

SUBCHAPTER III. SCHOOL DISTRICTS AND UNITS.

Article 7A.

North Carolina Innovative School District. (Repealed effective June 30, 2023)

§ 115C-75.5. (Repealed effective June 30, 2023) Definitions.

The following definitions apply in this Article:

- (1) Innovative school. – A qualifying school selected by the State Board of Education under the supervision of the North Carolina Innovative School District.
- (2) Reserved.
- (3) Innovative school operator or IS operator. – An entity selected by the State Board of Education upon the recommendation of the ISD Superintendent to operate an innovative school.
- (4) ISD Superintendent. – The superintendent of the ISD appointed by the Superintendent of Public Instruction in accordance with G.S. 115C-75.6.
- (4a) North Carolina Innovative School District or ISD. – The statewide school unit established pursuant to this Article.
- (5) Qualifying school. – A school with a school performance score in the lowest-performing five percent (5%) of all schools meeting the following criteria:
 - a. Receives funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
 - b. Is governed by a local board of education subject to this Article.
 - c. Is not one of the following types of schools:
 1. An alternative school.
 2. A cooperative innovative high school.
 3. A school that was in its first or second year of operation in the previous school year.
 4. A newcomers school. For the purposes of this subdivision, a newcomers school is a school in which at least ninety percent (90%) of its students are enrolled for no more than one year on the basis of their status as recently arrived English language learners. (2016 110, s. 1; 2016 126, 4th Ex. Sess., s. 14; 2017 57, ss. 7.26(e), 7.26E(a), (f); 2018 5, s. 7.20(a); 2018 145, s. 27(b); 2019 248, s. 1(a); repealed by 2021 180, s. 7.14(c), effective November 18, 2021; repealed by 2021 180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.6. (Repealed effective June 30, 2023 — see note) North Carolina Innovative School District.

(a) There is established the North Carolina Innovative School District (ISD) under the administration of the State Board of Education and the Superintendent of Public Instruction. The ISD shall assume the supervision, management, and operation of elementary and secondary schools as innovative schools as provided in this Article. For the purposes of federal law and administration of State law, the ISD shall be considered a local school administrative unit.

(b) Repealed by Session Laws 2016-126, s. 15.

(c) The Superintendent of Public Instruction shall appoint a superintendent to serve as the executive officer of the ISD. The ISD Superintendent shall serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds appropriated for this purpose. The ISD Superintendent shall have qualifications consistent with G.S. 115C-271(a) and report directly to the Superintendent of Public Instruction.

(d) By January 15 annually, the State Board of Education, Superintendent of Public Instruction, and the ISD Superintendent shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of the ISD, including the selection of innovative schools and their progress. (2016-110, s. 1; 2016-126, 4th Ex. Sess., s. 15; 2017-57, s. 7.26E(a), (f); 2018-145, s. 27(b); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.7. (Repealed effective June 30, 2023 — see note) Selection of innovative schools.

(a) State Board Selection. – The State Board of Education shall only select schools for transfer to the ISD in accordance with this section.

(b) Evaluation Process. – The selection of innovative schools shall be based on an analysis and evaluation of performance of qualifying schools over a three-year period as follows:

- (1) Qualifying list. – In the first school year in which a school has been identified as a qualifying school based on data from the previous school year, the school shall be placed on the ISD qualifying list. By November 15, the ISD Superintendent shall notify the superintendent and local board of education of that school's status and provide that school's performance data, considerations for improvement, and any additional information deemed necessary by the ISD Superintendent. The local board of education shall notify parents of students enrolled in the qualifying school by electronic mail or the parents' preferred method of written communication of (i) the school's status, (ii) potential impacts of the designation, including becoming an innovative school, (iii) plans for improvement of the school, and (iv) any additional information deemed necessary by the local board of education.
- (2) Watch list. – If a school that was on the qualifying list in the prior school year remains a qualifying school in the next school year, the school shall be placed on the ISD watch list. By November 15, the ISD Superintendent shall notify the superintendent and local board of education of that school's status and provide that school's performance data, considerations for improvement, and any additional information deemed necessary by the ISD Superintendent. The local board of education shall notify parents of students enrolled in the qualifying school by electronic mail or the parents' preferred method of written communication of (i) the school's status, (ii) potential impacts of the designation, including becoming an innovative school, (iii) plans for improvement of the school, and (iv) any additional information deemed necessary by the local board of education.
- (3) Warning list. – If a school that was on the watch list in the prior school year remains a qualifying school in the next school year, the school shall be placed on the ISD warning list. A school shall remain on the ISD warning list until it is either (i) no longer a qualifying school or (ii) is transferred to the ISD. By November 15, the ISD Superintendent shall notify the superintendent and local

board of education of that school's status and provide that school's performance data, considerations for improvement, and any additional information deemed necessary by the ISD Superintendent. The local board of education shall do the following:

- a. For any qualifying school that is in its first year on the warning list, the local board of education shall hold a public hearing with a minimum of 10 days' notice that meets the following requirements:
 1. The local board of education shall provide direct notice of the public hearing to parents of students, employees assigned to that school, and the ISD Superintendent.
 2. At the public hearing, the local board of education shall share potential impacts of the designation, including becoming an innovative school, plans for improvement of the school, and any additional information deemed necessary by the ISD Superintendent.
 3. The ISD Superintendent shall be provided the opportunity to present at the public hearing, including information about (i) the ISD selection process, (ii) potential impacts of the designation as an innovative school, (iii) potential resources, strategies, and partners for comprehensive support and improvement that can assist in plans for improvement of the school, and (iv) any additional information deemed necessary by the ISD Superintendent.
- b. For any qualifying school that was on the warning list during the previous school year, the local board of education shall notify parents of students enrolled in the qualifying school by electronic mail or the parents' preferred method of written communication of (i) the school's status, (ii) potential impacts of the designation, including becoming an innovative school, (iii) plans for improvement of the school, and (iv) any additional information deemed necessary by the local board of education.
- c. Present information at a regularly scheduled public meeting of the board of commissioners of the county in which the local school administrative unit is located on the school's performance while on an ISD list and efforts by the local board of education to improve the school's performance. The board of commissioners shall provide an opportunity for the presentation and shall notify the board of education of the public meeting at which the presentation shall occur. The local board of education shall provide notice of the date and time of the public meeting at which the presentation will occur to the ISD Superintendent 10 days prior to the meeting and provide the opportunity to the Superintendent to present as part of the presentation at the public meeting.

(b1) Support Process. – The State Board of Education shall ensure that qualifying schools identified for any ISD list are engaged in strategies in compliance with federal and State law for comprehensive support and improvement. The State Board of Education may establish criteria for the selection of independent turnaround school consultants in a pay-for-performance model to

provide direct support for qualifying schools. The ISD Superintendent shall monitor those schools and assist local boards of education in identifying funding, strategies, and partners for comprehensive support and improvement efforts.

(b2) Local Board of Education Action. – Local boards of education shall identify and engage in strategies in compliance with federal and State law for comprehensive support and improvement of qualifying schools. A local board of education member with an immediate family member, as defined in G.S. 115C-12.2, who is employed by that local board of education and assigned to the qualifying school, shall recuse himself or herself from any actions by the board directly related to that qualifying school.

(c) Selection Process. – A school shall be selected by the State Board as an innovative school beginning with the next school year if it meets the following criteria:

- (1) The school was on the ISD warning list in the previous school year.
- (2) The school remains a qualifying school in the current school year based on data from the previous school year.
- (3) The school is one of the lowest five schools that meet the criteria in both subdivision (1) and subdivision (2) of this subsection, as measured by school performance scores.

(c1) Voluntary Selection. – If fewer than five schools are selected pursuant to subsection (c) of this section in any given year, a local board of education, upon the recommendation of the ISD Superintendent, may request that the State Board of Education select a qualifying school under the control of that local board as an innovative school, provided that no more than five schools are selected that year in total.

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

(e) Waivers for Innovative Schools. – The ISD Superintendent may request a waiver from the State Board of Education of State Board of Education rules, regulations, policies, and procedures, or the provisions of this Chapter for innovative schools; however, innovative schools shall be required to comply with, at a minimum, the statutory requirements for charter schools as provided in Article 14A of this Chapter. The goal for each waiver shall be improvement of student performance. All innovative schools shall comply with all applicable constitutional and statutory nondiscrimination requirements. Notwithstanding G.S. 115C-105.26, the State Board of Education may grant a requested waiver of State laws or rules for an innovative school pursuant to this subsection, except for a waiver of State laws or rules applicable to children with disabilities and any of the other requirements set forth in this subsection. (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-145, s. 27(b); 2019-248, s. 1(a); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.8. (Repealed effective June 30, 2023 — see note) Selection of IS operators.

(a) The State Board of Education may select an IS operator for a selected innovative school by December 15 and shall select an IS operator for a selected innovative school no later than January 15.

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

- (1) The entity has a record of results in improving performance of low-performing schools or improving performance of a substantial number of low-performing students within a school or schools operated by the entity in this State or other states.
 - (2) The entity has a credible and specific plan for dramatically improving student achievement in a low-performing school and provides evidence that the entity, or a contractual affiliate of such an entity, is either currently operating a school or schools in this State that provide students a sound, basic education or demonstrating consistent and substantial growth toward providing students a sound, basic education in the prior three school years.
- (b1) Repealed by Session Laws 2019-248, s. 1(a), effective November 11, 2019.
- (c) The selected IS operator is encouraged to hold public informational sessions and other outreach to the community, selected innovative school, and local board of education of a selected innovative school.
- (d) The contract between the State Board of Education and IS operator shall require, as a minimum, that the IS operator meet the same requirements as established for charter schools in the following statutes:
- (1) G.S. 115C-218.20 (Civil liability and insurance requirements).
 - (2) G.S. 115C-218.25 (Open meetings and public records).
 - (3) G.S. 115C-218.30 (Accountability; reporting requirements to State Board of Education).
 - (4) G.S. 115C-218.50 (Charter school nonsectarian).
 - (5) G.S. 115C-218.55 (Nondiscrimination in charter schools).
 - (6) G.S. 115C-218.60 (Student discipline).
 - (7) G.S. 115C-218.65 (North Carolina School Report Cards).
 - (8) G.S. 115C-218.75 (General operating requirements).
 - (9) G.S. 115C-218.85 (Course of study requirements). (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-5, s. 7.20(c); 2018-145, s. 27(b); 2019-248, s. 1(a); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.9. (Repealed effective June 30, 2023 – see note) Management of innovative schools.

- (a) Direct Management by IS Operator. – An innovative school shall be subject to direct management by an IS operator selected by the State Board of Education, upon the recommendation of the ISD Superintendent, for a five-year contract.
- (b) Role of IS Operator. – The IS operator shall be authorized to have a direct role in making decisions about school finance, human capital, and curriculum and instruction for the innovative school while developing the leadership capacity in such schools.
- (c) Assignment to Innovative Schools. – All innovative schools shall remain open to enrollment in the same manner with the same attendance zone as prior to becoming an innovative school. If a local board of education's reassignment of students within the local school administrative unit due to student population changes or openings or closures of other schools impacts the innovative school, the IS operator may appeal to the ISD Superintendent and request a hearing before the State Board of Education regarding the reassignment. Notwithstanding G.S. 115C-366, the State Board of Education shall, after hearing from both the local board of education and IS operator, determine whether the reassignment of students impacting the innovative school may proceed.

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

- (1) In addition to the transfer of funds as provided in G.S. 115C-75.10, the local board of education shall be responsible for facility and capital expenditures at the qualifying school.
- (2) All IS operators and local boards of education shall enter into an occupancy agreement establishing the terms of occupancy for the IS operator not otherwise addressed in statute. If the parties are unable to reach agreement, either party may petition the State Board of Education to resolve any issues in dispute.
- (3) The IS operator shall have first priority in use of the facility for any purpose related to the operation of the innovative school. The local board of education may allow use of the facility by governmental, charitable, civic, or other organizations for activities within the community and may retain any funds received for such use for any time the IS operator has not provided written notice to the local board of its use of the facility during that time for a purpose related to the operation of the innovative school.

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

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

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

- (1) Facility and capital expenditures.
- (2) Transportation services.
- (3) Services for Children with Disabilities.

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

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

(h) Innovative School Employees. – The IS operator shall select and hire the school principal for an innovative school in collaboration with the ISD Superintendent. Within the limits of the school budget, the IS operator or its designee shall select staff members in accordance with guidance from the ISD Superintendent. Before finalizing staffing recommendations, the IS operator and the ISD Superintendent or the Superintendent's designee shall interview all existing staff members at the qualifying school and review student growth and performance data for those staff members for whom it is available. Notwithstanding Article 21A of this Chapter, the IS operator and the ISD Superintendent shall be permitted to examine personnel files of existing staff members for the qualifying school. The IS operator shall have the authority to decide whether any administrator, teacher, or staff member previously assigned to a qualifying school selected to become an innovative school shall continue as an employee of the innovative school. Any such

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

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

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

- (1) Continue the employee's employment with the local board of education.
- (2) Dismiss the employee due to a reduction in force as provided in Article 22 of this Chapter.
- (3) Dismiss the employee as otherwise provided in Article 22 of this Chapter.

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

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

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

(n) School-Based Mental Health Plan Required. – An innovative school shall adopt a school-based mental health plan, including a mental health training program and suicide risk referral protocol, in accordance with G.S. 115C-376.5.

(o) Computer Science Reporting. – An innovative school shall annually report the information required by G.S. 115C 12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15.

(p) Digital Learning Dashboard. – An innovative school shall annually update information to the digital learning dashboard, as required by G.S. 115C 102.9. (2016-110, s. 1; 2017-57, s.

7.26E(a), (f); 2017-102, s. 48(i); 2018-5, s. 7.20(b); 2018-145, s. 27(b); 2019-248, s. 1(a); 2020-7, s. 1(b); 2021-180, ss. 7.9(c), 7.61(b); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.10. (Repealed effective June 30, 2023 — see note) Innovative schools funds.

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

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

- (1) The State Board of Education shall allocate the following to the ISD for each innovative school:
 - a. An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the innovative school was located for each child attending the innovative school except for the allocations for (i) children with disabilities, (ii) children with limited English proficiency, and (iii) transportation. The State Board of Education shall provide the allocation for transportation to the local school administrative unit in which the innovative school is located.
 - b. An additional amount for each child attending the innovative school who is a child with disabilities.
 - c. An additional amount for children with limited English proficiency attending the innovative school, based on a formula adopted by the State Board of Education.
- (2) The local school administrative unit in which the innovative school is located shall transfer to the ISD for the innovative school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the ISD for the innovative school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and ISD may use the process for mediation of differences between the State Board of Education and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to an innovative school located in the tax district for which these taxes are levied and in which the student resides. The local school administrative unit shall also provide the ISD with all of the following information within the 30-day time period provided in this subsection:
 - a. The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
 - b. The student membership numbers used to calculate the per pupil share of the local current expense fund.
 - c. How the per pupil share of the local current expense fund was calculated.

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

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

(d) The ISD may seek, manage, and expend federal money and grants, State funding, municipal funding, and other funding with the same authority as a local school administrative unit, including decisions related to allocation of State funds among innovative schools, and shall be considered a local school administrative unit for all federal funding purposes. (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-5, s. 38.8(c); 2018-145, s. 27(b); 2019-248, s. 1(a); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.11. (Repealed effective June 30, 2023 — see note) Accountability and governance for innovative schools.

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

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

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

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

(e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on

the State Treasurer, innovative schools are subject to Article 6A of Chapter 147 of the General Statutes. (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-145, s. 27(b); 2019-248, s. 1(a); 2021-170, s. 4(b); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.12. (Repealed effective June 30, 2023 — see note) Term of supervision for an innovative school.

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

- (1) Early termination of contract based on performance. – If, during the five-year contract, the innovative school's annual percentage growth does not exceed the average annual percentage growth of other qualifying schools for three consecutive years, the State Board of Education, upon the recommendation of the ISD Superintendent, may terminate the contract at the conclusion of the academic year and select another IS operator in accordance with G.S. 115C-75.8 to assume the remainder of the five-year contract and any occupancy agreements or memorandums of understanding with the local board of education at the beginning of the next academic year.
- (2) Nonrenewal of contract based on performance. – If, by the end of the five-year contract, the innovative school's average annual percentage growth during the term of the contract does not exceed the average annual percentage growth of other qualifying schools during the same term, the State Board of Education shall not renew the contract of the IS operator and develop a transition plan to return the school to the local school administrative unit.
- (3) State Board of Education optional extension of contract for three years. – If, by the end of the five-year contract, the innovative school remains a qualifying school but has exceeded the average annual percentage growth of other qualifying schools and has shown growth over the term of the contract, the State Board of Education, upon the recommendation of the ISD Superintendent in his or her discretion, may continue the contract with the IS operator for an additional three-year term. The ISD Superintendent and IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ISD at the conclusion of the three-year extension of the contract. If the State Board of Education does not elect to continue the contract, the State Board of Education may do any of the following:
 - a. Select another IS operator for a three-year contract.
 - b. Close the school as provided in subdivision (2) of this subsection.
 - c. Develop a transition plan to return the school to the local school administrative unit for the next school year.
- (4) IS operator option to extend contract for three years. – If, by the end of the five-year contract, the innovative school receives a grade of C or higher under G.S. 115C-12(9)c1., the IS operator shall have the option to extend the contract for another three-year term. The ISD Superintendent and IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision

of the ISD at the conclusion of the three-year extension of the contract. Options at the conclusion of the contract shall include the following:

- a. Conversion to charter. – If, in the development of the transition plan, a local board of education indicates by resolution to the State Board of Education that the local board of education elects to not receive the transfer of the innovative school back to the local school administrative unit, the IS operator may apply to convert the school to a charter school under Article 14A of this Chapter. If a charter is awarded, the charter board of directors may request to use the facility as provided in G.S. 115C-218.35. If the IS operator does not seek conversion to a charter school or fails to receive a charter, the State Board of Education may close the school as provided in subdivision (2) of this subsection.
- b. Alternate as operator or return to local school administrative unit. – If the IS operator does not elect to continue the contract, the State Board of Education may select another IS operator for a three-year contract or may develop a transition plan to return the school to the local school administrative unit for the next school year.

- (5) Termination of contract on other grounds. – The State Board of Education, upon the recommendation of the ISD Superintendent, may terminate a contract with an IS operator at any time during the contract for financial mismanagement, noncompliance with federal or State laws, failure to comply with the terms of the contract, or evidence of criminal activity. The State Board of Education shall develop a transition plan to return the school to the local school administrative unit.

(b) An innovative school shall remain under the supervision of the ISD for no more than eight years.

(c) The State Board of Education shall make all decisions related to contracts for IS operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this section. (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-5, s. 7.20(d); 2018-145, s. 27(b); 2019-248, s. 1(a); repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)

§ 115C-75.13. (Repealed effective June 30, 2023) Innovation zones.

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

The State Board of Education shall grant, upon recommendation of the ISD Superintendent, such requests for the creation of an innovation zone. The State Board of Education shall also authorize the local board of education the flexibility to operate the schools within the innovation zone with the same exemptions from statutes and rules as a charter school authorized under Article 14A of this Chapter and with exemptions from local board of education policies as needed to ensure autonomy under the guidance of the innovation zone office for financial, programmatic, staffing, and time allocation decisions.

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

- (1) Development of a clear and specific plan for improving schools within the innovation zone.
 - (2) Establishment of an innovation zone office with a leader selected in consultation with the ISD Superintendent to be appointed by the local board of education and approved by the State Board of Education to govern and lead the schools in the innovation zone.
 - (3) Attraction of high-quality staff at schools in the innovation zone through the use of incentives, favorable working conditions, and development of partnerships to develop human capital.
 - (4) Accountability for those schools based on established benchmarks and goals for student achievement and for support services provided by the local school administrative unit based on metrics established by the innovation zone office for effective and efficient delivery.
 - (5) Support for those schools by the innovation zone office to ensure priority in services from the local school administrative unit, pursuit of outside funding, and technical support, including support from external partners.
- (c) A local board of education may maintain an innovation zone created as provided in subsection (a) for up to five consecutive years. The State Board of Education may terminate the innovation zone as follows:
- (1) Early termination of innovation zone based on performance. – If, during the five-year period, the average of the annual percentage growth of the schools within the innovation zone does not exceed the average annual percentage growth of other low-performing schools for three consecutive years, the State Board of Education, upon the recommendation of the ISD Superintendent, may terminate the innovation zone at the conclusion of the academic year.
 - (2) Nonrenewal of innovation zone based on performance. – If, by the end of the five-year period, the average annual percentage growth of the schools within the innovation zone over the five-year period does not exceed the average annual percentage growth of other low-performing schools during the same term, the State Board of Education shall not permit the local board of education to continue the innovation zone.
 - (3) State Board of Education optional extension of innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone remain low-performing schools but have exceeded the average annual percentage growth of other low-performing schools, the State Board of Education, upon the recommendation of the ISD Superintendent in his or her discretion, may allow continuation of the innovation zone for an additional three years.
 - (4) Local board of education option to extend innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of education shall have the option to extend the innovation zone for another three years.
- (d) Repealed by Session Laws 2019-248, s. 1(a), effective November 11, 2019. (2016-110, s. 1; 2017-57, s. 7.26E(a), (f); 2018-145, s. 27(b); 2019-248, s. 1(a); repealed by 2021-180, s. 7.13(b), effective July 1, 2021; repealed by 2021-180, s. 7.14(f), effective June 30, 2023.)