

NC Innovative School District is Underway: OVERVIEW

State takeover districts comprise low-performing schools that are seized from local education administrators (LEAs) and taken over by the state. The state appoints a superintendent to run the Innovative School District and the ISD superintendent selects a charter school operator to run each school. The schools are not necessarily geographically close but have been given failing grades by their state largely based student test scores.

North Carolina began using letter grades to schools in 2014 largely based on student test scores. These student scores and school letter grades are used to determine which schools are low-performing. In the 2016 legislative session, lawmakers passed a new measure, [HB 1080](#), officially creating a state takeover district for the 2018-19 school year. Originally called the Achievement School District, it was renamed the [Innovative School District](#) by the legislature in the 2017 budget, perhaps to distance it from Tennessee's unraveling ASD program on which the plan was based.

Lt. Governor Dan Forest chaired the committee, whose members he appointed, that chose the district's superintendent, Dr. Eric Hall. The ISD superintendent is responsible for selecting the schools' operators for State Board of Education (SBE) approval. ISD operators may be for-profit companies and must have a proven record of turning around low-performing schools or a "substantial number of low-performing students" in NC, or a "credible and specific plan for dramatically improving student achievement in a low-performing school" as well as either operating in the state or being a "contractual affiliate" of an NC charter operator. On September 7, 2017, the qualifying schools were identified based on the following criteria:

- Schools that were all or part of grade K-5 that earned an overall school performance score in the lowest five percent (5%) of all schools in the state in the prior school year and
- Did not exceed growth in at least one of the prior three school years and did not meet growth in at least one of the prior three school years and
- Did not adopt one of the established reform models in the immediate prior school year.

The complete list is [here](#). Two local school systems ([Durham and Johnson](#)) made public statements demanding that their schools be taken off the list.

Southside Ashpole Elementary School Selected for 2018-19 School Year

On November 2, 2017, the State Board of Education selected only one school for the Innovative School District for the 2018-19 school year: **Southside Ashpole Elementary School**, Rowland, NC.

This school is a part of the Robeson County School System. The local community in Robeson County was very upset about this decision and held many community meetings to [show their disagreement](#) with this school takeover. According to state statute, once selected for takeover, Robeson County School Board either could close the school or join the ISD. On January 9, 2018, the Public Schools of Robeson County School Board [approved the transfer](#) of Southside Ashpole Elementary in Rowland, NC into the [Innovative School District](#) beginning in the 2018-19 school year.

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School Works, a [third-party evaluation firm](#) contracted by the ISD, is tasked with evaluating any operator applications submitted and will report to the ISD Superintendent on their findings. The application process for being an operator of an Innovative School District is [here](#). Applicants presented their proposed plans to improve student and school outcomes to the NCISD Superintendent. NCISD received applications from [The Romaine Group](#) and [Achievement for All Children](#). Public school advocates note neither entity has a strong, proven performance history. The Romaine Group, a for-profit Michigan based organization manages eight schools in Maryland and one in NC. The NC school, Capitol Encore Academy in Fayetteville, is a K-8 charter that earned a 'D' according to 2016-17 school report cards. Achievement for All Children is a new nonprofit, created by supporters of the school choice movement including a wealthy donor who helped support the bill that resulted in the creation of an Innovative School District. Many have [questioned applicants' ties to the controversial bill](#) and pointed out that they stand to benefit financially from being chosen as operators.

SchoolWorks evaluated the operator applications and found that at the time of assessment, neither entity met the requisites established by the ISD guidelines. According to [press release](#) issued on February 1, 2018: "Based on the reports received from SchoolWorks, at this time neither entity met the high expectations imposed by the ISD. The ISD now plans to convene negotiations with both entities to gain additional insight on their respective capabilities and approaches to improving student achievement at Southside Ashpole." The ISD Superintendent asked for an additional 60 days to decide on an operator. Critics and supporters of the ISD model expressed concern over the small number of applicants. Once the State Board approves the Innovative School operator they will be given a 5-year contract.

Concerns about NC's ISD

Where takeover districts have been implemented, there is no evidence that they offer high-quality educational alternatives to children from low-income families.

- According to Dr. Mercedes Schneider, a New Orleans educator, "Just over 6 percent of high school seniors in the Recovery School District scored high enough in English and Math to qualify for admission into a Louisiana four-year college or university straight out of high school. Five of their 16 high schools produced not a single student who met these requirements."
- From Chris Barbic, the Texas charter school operator named superintendent of the Tennessee Achievement School District in 2012, "As a charter school founder, I did my fair share of chest pounding over great results. I've learned that getting these same results in a zoned neighborhood school environment is much harder." Barbic resigned at the end of 2015.
- A Vanderbilt University study of Tennessee's ASD found "that the vast majority of teachers exited schools once they came under the auspices of the ASD. Therefore, the ASD faced a significant need to hire new teachers in their first year. Among the new hires, nearly a third were novice teachers."
- The following year, Vanderbilt researchers found that the ASD did not had a marginal effect on student test scores, while district-led turnaround efforts had "moderate to large positive effects in Reading and Math."

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- Tulane University Prof. J. Celeste Lay warned the state of Georgia not to model its school takeover after New Orleans: "Like other businesses, schools operating within market models must also turn a profit. The principal at my nearby charter school makes over \$300,000 per year, a 246 percent increase from her salary before the school was chartered. For-profit management companies charge schools 15-20 percent of school revenue. Taxpayer dollars go into hefty administrator salaries and corporate profits instead of reducing class sizes, upgrading facilities, or recruiting and maintaining high-quality teachers."
- An Education Week commentary concluded that "a growing body of independent investigations shows that the preferred strategies of closing and chartering schools in takeover districts open the public treasury to fraud, waste, and abuse. ... Whether the arrangement is called a portfolio district, a recovery district, or, most egregious, an 'opportunity' or 'achievement' district, the goal of these policies is the same: the transfer of local, public funds and decision-making to non-accountable, often remote- or chain-charter operators."
- A Center for Popular Democracy comprehensive review of existing state takeover districts found: "The rapid proliferation of the takeover district as an educational panacea is alarming. There is little clear evidence that takeover districts achieve their stated goals of radically improving performance at failing schools. At the same time, children, particularly students of color and those with special needs, face greater risk of discriminatory discipline and enrollment practices in takeover districts. Furthermore, hastily created districts with opaque governance structures breed fraud and mismanagement."
- In August 2016, Tennessee's state auditor found massive problems with the fiscal management of its ASD. [The Times Free Press reports](#) that analysts found "seven key areas where ASD did not establish processes over key human resources and payroll functions, including segregating duties; maintaining personnel files; verifying education credentials; documenting time and attendance; completing performance reviews; documenting approvals of bonuses and pay raises; and exiting employees."
- In 2017, Tennessee's legislature seriously curtailed the purview of the ASD, taking away the district's ability to start new schools and restricting its authority to take over struggling schools. The state also cut its leadership team and consolidated management offices. [Chalkbeat reports](#): "Education Commissioner Candice McQueen says the state will no longer default to the Achievement School District when considering how to help Tennessee's lowest-performing schools. ... Tennessee will lean on more local district-led turnaround initiatives."
- The structure of NC's ISD, as detailed in the legislation itself, offers no more safeguards than the others discussed. Former NCGA analyst [Kris Nordstrom wrote](#) of the aforementioned TN report, "The researchers note, 'the turnaround space for charters (in an ASD) is indisputably different from their usual circumstances, and as such calls for a very different type of schooling operations.' The Tennessee program failed despite relying upon private charter operators with 'a tremendous amount of institutional knowledge and experience.' North Carolina's ASD program is similarly set up for failure. Despite the assurances of the bill sponsors, there are no 'guardrails' to ensure success."
- Low-performing schools in North Carolina are making significant progress, according to a recent study on the existing program designed to improve low-performing schools known as Turning around North Carolina's Lowest-Achieving Schools (TALAS) found that: "TALAS made

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significant investments in professional development, comprehensive needs assessments, school improvement planning, and instructional and leadership coaching in low-performing schools. These investments have paid off in improved outcomes for students. The primary threat to this progress is the high level of staff turnover that occurs in these schools and the increased level of spending on professional development that is required for new staff members each year. ASDs would make the turnover problem in low-performing schools even worse.”

- Since the lowest achieving schools have almost exclusively high-poverty student populations and come from high-poverty districts, these reforms are doomed to fail. Telling cash-strapped districts to reform schools by adding administrative layers (like an innovation zone office) or mandating higher pay for staff (as in the principal turnaround model) with no funding beyond local "discretionary funds" is meaningless. Turning around our lowest achieving schools cannot happen without a significant commitment of resources and time.

Students at low-performing schools deserve reforms that ensure better academic and social outcomes. Giving the state control of local public schools will introduce more uncertainty and less stability to our most vulnerable elementary schools without guaranteeing their students' success.

How Does North Carolina's ISD Work?

The State Board of Education is implementing the ISD but the NCGA has sets out the general process. The SBE, upon the recommendation of the ISD superintendent, will select 5 qualifying rural and urban elementary schools to transfer to the ISD. No more than one school can be selected from any LEA. The schools will keep their same geographic attendance zones. The ISD superintendent will have the authority to waive SBE rules and policies as well as statutory provisions to the same extent as for charter schools, except that employees must submit to background checks. ISD operators will have access to the personnel records of existing staff members of ISD schools.

Operation of the ISD

- **Recommendations for School Selection:** To qualify for consideration, the elementary school must have either a) received a school performance score in the lowest 5% of all elementary schools in the prior year, without having met or exceeded growth goals or taking part in another turnaround effort, or b) received a school performance score in the lowest 10% of all elementary schools in the prior year and been designated an IS candidate by its local board of education. The ISD superintendent must consider the school's performance over the past 3 years, conduct an evaluation of the school, confer with local officials, and hold a public hearing, and make recommendations to the SBE. The LEA, once notified that an elementary school in the LEA has been selected, would have to choose to either close the school at the end of the school year, or consent to the transfer of the school to the ISD.
- **Selection of Innovative School (IS) Operators:** The SBE will approve IS operators to directly manage schools for 5 years based on recommendations from the ISD Superintendent. An IS operator would have to be a current charter operator in NC or be the contractual affiliate of one. The SBE should only select an entity as an operator if that entity has a record of results in improving performance of persistently low-performing schools, or if the entity demonstrates a

credible and specific plan for dramatically improving student achievement in a low-performing school.

- **Operational funding:** The IS operator could select one of the two options for operational funding of the IS. 1) **Designated funding:** State and local funds would be transferred on an average per pupil basis to the ISD for each child attending the school, similar to the transfer of funds for charter schools. 2) **Memorandum of Understanding (MOU):** The IS operator can enter into an MOU with the local board of education for services and funding in the same manner as the prior school year.
- **Facility, Capital, and Transportation Expenditures:** The LEA in which the IS is located would remain responsible for facility and capital expenditures for the school, and would provide transportation to those students attending the school. If the IS operator prefers, facilities, capital, and transportation could be handled in a different manner through a memorandum of understanding (MOU).
- **School administrator:** The IS operator would select and hire the school principal, and would have authority to remove the principal.
- **Other IS employees:** Those selected by the IS operator as staff for the school would be employees of the ISD and would be eligible for the benefits provided to other State employees. The IS operator would provide the ISD with funding for the salary and benefits of those employees. The IS operator and ISD Superintendent determine if the school's prior employees could continue in their jobs at the school. Employees who were not retained would remain employees of the local board of education, which will determine if they want to continue employment/reassign staff.

Accountability for the ISD

- **Goals:** The IS operator would set goals, equip staff to meet those goals, and hold staff accountable. The IS operator could apply to the IS Superintendent for appropriate waivers.
- **Principal agreement:** The IS operator would enter into a publicly available agreement with the school principal regarding specific academic and learning environment goals for children, parents, and community engagement, and effective and efficient use of taxpayer dollars.
- **Exclusion from LEA data:** Innovative schools will be considered part of the ISD, and not the transferring LEA, for evaluation and performance purposes.
- **Supervision under ISD:** Innovative schools remain under the supervision of the ISD for a minimum of 5 consecutive years through the IS operator contract, and a maximum of 8 years.

Terms of ISD Operator Contracts

- **Early termination based on performance:** If an IS's annual percentage growth did not exceed the average annual percentage growth of other qualifying schools for three consecutive years, the ISD superintendent could recommend that the SBE terminate the contract and select another operator for the remainder of the 5-year contract.
- **School closure based on performance:** If at the end of the 5-year contract the IS's average annual performance growth did not exceed the average annual percentage growth of other qualifying schools during the same term, the SBE may close the school.
- **SBE optional contract extension:** If at the end of the 5-year contract the IS exceeded the average annual percentage growth of other qualifying schools yet remains a qualifying, the ISD

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superintendent could recommend that the operator continue the contract for an additional 3 years. During the 3 years, a transition plan engaging the school, community, and local board must be developed. If the SBE elects not to extend the contract with the IS operator, the SBE may select another IS operator for a 3-year contract, close the school, or develop a transition plan to return the school to the LEA for the next school year.

- **IS operator option to extend:** If at the end of the 5-year contract the IS received a "C" or higher on the School Report Card, the IS operator would have the option to extend the contract for an additional 3 years. During the 3 years, a transition plan engaging the school, community, and local board must be developed. If the IS operator does not elect to continue the contract, the SBE may select another operator for a 3-year contract or develop a transition plan to return the school to the LEA for the next school year. At the conclusion of the contract, if the LEA elects to not receive the school back, the IS operator may apply to convert the school to a charter school. If the IS operator does not seek conversion or fails to receive the charter, the SBE may close the school.
- **Termination on other grounds:** the ISD superintendent could recommend that the SBE terminate a contract at any time for financial mismanagement, noncompliance with law or contract terms, or evidence of criminal activity.
- **Reporting:** The SBE would be required to report annually on the ISD to the Joint Legislative Education Oversight Committee (JLEOC).
- **Independent Evaluation:** The SBE must contract with an independent research organization (IRO) to evaluate the implementation and effectiveness of the ISD at the conclusion of the initial 5-year contracts. The IRO must report its findings to the SBE, and the SBE must provide the report to the JLEOC, along with recommended legislative changes.
- **Other Options for Qualifying Schools:** LEAs with schools that meet the qualifying criteria but are not selected as ISD schools could request to use one of the reform models for continually low-performing schools under G.S. 115C-105.37B.
- **School Improvement Grants Priority:** The Department of Public Instruction (DPI) would give priority to those LEAs applying for federal School Improvement Grants (SIG) when (1) the application met all other requirements for a SIG grant, and (2) the LEA had consented to the transfer of a qualifying school into the ISD.
- **ESEA Waiver Amendment:** Within 60 days of the effective date of the law, DPI must submit for approval to the US Department of Education an amendment to its Elementary and Secondary Education Act (ESEA) reflecting the ISD as a state initiative to turnaround low-achieving schools.

The ISD law allows districts that have surrendered a school to the takeover to create an innovation zone for three of their other struggling schools. Innovation zones will offer districts charter-like flexibility in order to improve student outcomes at those schools. Participating districts must get SBE approval for an innovation zone "leader." The law says that the legislature intends to appropriate \$450,000 annually for innovation zone grants of up to \$150,000. However, only districts that can "provide a dollar-for-dollar match with non-State funding for the requested grant amount" will receive grants.

Additional Resources

What is the ISD: <http://www.ncpublicschools.org/docs/ncisd/home/what-is-isd.pdf>

NC ISD Legislation: <http://www.ncpublicschools.org/docs/ncisd/home/isd-legislation.pdf>

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