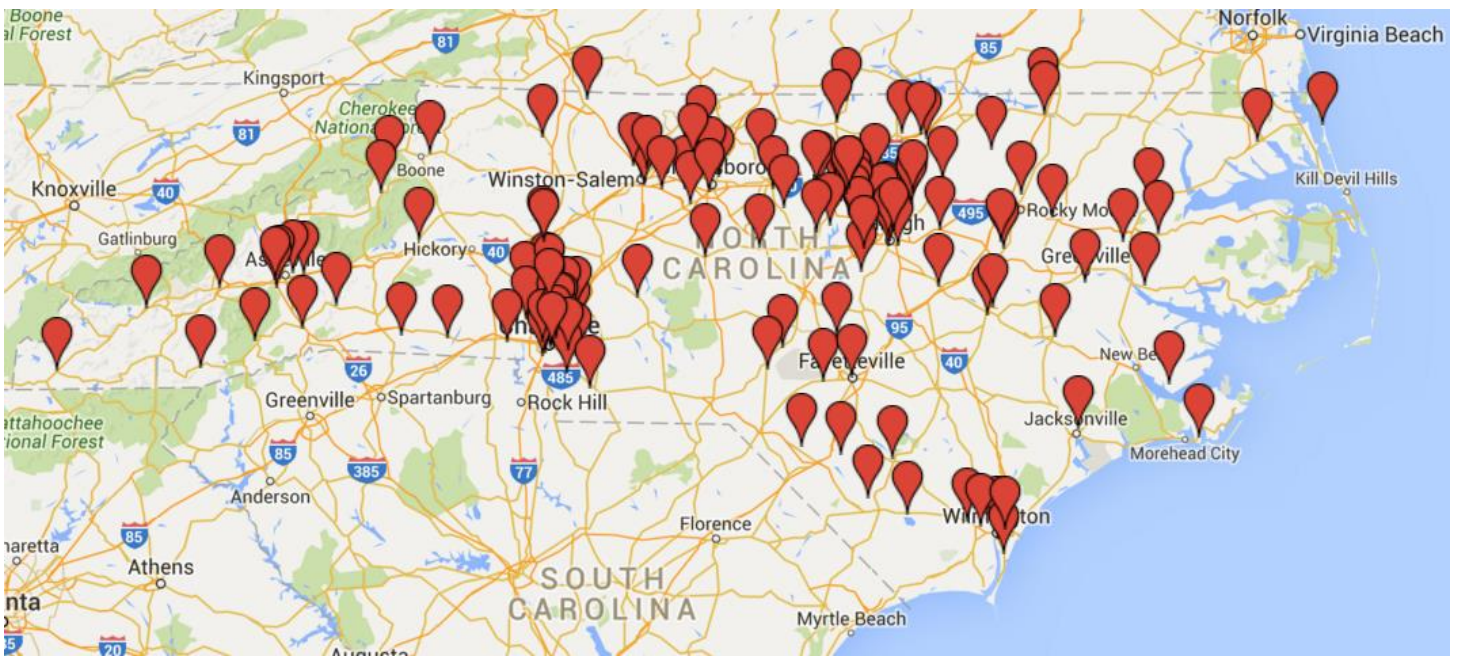
Many, but not all of the State and local dollars directed to charter schools would have been directed to school districts (traditional public schools), as most charter school students were formerly enrolled in traditional public schools. In cases where former private or home schoolers enroll in charters, State funding for the charter schools comes from reserve funds appropriated specifically for such growth and other enrollment-related

contingencies, so the funds do not reduce funds going to school districts. Local funding for home and private schoolers coming into the public system to attend charter schools does reduce local funding to school districts.

Current School Year (2015-16) Specific Fiscal Impact

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

2015-16 Currently Operating Charter Schools



Data Source: Google Fusion Maps

158 charter schools, located in 62 school districts and 59 counties, are currently open and serving 81,951 students (first month ADM for 2015-2016). The projected enrollment for 2015-2016 was 86,643 students. Statewide, charter schools are at 95% of projected enrollment.

Prior to 2013, the State Board of Education was required by legislation to solicit impact statements from LEAs when new applications for charters were being considered or when existing charter schools wanted to grow beyond what was normally allowed within the

statute. The General Assembly removed the requirement that LEAs submit impact statements, but the State Board has continued to consider comments from school districts in situations involving charter school enrollment growth.

Other Considerations: Other Fiscal and Non-Fiscal Impact

Discussion of the impact of charter schools upon the overall system of public schools typically focuses on the amount of operational (also known as “current expense”) funding shifting from each school district to charter school(s) in or near the district; however, there are a number of other impacts, though perhaps harder to document, that are worth considering. For example, another potential fiscal impact in urban school districts facing overcrowding is that they might have less immediate needs to expand facilities if significant numbers of students choose charter schools instead.

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

BEST PRACTICES RESULTING FROM CHARTER SCHOOL OPERATIONS

Charter Schools Performance Framework

In order for a school to be judged successful or “high quality,” the State Board has established¹ that the school must meet or exceed standards for performance in the academic, operational, and financial realms, as measured in through the Charter Schools Performance Framework.

The initial Charter School Performance Framework was released on June 1, 2015. This Framework included three performance area evaluations that incorporated both legal requirements and accepted best practices in accordance with National Association of Charter School Authorizers (NACSA).

¹ State Board of Education Strategic Plan Measure 2.4.3: “Percentage of charter schools meeting or exceeding academic, financial, and operational goals as measured by the Office of Charter School’s performance framework.”

Out of the 146 charter schools in operation in 2014-15, nine charter schools or 6.2% were fully compliant on all three areas (note: 21 charter schools that did not have academic data because they were in the first year of operation were not included in the analysis). Those nine charter schools serve as a model of academic, financial and operational performance for other operating charter schools. The nine schools are as follows:

- The Hawbridge School (Alamance County)
- Francine Delaney New School for Children (Asheville City)
- Willow Oak Montessori (Chatham County)
- Neuse Charter School (Johnston County)
- The Arts Based School (Forsyth County)
- Voyager Academy (Durham County)
- The Central Park for Children (Durham County)
- Socrates Academy (Mecklenburg County)
- Community School of Davidson (Mecklenburg County)

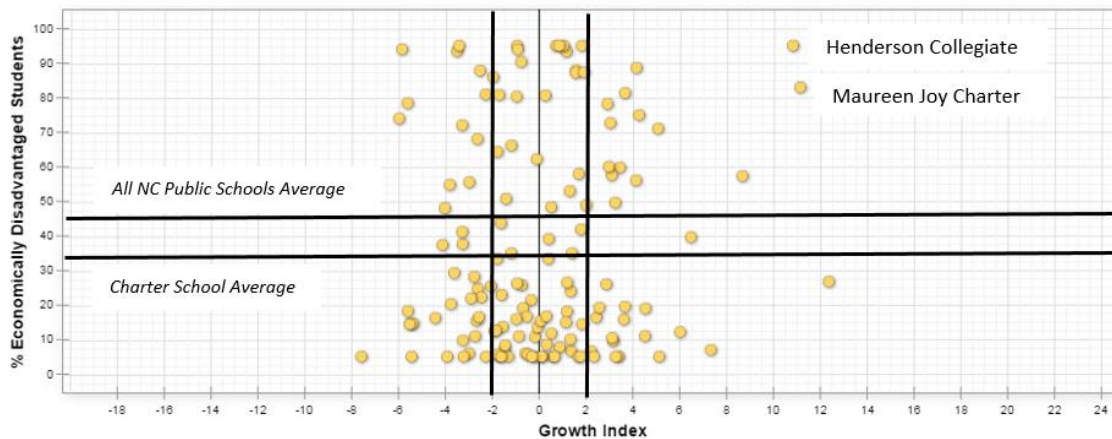
Many charter schools missed full academic compliance in 2014-15 due to not being comparable to the local administrative agency in one or more student subgroup areas or did not have sufficient student academic growth. Forty-seven or 32.1% of charter schools were compliant in both finance and operations. Out of the 146 schools, fifteen schools were non-compliant in finance.

Based on feedback regarding the initial version of the Performance Framework, the Framework is currently being revised to provide a more simplified evaluation that focuses only on compliance with objective standards based on State and Federal law, State Board of Education Policy, or the signed Charter Agreement.

High Academic Growth with Disadvantaged Student Population

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

2014-15 Charter Schools Percentage of Economically Disadvantaged Students and Academic (EVAAS) Growth



Based on this 2014-15 data, Henderson Collegiate Charter School was one of two NC schools recognized by the National Title I Association as a “Title I Distinguished Schools.” This designation is given to schools that the Title I Association believes will serve as great models for other schools that are seeking to improve their academic program and increase the achievement of all students. This is the first time that a charter school in NC has received this type of recognition.

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

- Maureen Joy Charter School (32A)
- Gaston College Preparatory (66A)
- PreEminent Charter (92M)
- CIS Academy (78A)
- Haliwa-Saponi Tribal School (93A)
- The Children’s Village Academy (54A)
- Carter Community School (32C)

The following six other charter schools with an ED population over the state average (all public schools) of 44.1% similarly exceeded expectations for student growth:

- Francine Delaney New School for Children (11K)
- TRIAD Math & Science Academy (41F)
- The Institute for the Development of Young Leaders (32P)
- Sallie B. Howard School of the Arts (98A)
- Research Triangle Charter Academy (32H)

- Arapahoe Charter School (69A)

Charter Schools Receiving Special State or National Recognition

The following charter schools received special State or national recognition for their performance in 2014-15:

- Henderson Collegiate Charter School – Title I Distinguished School
- The Exploris School - US Department of Education Green Ribbon School
- American Renaissance Charter School - PBIS (Positive Behavior Intervention and Support) Model and Exemplar
- The Learning Center - Healthier US School Challenge Award
- Healthy Start Academy - Fresh Fruit and Vegetable Program Grant
- The Exploris School -NCDPI Science, Technology, Engineering, and Mathematics (STEM) Recognition Program Model School
- Raleigh Charter High School – *Newsweek* Top 500 High Schools (#17), *US News and World Report Best High Schools* - National Rank #37, State Rank #1
- Gray Stone Day – *Newsweek* Top 500 High Schools (#237)
- The Woods Charter School - *US News and World Report Best High Schools* (National Rank #94, State Rank #3)

OTHER INFORMATION

NCDPI Support of Charter Schools

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

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

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

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

- Process (with OCS) schools' requests for school enrollment and grade expansion
- Information Technology Area and Digital Teaching & Learning Division
 - Enable charter schools to benefit from State economies of scale for technology solutions set up to serve every school – traditional and charter – Statewide
 - Provide all charter schools with cloud-based student accounting system with many school management features, including scheduling and producing customized student transcripts
 - Provide all charter schools with opportunity to use cloud-based professional development and instructional/classroom management tools (through Home Base)
- Child Nutrition Division
 - Assists charter schools in accessing federal funding to support free and reduced price lunch program
- Transportation Division
 - Provides free inspections and detailed reports regarding safety of charter school buses
 - Provides free replacement of school buses at retirement threshold when school has purchased original bus

Update on Legislation Affecting Charter Schools

The General Assembly, in its 2015 Long Session, passed S.L. 20015-248 (House Bill 334), which made a number of changes to charter schools statute. The changes are as follows:

Charter School Advisory Board (CSAB)

- Adds non-voting member to the Charter School Advisory Board (CSAB) that is a member of the SBE
- Prohibits the voting member of the CSAB appointed by the SBE from being a member of the SBE and requires that member to be a charter school advocate
- Requires the Chair of the CSAB or the Chair's designee to advocate for the recommendations of the CSAB at SBE meetings upon the request of the SBE

Office of Charter Schools

- Codifies the Office of Charter Schools in the General Statutes and places it administratively in the Department of Public Instruction (DPI) but subject to the supervision, direction, and control of the SBE
- Requires the Executive Director of the Office of Charter Schools to be appointed by the SBE and to serve at the pleasure of the SBE
- Authorizes various powers and duties of the Office of Charter Schools including serving as staff to the CSAB, providing technical assistance and guidance to charter schools and non-profits seeking to operate charter schools, and assisting in the coordination of services between charter schools and DPI

Charter School Enrollment

- Increases the minimum number of students served in charter schools from 65 students to 80 students
- Clarifies that charter school applicants may conduct a weighted admissions lottery if it is supported by the SBE-approved mission of the school

Charter Applications and Renewals

- Requires the SBE and CSAB to provide timely notice to charter school applicants and allow five business days to correct technical issues or incomplete information
- Requires the CSAB to allow charter school applicants ability to address the CSAB when the school's application is reviewed
- Requires the SBE to authorize a 10 year charter for renewals unless specific criteria are not met
- Requires that charter schools requesting substantial enrollment expansions beyond 20% or the charter application or more than one grade level must meet specific criteria for approval
- Directs the SBE to adopt a policy by January 15, 2016 for how to determine whether a charter school is in "substantial compliance"

Charter School Policy

- Updates specific requirements for charter schools adopting conflict of interest and nepotism policies
- Permits members of a non-profit board of directors operating a charter school to reside outside of NC as long as the majority of members reside within NC
- Clarifies that the non-profit board of directors operating a charter school may establish fees for extra-curricular activities consistent with those charged by the LEA in which 40% of students enrolled in the charter school reside

Charter School Closure Reserve

- Clarifies that only charter schools participating in the NC Retirement System must have the \$50,000 in reserve funds required to be maintained for charter school closure

Charter School Replication

- Directs the SBE, based upon the recommendation of the CSAB, to amend the process for replication of high quality charter schools established in SBE Policy TCS-U-016 to authorize consideration for fast track replication of a nonprofit corporation who agrees to contract with an education management organization or charter management organization currently operating in NC for at least one year

Update on Virtual Charter School Pilot

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

In August 2015, the two virtual charter schools opened after successfully completing the Ready to Open process. The two schools, NC Connections Academy and NC Virtual Academy, provided an update on their opening and initial operations at the September 2, 2015 SBE meeting (see materials at <https://eboard.eboardsolutions.com/Meetings/Attachment.aspx?S=10399&AID=44087&MID=2033> and <https://eboard.eboardsolutions.com/Meetings/Attachment.aspx?S=10399&AID=44094&MID=2033>) and will continue to report regularly to the State Board throughout the course of the pilot.

Update on Drop-Out Prevention and Recovery Pilot

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

Commonwealth High School in Charlotte applied for and was approved for the pilot program, and opened in the 2014-15 school year. The State Board will be providing a legislatively required report to the Joint Legislative Education Oversight Committee by March 15, 2016 regarding Commonwealth's pilot experience.

Update on 2015 Charter Renewals

Twenty charter schools completed the renewal process in 2015. The Charter School Advisory Board (CSAB) developed and implemented a framework for determining recommendations for the number of year for each renewed charter terms. This framework incorporated legislation from 2014 guiding charter renewals.

The State Board of Education approved all of the CSAB's 2015 renewal recommendations. Of the twenty renewals, fifteen received a ten-year term, two received a seven-year term, two received a three-year term, and one received a one-year term. Six of the renewed schools had stipulations attached to the charter terms that included requirements for academic, financial, and operational performance.

Update on 2015 Charter Applications

Twenty-eight charter applicants submitted applications for the 2017-18 school year through NCDPI's automated system in September 2015. The Office of Charter Schools reviewed the applications, and the applicant groups with incomplete applications were given five days to submit or clarify incomplete items. All thirteen applicants that were given the five days to submit missing information did so; each of the 28 applications was therefore deemed complete and moved forward for substantive review. The applications are currently being reviewed by the Charter School Advisory Board (CSAB), external reviewers, and the Office of Charter Schools. Each applicant group will be interviewed by the CSAB between November 2015 and April 2016 as part of the formal review process. The CSAB will then make recommendations to the State Board of Education (SBE) for applications to move into the Planning Year/Ready to Open process. The SBE will make final decisions regarding approval by August 15 (per statute).

Trends in the 2015 applications include the following:

- Mecklenburg County and surrounding counties continued to be the area with the most applicants.
 - Mecklenburg County (6 applicants)
 - Gaston County (3 applicants)
 - Union County (1 applicant)
 - Iredell County (1 applicant)
- Urban areas generally have also continued to be the focus of the preponderance of charter applications
 - Forsyth County (3 applicants)
 - Guilford County (2 applicants)
 - Wake County (4 applicants)
- Increasingly, applicant non-profit boards are partnering with Education Management Organizations (EMOs); there are 12 such applicants in 2015.

Fast-Track Replication

State Board of Education Policy TCS-U-016 approved in April 2015 provided requirements for charter applicants seeking to replicate existing charter schools. Interested applicants submitted a letter of intent that was screened for compliance with the requirements listed in the policy, and applications for approved applicants were due on July 1. No Fast-Track applications were received for the 2015 application round.

The 2016 Fast-Track Replication process will begin with pre-qualifications in April 2016 and an application deadline of July 1, 2016.

Accelerated Planning Year

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

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

The Northeast Academy of Aerospace and Advanced Technologies located in Pasquotank County met the statutory criteria for acceleration and completed the Ready to Open process in the fall of the year in which the school's application was approved, opening in August 2015 with 122 students.