

# TENNESSEE STATE BOARD OF EDUCATION

## CHARTER AGREEMENTS

6.400

Tenn. Code Ann. § 49-13-110 requires that the approval by the chartering authority of a charter school application be in the form of a written charter agreement between the sponsor and the chartering authority. Pursuant to Tenn. Code Ann. § 49-13-104, “charter agreement” shall mean a fixed-term renewable agreement between the sponsor of a public charter school and the chartering authority that outlines the responsibilities and performance expectations of each party. Pursuant to Tenn. Code Ann. § 49-13-121, a charter agreement shall be effective upon approval of the charter application by the chartering authority and shall expire ten (10) years after the first day of instruction.

**Purpose:** The purpose of this policy is to set guidelines for the State Board of Education (“State Board”) as it enters into charter agreements with the charter schools it authorizes and serves as the chartering authority in order to articulate the rights and responsibilities of each party during the term of the charter.

### Policy Sections

1. Generally
2. Charter Agreement; Rights and Responsibilities
3. Fee-based Services
4. Performance Standards
5. Parties, Terms, and Amendments
6. Negotiation Process

1. **Generally.** The State Board executes a charter agreement with each charter school in its portfolio that articulates the rights and responsibilities of each party regarding school autonomy, funding, administration and oversight, outcomes, measures for evaluating success or failure, performance consequences, and other material terms. The charter agreement is an essential document, separate from the charter application, that establishes the legally binding agreement and terms under which the school will operate and be renewed.
2. **Charter Agreement; Rights and Responsibilities.** The State Board and the sponsor will execute a charter agreement to operate a charter school that clearly articulates the following:
  - a. The rights and responsibilities of the charter school and the State Board;
  - b. The statutory, regulatory, and procedural terms and conditions for the charter school’s operation, including but not limited to:
    - i. Required reporting as set forth in Tenn. Code Ann. § 49-13-120;
    - ii. A minimum of 180 school days; and
    - iii. The administration of state-mandated assessments according to the state testing calendar.
  - c. The pre-opening requirements and conditions for new charter schools;

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- d. The autonomies to which charter schools are entitled based on statute, waiver and State Board rule and policy, including those related to educational program, governance and management, operations, and finance;
  - e. The collection of an annual authorizer fee as set forth in Tenn. Code Ann. § 49-13-118;
  - f. The State Board's performance standards, criteria and conditions for renewal, intervention, revocation, and non-renewal, while establishing the consequences for meeting or not meeting standards or conditions;
  - g. The responsibility and commitment of the charter school to adhere to essential public education obligations, especially concerning admissions and enrollment, students with disabilities and English language learners, and discipline and expulsion; and
  - h. The responsibilities of the charter school and the State Board in the event of school closure;
3. **Fee-based Services.** The State Board will ensure that any fee-based services provided by the State Board are set forth in a services agreement that is separate from the charter agreement and ensure that the purchase of such services is not and will never be a condition of charter approval, continuation, modification or renewal.
4. **Performance Standards.** The State Board will execute charter agreements with its charter schools that establish the academic, financial, and organizational performance standards under which charter schools will be evaluated and renewed.
- a. Academic Performance. The academic performance standards shall include at a minimum indicators, measures, and metrics that:
    - i. Set expectations for student academic achievement status or proficiency, including comparative proficiency and proficiency for all groups of pupils as identified in state-mandated assessments;
    - ii. Set expectations for student academic growth, including adequacy of growth toward state standards;
    - iii. Incorporate state and federal accountability systems, including the Tennessee Value-Added Assessment System;
    - iv. Set expectations for postsecondary readiness, including graduation rates (for high schools); and
    - v. Provide schools an option to incorporate mission-specific performance measures for which the school has presented valid, reliable, and rigorous means of assessment approved by the State Board.
  - b. Financial Performance. The financial performance standards shall include at a minimum indicators, measures, and metrics that:

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- i. Enable the State Board to monitor and evaluate the charter school's financial stability and viability based on short-term performance, and
  - ii. Enable the State Board to monitor and evaluate the charter school's long-term financial sustainability.
- c. Organizational Performance. The organizational performance standards shall include at a minimum indicators, measures, and metrics that:
  - i. Define the essential elements of the educational program for which the State Board will hold the school accountable;
  - ii. Define financial management and oversight standards based on generally accepted accounting principles;
  - iii. Hold the charter school governing boards accountable for meeting statutory and board-established operating and reporting requirements;
  - iv. Ensure charter school compliance with student and employee rights and obligations; and
  - v. Establish expectations related to the school environment, including health and safety, transportation, facilities, and appropriate handling of records.
- d. The performance standards will:
  - i. Establish the performance expectations under which charter schools will be evaluated, using objective and verifiable measures of student achievement as the primary measure of school quality;
  - ii. Define clear, measurable, and attainable academic, financial, and organizational performance standards and targets that the charter school must meet as a condition of renewal, including but not limited to state and federal measures;
  - iii. Include expectations for appropriate access, education, support services, and outcomes for students with disabilities;
  - iv. Define the sources of academic, financial, and organizational data that will form the evidence base for ongoing and renewal evaluation; and
  - v. Include clear, measurable performance standards to judge the effectiveness of alternative schools, as defined in Tenn. Code Ann. § 49-6-3402, if applicable, requiring and appropriately weighting rigorous mission-specific performance measures and metrics that credibly demonstrate each school's success in fulfilling its mission and serving its special population.

### 5. Parties, Terms, and Amendments.

- a. The State Board will execute a charter agreement only with a legally incorporated governing board that is established in compliance with all laws applying to the selection and terms of charter school governing boards.

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- b. The State Board will grant contracts for a ten-year term with a high-stakes interim review<sup>1</sup> in year five (5) and a high-stakes review<sup>2</sup> at the end of each term to determine whether the charter agreement will be renewed.
  - c. The State Board will define the material terms of the charter agreement as being those relevant to renewal.
  - d. The State Board will make best efforts to ensure mutual understanding and acceptance of the terms of the charter agreement by the charter school's governing body prior to agreement approval.
  - e. The State Board will allow and require charter agreement amendments for occasional material changes to a charter school's plans subject to the approval of both parties, but will not require amending the charter agreement for non-material modifications to a charter school's plans, where a material change is one which would be relevant and significant to a renewal decision.
6. **Negotiation Process.** The State Board will engage in a fair and transparent negotiation process of appropriate length and depth with all approved sponsors and their counsel regarding the terms of the charter agreement between the sponsor and the State Board. In considering items raised in negotiations, the State Board will adhere wherever possible to its contract template, and insist on all terms which are material to renewal being included in the charter agreement between the parties.

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<sup>1</sup> T.C.A. § 49-13-121(d)

<sup>2</sup> T.C.A. § 49-13-121; State Board Policy 6.800; State Board Policy 6.111