

SUCCESS AND OPPORTUNITY THROUGH QUALITY
CHARTER SCHOOLS ACT

APRIL 29, 2014.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. KLINE, from the Committee on Education and the Workforce,
submitted the following

R E P O R T

[To accompany H.R. 10]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 10) to amend the charter school program under the Elementary and Secondary Education Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Success and Opportunity through Quality Charter Schools Act”.

SEC. 2. REFERENCES.

Except as otherwise specifically provided, whenever in this Act a section or other provision is amended or repealed, such amendment or repeal shall be considered to be made to that section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).

SEC. 3. SUBPART HEADING; PURPOSE.

(a) SUBPART HEADING.—The heading for subpart 1 of part B of title V (20 U.S.C. 7221 et seq.) is amended to read as follows: “**Charter School Program**”.

(b) PURPOSE.—Section 5201 (20 U.S.C. 7221) is amended to read as follows:

“SEC. 5201. PURPOSE.

“It is the purpose of this subpart to—

“(1) improve the United States education system and education opportunities for all Americans by supporting innovation in public education in public school settings that prepare students to compete and contribute to the global economy;

“(2) provide financial assistance for the planning, program design, and initial implementation of charter schools;

“(3) expand the number of high-quality charter schools available to students across the Nation;

“(4) evaluate the impact of such schools on student achievement, families, and communities, and share best practices between charter schools and other public schools;

“(5) encourage States to provide support to charter schools for facilities financing in an amount more nearly commensurate to the amount the States have typically provided for traditional public schools;

“(6) improve student services to increase opportunities for students with disabilities, limited English proficient students, and other traditionally underserved students to attend charter schools and meet challenging State academic achievement standards;

“(7) support efforts to strengthen the charter school authorizing process to improve performance management, including transparency, oversight, monitoring, and evaluation of such schools; and

“(8) support quality accountability and transparency in the operational performance of all authorized public chartering agencies, which include State educational agencies, local educational agencies, and other authorizing entities.”.

SEC. 4. PROGRAM AUTHORIZED.

Section 5202 (20 U.S.C. 7221a) is amended to read as follows:

“SEC. 5202. PROGRAM AUTHORIZED.

“(a) IN GENERAL.—This subpart authorizes the Secretary to carry out a charter school program that supports charter schools that serve elementary school and secondary school students by—

“(1) supporting the startup of charter schools, and the replication and expansion of high-quality charter schools;

“(2) assisting charter schools in accessing credit to acquire and renovate facilities for school use; and

“(3) carrying out national activities to support—

“(A) charter school development;

“(B) the dissemination of best practices of charter schools for all schools;

“(C) the evaluation of the impact of the program on schools participating in the program; and

“(D) stronger charter school authorizing.

“(b) FUNDING ALLOTMENT.—From the amount made available under section 5211 for a fiscal year, the Secretary shall—

“(1) reserve 12.5 percent to support charter school facilities assistance under section 5204;

“(2) reserve not more than 10 percent to carry out national activities under section 5205; and

“(3) use the remaining amount after the Secretary reserves funds under paragraphs (1) and (2) to carry out section 5203.

“(c) PRIOR GRANTS AND SUBGRANTS.—The recipient of a grant or subgrant under this subpart or subpart 2, as such subpart was in effect on the day before the date of enactment of the Success and Opportunity through Quality Charter Schools Act, shall continue to receive funds in accordance with the terms and conditions of such grant or subgrant.”.

SEC. 5. GRANTS TO SUPPORT HIGH-QUALITY CHARTER SCHOOLS.

Section 5203 (20 U.S.C. 7221b) is amended to read as follows:

“SEC. 5203. GRANTS TO SUPPORT HIGH-QUALITY CHARTER SCHOOLS.

“(a) IN GENERAL.—From the amount reserved under section 5202(b)(3), the Secretary shall award grants to State entities having applications approved pursuant to subsection (f) to enable such entities to—

“(1) award subgrants to eligible applicants for opening and preparing to operate—

“(A) new charter schools;

“(B) replicated, high-quality charter school models; or

“(C) expanded, high-quality charter schools; and

“(2) provide technical assistance to eligible applicants and authorized public chartering agencies in carrying out the activities described in paragraph (1) and work with authorized public chartering agencies in the State to improve authorizing quality.

“(b) STATE USES OF FUNDS.—

“(1) IN GENERAL.—A State entity receiving a grant under this section shall—

“(A) use not less than 90 percent of the grant funds to award subgrants to eligible applicants, in accordance with the quality charter school program described in the State entity’s application approved pursuant to subsection (f), for the purposes described in subparagraphs (A) through (C) of subsection (a)(1);

“(B) reserve not less than 7 percent of such funds to carry out the activities described in subsection (a)(2); and

“(C) reserve not more than 3 percent of such funds for administrative costs which may include technical assistance.

“(2) CONTRACTS AND GRANTS.—A State entity may use a grant received under this section to carry out the activities described in subparagraphs (A) and (B) of paragraph (1) directly or through grants, contracts, or cooperative agreements.

“(3) RULE OF CONSTRUCTION.—Nothing in this Act shall prohibit the Secretary from awarding grants to States that use a weighted lottery to give slightly better chances for admission to all, or a subset of, educationally disadvantaged students if—

“(A) the use of weighted lotteries in favor of such students is not prohibited by State law, and such State law is consistent with laws described in section 5210(1)(G); and

“(B) such weighted lotteries are not used for the purpose of creating schools exclusively to serve a particular subset of students.

“(c) PROGRAM PERIODS; PEER REVIEW; GRANT NUMBER AND AMOUNT; DIVERSITY OF PROJECTS; WAIVERS.—

“(1) PROGRAM PERIODS.—

“(A) GRANTS.—A grant awarded by the Secretary to a State entity under this section shall be for a period of not more than 5 years.

“(B) SUBGRANTS.—A subgrant awarded by a State entity under this section shall be for a period of not more than 5 years, of which an eligible applicant may use not more than 18 months for planning and program design.

“(2) PEER REVIEW.—The Secretary, and each State entity receiving a grant under this section, shall use a peer review process to review applications for assistance under this section.

“(3) GRANT AWARDS.—The Secretary shall—

“(A) for each fiscal year for which funds are appropriated under section 5211—

“(i) award not less than 3 grants under this section;

“(ii) wholly fund each grant awarded under this section, without making continuation awards; and

“(iii) fully obligate the funds appropriated for the purpose of awarding grants under this section in the fiscal year for which such grants are awarded; and

“(B) midway through the grant period of each grant awarded under this section to a State entity, review the grant to determine whether the State entity will meet the agreed upon uses of funds in the State entity’s application, and if not, reallocate the grant funds that will not be used for such agreed upon uses of funds to other State entities during the succeeding grant competition under this section.

“(4) DIVERSITY OF PROJECTS.—Each State entity receiving a grant under this section shall award subgrants under this section in a manner that, to the extent possible, ensures that such subgrants—

“(A) are distributed throughout different areas, including urban, suburban, and rural areas; and

“(B) will assist charter schools representing a variety of educational approaches.

“(5) WAIVERS.—The Secretary may waive any statutory or regulatory requirement over which the Secretary exercises administrative authority except any such requirement relating to the elements of a charter school described in section 5210(1), if—

“(A) the waiver is requested in an approved application under this section; and

“(B) the Secretary determines that granting such a waiver will promote the purpose of this subpart.

“(d) LIMITATIONS.—

“(1) GRANTS.—A State entity may not receive more than 1 grant under this section for a 5-year period.

“(2) SUBGRANTS.—An eligible applicant may not receive more than 1 subgrant under this section per individual charter school for a 5-year period, unless the eligible applicant demonstrates to the State entity not less than 3 years of improved educational results in the areas described in subparagraphs (A) and (D) of section 5210(8) for students enrolled in such charter school.

“(e) APPLICATIONS.—A State entity desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require. The application shall include the following:

“(1) DESCRIPTION OF PROGRAM.—A description of the State entity’s objectives under this section and how the objectives of the program will be carried out, including a description—

“(A) of how the State entity—

“(i) will support the opening of new charter schools, replicated, high-quality charter school models, or expanded, high-quality charter schools, and a description of the proposed number of each type of charter school or model, if applicable, to be opened under the State entity’s program;

“(ii) will inform eligible charter schools, developers, and authorized public chartering agencies of the availability of funds under the program;

“(iii) will work with eligible applicants to ensure that the eligible applicants access all Federal funds that they are eligible to receive, and help the charter schools supported by the applicants and the students attending the charter schools—

“(I) participate in the Federal programs in which the schools and students are eligible to participate;

“(II) receive the commensurate share of Federal funds the schools and students are eligible to receive under such programs; and

“(III) meet the needs of students served under such programs, including student with disabilities and English learners;

“(iv) will have clear plans and procedures to assist students enrolled in a charter school that closes or loses its charter to attend other high-quality schools;

“(v) in the case in which the State entity is not a State educational agency—

“(I) will work with the State educational agency and the charter schools in the State to maximize charter school participation in Federal and State programs for charter schools; and

“(II) will work with the State educational agency to adequately operate the State entity’s program under this section, where applicable;

“(vi) will ensure each eligible applicant that receives a subgrant under the State entity’s program to open and prepare to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school—

“(I) will ensure such school or model meets the requirements under section 5210(1); and

“(II) is prepared to continue to operate such school or model, in a manner consistent with the eligible applicant’s application, after the subgrant funds have expired;

“(vii) will support charter schools in local educational agencies with large numbers of schools identified by the State for improvement;

“(viii) will work with charter schools to promote inclusion of all students and support all students once they are enrolled to promote retention;

“(ix) will work with charter schools on recruitment practices, including efforts to engage groups that may otherwise have limited opportunities to participate in charter schools, and to ensure such schools do not have in effect policies or procedures that may create barriers to enrollment of students, including educationally disadvantaged students, and are in compliance with all Federal and State laws on enrollment practices;

“(x) will share best and promising practices between charter schools and other public schools, including, where appropriate, instruction and professional development in core academic subjects, and science, technology, engineering, and math education, including computer science;

“(xi) will ensure the charter schools receiving funds under the State entity’s program meet the educational needs of their students, including students with disabilities and English learners;

“(xii) will support efforts to increase quality initiatives, including meeting the quality authorizing elements described in paragraph (2)(E);

“(xiii) in the case of a State entity not described in clause (xiv), will provide oversight of authorizing activity, including how the State will approve, actively monitor, and re-approve or revoke the authority of an authorized public chartering agency based on the performance of the charter schools authorized by such agency in the areas of student

achievement, student safety, financial management, and compliance with all applicable statutes and regulations; and

“(xiv) in the case of a State entity defined in subsection (i)(4), will work with the State to provide assistance to and oversight of authorized public chartering agencies for authorizing activity described in clause (xiii);

“(B) of the extent to which the State entity—

“(i) is able to meet and carry out the priorities listed in subsection (f)(2); and

“(ii) is working to develop or strengthen a cohesive statewide system to support the opening of new charter schools, replicated, high-quality charter school models, or expanded, high-quality charter schools;

“(C) of how the State entity will carry out the subgrant competition, including—

“(i) a description of the application each eligible applicant desiring to receive a subgrant will submit, including—

“(I) a description of the roles and responsibilities of eligible applicants, partner organizations, and management organizations, including the administrative and contractual roles and responsibilities;

“(II) a description of the quality controls agreed to between the eligible applicant and the authorized public chartering agency involved, such as a contract or performance agreement, how a school’s performance in the State’s academic accountability system will be a primary factor for renewal or revocation of the school’s charter, and how the State entity and the authorized public chartering agency involved will reserve the right to revoke or not renew a school’s charter based on financial, structural, or operational factors involving the management of the school;

“(III) a description of how the eligible applicant will solicit and consider input from parents and other members of the community on the implementation and operation of each charter school receiving funds under the State entity’s program; and

“(IV) a description of the planned activities and expenditures for the subgrant funds for purposes of opening and preparing to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school, and how the school or model will maintain financial sustainability after the end of the subgrant period; and

“(ii) a description of how the State entity will review applications;

“(D) in the case of an entity that partners with an outside organization to carry out the State entity’s quality charter school program, in whole or in part, of the roles and responsibilities of this partner;

“(E) of how the State entity will help the charter schools receiving funds under the State entity’s program consider the transportation needs of the schools’ students; and

“(F) of how the State entity will support diverse charter school models, including models that serve rural communities.

“(2) ASSURANCES.—Assurances, including a description of how the assurances will be met, that—

“(A) each charter school receiving funds under the State entity’s program will have a high degree of autonomy over budget and operations;

“(B) the State entity will support charter schools in meeting the educational needs of their students as described in paragraph (1)(A)(x);

“(C) the State entity will ensure that the authorized public chartering agency of any charter school that receives funds under the State entity’s program—

“(i) adequately monitors each charter school in recruiting, enrolling, and meeting the needs of all students, including students with disabilities and English learners; and

“(ii) ensures that each charter school solicits and considers input from parents and other members of the community on the implementation and operation of the school;

“(D) the State entity will provide adequate technical assistance to eligible applicants to—

“(i) meet the objectives described in clauses (vii) and (viii) of paragraph (1)(A) and paragraph (2)(B); and

“(ii) recruit, enroll, and retain traditionally underserved students, including students with disabilities and English learners, at rates similar to traditional public schools;

“(E) the State entity will promote quality authorizing, such as through providing technical assistance and supporting all authorized public chartering agencies in the State to improve the oversight of their charter schools, including by—

“(i) assessing annual performance data of the schools, including, as appropriate, graduation rates and student academic growth;

“(ii) reviewing the schools’ independent, annual audits of financial statements conducted in accordance with generally accepted accounting principles, and ensuring any such audits are publically reported; and

“(iii) holding charter schools accountable to the academic, financial, and operational quality controls agreed to between the charter school and the authorized public chartering agency involved, such as through renewal, non-renewal, or revocation of the school’s charter;

“(F) the State entity will work to ensure that charter schools are included with the traditional public schools in decision-making about the public school system in the State; and

“(G) the State entity will ensure that each charter school in the State make publicly available, consistent with the dissemination requirements of the annual State report card, information to help parents make informed decisions about the education options available to their children, including information on the educational program, student support services, and annual performance and enrollment data for the groups of students described in section 1111(b)(2)(C)(v)(II).

“(3) REQUESTS FOR WAIVERS.—A request and justification for waivers of any Federal statutory or regulatory provisions that the State entity believes are necessary for the successful operation of the charter schools that will receive funds under the State entity’s program under this section, and a description of any State or local rules, generally applicable to public schools, that will be waived, or otherwise not apply to such schools or, in the case of a State entity defined in subsection (i)(4), a description of how the State entity will work with the State to request necessary waivers where applicable.

“(f) SELECTION CRITERIA; PRIORITY.—

“(1) SELECTION CRITERIA.—The Secretary shall award grants to State entities under this section on the basis of the quality of the applications submitted under subsection (e), after taking into consideration—

“(A) the degree of flexibility afforded by the State’s public charter school law and how the State entity will work to maximize the flexibility provided to charter schools under the law;

“(B) the ambitiousness of the State entity’s objectives for the quality charter school program carried out under this section;

“(C) the quality of the strategy for assessing achievement of those objectives;

“(D) the likelihood that the eligible applicants receiving subgrants under the program will meet those objectives and improve educational results for students;

“(E) the State entity’s plan to—

“(i) adequately monitor the eligible applicants receiving subgrants under the State entity’s program;

“(ii) work with the authorized public chartering agencies involved to avoid duplication of work for the charter schools and authorized public chartering agencies; and

“(iii) provide adequate technical assistance and support for—

“(I) the charter schools receiving funds under the State entity’s program; and

“(II) quality authorizing efforts in the State; and

“(F) the State entity’s plan to solicit and consider input from parents and other members of the community on the implementation and operation of the charter schools in the State.

“(2) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to State entities to the extent that they meet the following criteria:

“(A) In the case of a State entity located in a State that allows an entity other than a local educational agency to be an authorized public chartering agency, the State has a quality authorized public chartering agency that is an entity other than a local educational agency.

“(B) The State entity is located in a State that does not impose any limitation on the number or percentage of charter schools that may exist or the

number or percentage of students that may attend charter schools in the State.

“(C) The State entity is located in a State that ensures equitable financing, as compared to traditional public schools, for charter schools and students in a prompt manner.

“(D) The State entity is located in a State that uses charter schools and best practices from charter schools to help improve struggling schools and local educational agencies.

“(E) The State entity partners with an organization that has a demonstrated record of success in developing management organizations to support the development of charter schools in the State.

“(F) The State entity supports charter schools that support at-risk students through activities such as dropout prevention or dropout recovery.

“(G) The State entity authorizes all charter schools in the State to serve as school food authorities.

“(H) The State entity has taken steps to ensure that all authorizing public chartering agencies implement best practices for charter school authorizing.

“(g) LOCAL USES OF FUNDS.—An eligible applicant receiving a subgrant under this section shall use such funds to carry out activities related to opening and preparing to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school, such as—

“(1) preparing teachers and school leaders, including through professional development;

“(2) acquiring equipment, educational materials, and supplies; and

“(3) necessary renovations and minor facilities repairs (excluding construction).

“(h) REPORTING REQUIREMENTS.—Each State entity receiving a grant under this section shall submit to the Secretary, at the end of the third year of the 5-year grant period and at the end of such grant period, a report on—

“(1) the number of students served by each subgrant awarded under this section and, if applicable, how many new students were served during each year of the subgrant period;

“(2) the progress the State entity made toward meeting the priorities described in subsection (f)(2), as applicable;

“(3) how the State entity met the objectives of the quality charter school program described in the State entity’s application under subsection (e);

“(4) how the State entity complied with, and ensured that eligible applicants complied with, the assurances described in the State entity’s application;

“(5) how the State entity worked with authorized public chartering agencies, including how the agencies worked with the management company or leadership of the schools that received subgrants under this section; and

“(6) the number of subgrants awarded under this section to carry out each of the following:

“(A) The opening of new charter schools.

“(B) The opening of replicated, high-quality charter school models.

“(C) The opening of expanded, high-quality charter schools.

“(i) STATE ENTITY DEFINED.—For purposes of this section, the term ‘State entity’ means—

“(1) a State educational agency;

“(2) a State charter school board;

“(3) a Governor of a State; or

“(4) a charter school support organization.”.

SEC. 6. FACILITIES FINANCING ASSISTANCE.

Section 5204 (20 U.S.C. 7221c) is amended to read as follows:

“SEC. 5204. FACILITIES FINANCING ASSISTANCE.

“(a) GRANTS TO ELIGIBLE ENTITIES.—

“(1) IN GENERAL.—From the amount reserved under section 5202(b)(1), the Secretary shall not use less than 50 percent to award grants to eligible entities that have the highest-quality applications approved under subsection (d), after considering the diversity of such applications, to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

“(2) ELIGIBLE ENTITY DEFINED.—For purposes of this section, the term ‘eligible entity’ means—

“(A) a public entity, such as a State or local governmental entity;

“(B) a private nonprofit entity; or

“(C) a consortium of entities described in subparagraphs (A) and (B).

“(b) GRANTEE SELECTION.—The Secretary shall evaluate each application submitted under subsection (d), and shall determine whether the application is sufficient to merit approval.

“(c) GRANT CHARACTERISTICS.—Grants under subsection (a) shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

“(d) APPLICATIONS.—

“(1) IN GENERAL.—To receive a grant under subsection (a), an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

“(2) CONTENTS.—An application submitted under paragraph (1) shall contain—

“(A) a statement identifying the activities proposed to be undertaken with funds received under subsection (a), including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

“(B) a description of the involvement of charter schools in the application's development and the design of the proposed activities;

“(C) a description of the eligible entity's expertise in capital market financing;

“(D) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of public funding used and otherwise enhance credit available to charter schools, including how the eligible entity will offer a combination of rates and terms more favorable than the rates and terms that a charter school could receive without assistance from the eligible entity under this section;

“(E) a description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought; and

“(F) in the case of an application submitted by a State governmental entity, a description of the actions that the entity has taken, or will take, to ensure that charter schools within the State receive the funding the charter schools need to have adequate facilities.

“(e) CHARTER SCHOOL OBJECTIVES.—An eligible entity receiving a grant under this section shall use the funds deposited in the reserve account established under subsection (f) to assist one or more charter schools to access private sector capital to accomplish one or more of the following objectives:

“(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

“(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

“(3) The predevelopment costs required to assess sites for purposes of paragraph (1) or (2) and which are necessary to commence or continue the operation of a charter school.

“(f) RESERVE ACCOUNT.—

“(1) USE OF FUNDS.—To assist charter schools to accomplish the objectives described in subsection (e), an eligible entity receiving a grant under subsection (a) shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under subsection (a) (other than funds used for administrative costs in accordance with subsection (g)) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

“(A) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in subsection (e).

“(B) Guaranteeing and insuring leases of personal and real property for an objective described in subsection (e).

“(C) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

“(D) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of

bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

“(2) INVESTMENT.—Funds received under this section and deposited in the reserve account established under paragraph (1) shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

“(3) REINVESTMENT OF EARNINGS.—Any earnings on funds received under subsection (a) shall be deposited in the reserve account established under paragraph (1) and used in accordance with such paragraph.

“(g) LIMITATION ON ADMINISTRATIVE COSTS.—An eligible entity may use not more than 2.5 percent of the funds received under subsection (a) for the administrative costs of carrying out its responsibilities under this section (excluding subsection (k)).

“(h) AUDITS AND REPORTS.—

“(1) FINANCIAL RECORD MAINTENANCE AND AUDIT.—The financial records of each eligible entity receiving a grant under subsection (a) shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

“(2) REPORTS.—

“(A) GRANTEE ANNUAL REPORTS.—Each eligible entity receiving a grant under subsection (a) annually shall submit to the Secretary a report of its operations and activities under this section.

“(B) CONTENTS.—Each annual report submitted under subparagraph (A) shall include—

“(i) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

“(ii) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under paragraph (1) during the reporting period;

“(iii) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under subsection (a) in leveraging private funds;

“(iv) a listing and description of the charter schools served during the reporting period, including the amount of funds used by each school, the type of project facilitated by the grant, and the type of assistance provided to the charter schools;

“(v) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in subsection (e); and

“(vi) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this section (excluding subsection (k)) during the reporting period.

“(C) SECRETARIAL REPORT.—The Secretary shall review the reports submitted under subparagraph (A) and shall provide a comprehensive annual report to Congress on the activities conducted under this section (excluding subsection (k)).

“(i) NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATION.—No financial obligation of an eligible entity entered into pursuant to this section (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this section.

“(j) RECOVERY OF FUNDS.—

“(1) IN GENERAL.—The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect—

“(A) all of the funds in a reserve account established by an eligible entity under subsection (f)(1) if the Secretary determines, not earlier than 2 years after the date on which the eligible entity first received funds under this section (excluding subsection (k)), that the eligible entity has failed to make substantial progress in carrying out the purposes described in subsection (f)(1); or

“(B) all or a portion of the funds in a reserve account established by an eligible entity under subsection (f)(1) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in subsection (f)(1).

“(2) EXERCISE OF AUTHORITY.—The Secretary shall not exercise the authority provided in paragraph (1) to collect from any eligible entity any funds that are

being properly used to achieve one or more of the purposes described in subsection (f)(1).

“(3) PROCEDURES.—The provisions of sections 451, 452, and 458 of the General Education Provisions Act 20 U.S.C. 124, 1234a, 1234g shall apply to the recovery of funds under paragraph (1).

“(4) CONSTRUCTION.—This subsection shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act (20 U.S.C. 1234 et seq.).

“(k) PER-PUPIL FACILITIES AID PROGRAM.—

“(1) DEFINITION OF PER-PUPIL FACILITIES AID PROGRAM.—In this subsection, the term ‘per-pupil facilities aid program’ means a program in which a State makes payments, on a per-pupil basis, to charter schools to provide the schools with financing—

“(A) that is dedicated solely for funding charter school facilities; or

“(B) a portion of which is dedicated for funding charter school facilities.

“(2) GRANTS.—

“(A) IN GENERAL.—From the amount under section 5202(b)(1) remaining after the Secretary makes grants under subsection (a), the Secretary shall make grants, on a competitive basis, to States to pay for the Federal share of the cost of establishing or enhancing, and administering per-pupil facilities aid programs.

“(B) PERIOD.—The Secretary shall award grants under this subsection for periods of not more than 5 years.

“(C) FEDERAL SHARE.—The Federal share of the cost described in subparagraph (A) for a per-pupil facilities aid program shall be not more than—

“(i) 90 percent of the cost, for the first fiscal year for which the program receives assistance under this subsection;

“(ii) 80 percent in the second such year;

“(iii) 60 percent in the third such year;

“(iv) 40 percent in the fourth such year; and

“(v) 20 percent in the fifth such year.

“(D) STATE SHARE.—A State receiving a grant under this subsection may partner with 1 or more organizations to provide up to 50 percent of the State share of the cost of establishing or enhancing, and administering the per-pupil facilities aid program.

“(E) MULTIPLE GRANTS.—A State may receive more than 1 grant under this subsection, so long as the amount of such funds provided to charter schools increases with each successive grant.

“(3) USE OF FUNDS.—

“(A) IN GENERAL.—A State that receives a grant under this subsection shall use the funds made available through the grant to establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State of the applicant.

“(B) EVALUATIONS; TECHNICAL ASSISTANCE; DISSEMINATION.—From the amount made available to a State through a grant under this subsection for a fiscal year, the State may reserve not more than 5 percent to carry out evaluations, to provide technical assistance, and to disseminate information.

“(C) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this subsection shall be used to supplement, and not supplant, State and local public funds expended to provide per pupil facilities aid programs, operations financing programs, or other programs, for charter schools.

“(4) REQUIREMENTS.—

“(A) VOLUNTARY PARTICIPATION.—No State may be required to participate in a program carried out under this subsection.

“(B) STATE LAW.—

“(i) IN GENERAL.—Except as provided in clause (ii), to be eligible to receive a grant under this subsection, a State shall establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State, that—

“(I) is specified in State law; and

“(II) provides annual financing, on a per-pupil basis, for charter school facilities.

“(ii) SPECIAL RULE.—Notwithstanding clause (i), a State that is required under State law to provide its charter schools with access to adequate facility space, but which does not have a per-pupil facilities aid program for charter schools specified in State law, may be eligible to receive a grant under this subsection if the State agrees to use the

funds to develop a per-pupil facilities aid program consistent with the requirements of this subsection.

“(5) APPLICATIONS.—To be eligible to receive a grant under this subsection, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.”.

SEC. 7. NATIONAL ACTIVITIES.

Section 5205 (20 U.S.C. 7221d) is amended to read as follows:

“SEC. 5205. NATIONAL ACTIVITIES.

“(a) IN GENERAL.—From the amount reserved under section 5202(b)(2), the Secretary shall—

“(1) use not less than 75 percent of such funds to award grants in accordance with subsection (b); and

“(2) use not more than 25 percent of such funds to—

“(A) provide technical assistance to State entities in awarding subgrants under section 5203, and eligible entities and States receiving grants under section 5204;

“(B) disseminate best practices; and

“(C) evaluate the impact of the charter school program, including the impact on student achievement, carried out under this subpart.

“(b) GRANTS.—

“(1) IN GENERAL.—The Secretary shall make grants, on a competitive basis, to eligible applicants for the purpose of carrying out the activities described in section 5202(a)(1), subparagraphs (A) through (C) of section 5203(a)(1), and section 5203(g).

“(2) TERMS AND CONDITIONS.—Except as otherwise provided in this subsection, grants awarded under this subsection shall have the same terms and conditions as grants awarded to State entities under section 5203.

“(3) CHARTER MANAGEMENT ORGANIZATIONS.—The Secretary shall—

“(A) use not less than 75 percent of the funds described in subsection (a)(1) to make grants, on a competitive basis, to eligible applicants described in paragraph (4)(C); and

“(B) notwithstanding paragraphs (1)(A) and (2) of section 5203(f)—

“(i) award grants to eligible applicants on the basis of the quality of the applications submitted under this subsection; and

“(ii) in awarding grants to eligible applicants described in paragraph (4)(C), give priority to each such eligible applicant that—

“(I) demonstrates a high proportion of high-quality charter schools within the network of the eligible applicant;

“(II) demonstrates success in serving students who are educationally disadvantaged;

“(III) does not have a significant proportion of charter schools that have been closed, had their charter revoked for compliance issues, or had their affiliation with such eligible applicant revoked;

“(IV) has sufficient procedures in effect to ensure timely closure of low-performing or financially-mismanaged charter schools and clear plans and procedures in effect for the students in such schools to attend other high-quality schools; and

“(V) demonstrates success in working with schools identified for improvement by the State.

“(4) ELIGIBLE APPLICANT DEFINED.—For purposes of this subsection, the term ‘eligible applicant’ means an eligible applicant (as defined in section 5210) that—

“(A) desires to open a charter school in—

“(i) a State that did not apply for a grant under section 5203; or

“(ii) a State that did not receive a grant under section 5203; or

“(B) is a charter management organization.

“(c) CONTRACTS AND GRANTS.—The Secretary may carry out any of the activities described in this section directly or through grants, contracts, or cooperative agreements.”.

SEC. 8. RECORDS TRANSFER.

Section 5208 (20 U.S.C. 7221g) is amended—

(1) by inserting “as quickly as possible and” before “to the extent practicable”; and

(2) by striking “section 602” and inserting “section 602(14)”.

SEC. 9. DEFINITIONS.

Section 5210 (20 U.S.C. 7221i) is amended—

(1) by amending paragraph (1) to read as follows:

“(1) CHARTER SCHOOL.—The term ‘charter school’ means a public school that—

“(A) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;

“(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;

“(C) operates in pursuit of a specific set of educational objectives determined by the school’s developer and agreed to by the authorized public chartering agency;

“(D) provides a program of elementary or secondary education, or both;

“(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

“(F) does not charge tuition;

“(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Education Act, the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), and section 444 of the General Education Provisions Act (20 U.S.C. 1232(g)) (commonly known as the ‘Family Education Rights and Privacy Act of 1974’);

“(H) is a school to which parents choose to send their children, and admits students on the basis of a lottery if more students apply for admission than can be accommodated, except that in cases in which students who are enrolled in a charter school affiliated (such as by sharing a network) with another charter school, those students may be automatically enrolled in the next grade level at such other charter school, so long as a lottery is used to fill seats created through regular attrition in student enrollment;

“(I) agrees to comply with the same Federal and State audit requirements as do other elementary schools and secondary schools in the State, unless such State audit requirements are waived by the State;

“(J) meets all applicable Federal, State, and local health and safety requirements;

“(K) operates in accordance with State law;

“(L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school; and

“(M) may serve prekindergarten or postsecondary students.”;

(2) by redesignating paragraphs (2) through (4) as paragraphs (4) through (6), respectively;

(3) by inserting after paragraph (1), the following:

“(2) CHARTER MANAGEMENT ORGANIZATION.—The term ‘charter management organization’ means a not-for-profit organization that manages a network of charter schools linked by centralized support, operations, and oversight.

“(3) CHARTER SCHOOL SUPPORT ORGANIZATION.—The term ‘charter school support organization’ means a nonprofit, nongovernmental entity that is not an authorized public chartering agency, which provides on a statewide basis—

“(A) assistance to developers during the planning, program design, and initial implementation of a charter school; and

“(B) technical assistance to charter schools to operate such schools.”;

(4) in paragraph (5)(B), as so redesignated, by striking “under section 5203(d)(3)”;

(5) by adding at the end the following:

“(7) EXPANDED, HIGH-QUALITY CHARTER SCHOOL.—The term ‘expanded, high-quality charter school’ means a high-quality charter school that has either significantly increased its enrollment or added one or more grades to its school.

“(8) HIGH-QUALITY CHARTER SCHOOL.—The term ‘high-quality charter school’ means a charter school that—

“(A) shows evidence of strong academic results, which may include strong academic growth as determined by a State;

“(B) has no significant issues in the areas of student safety, operational and financial management, or statutory or regulatory compliance;

“(C) has demonstrated success in significantly increasing student academic achievement, including graduation rates where applicable, consistent with the requirements under title I, for all students served by the charter school; and

“(D) has demonstrated success in increasing student academic achievement, including graduation rates where applicable, for the groups of students described in section 1111(b)(2)(C)(v)(II), except that such demonstration is not required in a case in which the number of students in a group is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

“(9) REPLICATED, HIGH-QUALITY CHARTER SCHOOL MODEL.—The term ‘replicated, high-quality charter school model’ means a high-quality charter school that has opened a new campus under an existing charter or an additional charter if required by State law.”.

SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

Section 5211 (20 U.S.C. 7221j) is amended to read as follows:

“SEC. 5211. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this subpart \$300,000,000 for fiscal year 2015 and each of the 5 succeeding fiscal years.”.

SEC. 11. CONFORMING AMENDMENTS.

(a) REPEAL.—Subpart 2 of part B of title V (20 U.S.C. 7223 et seq.) is repealed.

(b) TABLE OF CONTENTS.—The table of contents in section 2 is amended—

(1) by striking the item relating to subpart 1 of part B of title V and inserting the following:

“Subpart 1—Charter School Program”;

(2) by striking the item relating to section 5203 and inserting the following:

“Sec. 5203. Grants to support high-quality charter schools.”;

(3) by striking the item relating to section 5204 and inserting the following:

“Sec. 5204. Facilities financing assistance.”; and

(4) by striking the items relating to subpart 2 of part B of title V.

H.R. 10, THE SUCCESS AND OPPORTUNITY THROUGH QUALITY CHARTER SCHOOLS ACT

COMMITTEE REPORT

PURPOSE

H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, reauthorizes and modernizes the Charter School Program under the *Elementary and Secondary Education Act*. The bill increases the number of high-quality charter schools available to students and families; ensures charter schools share their best practices with all public schools; improves charter school access and services for all students, including students with disabilities and English learners; and emphasizes quality and accountability in charter school authorizing.

COMMITTEE ACTION

H.R. 10 is the latest effort by the committee to reauthorize and reform the Charter School Program under the *Elementary and Secondary Education Act*. It builds on the committee’s legislation proposed in previous congresses, as well as lessons learned from hearings and other activity in the 113th Congress.

Hearings

On June 4, 2009, the Committee on Education and Labor held a hearing entitled “Building on What Works at Charter Schools.” The purpose of the hearing was to learn how representatives from the U.S. Department of Education, states, charter school authorizers, and charter school providers produce high-quality charter schools and how those programs can be replicated and brought to scale. Testifying before the committee were The Honorable Barbara O’Brien, Lieutenant Governor, State of Colorado, Denver, CO; Mr. James Shelton, Assistant Deputy Secretary for Innovation and Improvement, U.S. Department of Education, Washington, DC; Mr. Steve Barr, Founder and Chairman, Green Dot Public Schools, Los Angeles, CA; Dr. John King, Managing Director, Excellence and Preparatory Network of Uncommon Schools, New York, NY; Mr. David Dunn, Executive Director, Texas Charter Schools Association, Austin, TX; and Mr. James Goenner, Executive Director, The Center for Charter Schools, Central Michigan University, Mount Pleasant, MI.

On February 24, 2010, the Committee on Education and Labor held a hearing on quality charter schools and H.R. 4330, the *All Students Achieving through Reform Act*. The purpose of the hearing was to discuss how charter school providers maintain quality in charter schools, what student populations charter schools serve, and the importance of keeping charter schools autonomous. The hearing focused on H.R. 4330, which created a new program under the Charter School Program to provide funding for the expansion and replication of charter schools. Testifying before the committee were Ms. Eva Moskowitz, Founder, Success Charter Network, New York, NY; Ms. Robin J. Lake, Associate Director, Center on Reinventing Public Education, Seattle, WA; Dr. Thomas Hehir, Professor of Practice, Harvard Graduate School of Education, Cambridge, MA; Mr. Greg Richmond, President and CEO, National Association of Charter School Authorizers, Chicago, IL; Ms. Eileen Ahern, Director, National Association of State Directors of Special Education, Alexandria, VA; and Dr. Caprice Young, President and CEO, KC Distance Learning, Portland, OR.

Legislative action

In H.R. 3288, the *Consolidated Appropriations Act of 2010*, the Committee on Appropriations provided \$256 million for the Charter School Program and reserved \$50 million of those funds to support the expansion and replication of existing high-quality charter schools. H.R. 3288 was signed into law on December 16, 2009.

Hearings

On April 7, 2011, the Committee on Education and the Workforce held a hearing entitled “Education Reforms: Promoting Flexibility and Innovation.” The purpose of the hearing was to discuss the appropriate federal role in K–12 education and explore the work of state and local education leaders who advocate for innovative approaches to education reform and greater state and local flexibility.

Testifying before the committee were Dr. Janet Barresi, Oklahoma State Superintendent of Public Instruction, Oklahoma City, OK; Dr. Gary Amoroso, Superintendent, Lakeville Area Public Schools, Lakeville, MN; Mr. Yohance Maqubela, Chief Operating Officer, Howard University Middle School of Mathematics and Science, Washington, DC; and Dr. Terry Grier, Superintendent, Houston Independent School District, Houston, TX.

On June 1, 2011, the Committee on Education and the Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education held a hearing entitled “Education Reforms: Exploring the Vital Role of Charter Schools.” The purpose of the hearing was to examine the contributions of charter schools to state and local efforts to improve public education and the importance of empowering parents to choose the best school environment for their children. Testifying before the subcommittee were Ms. DeAnna Rowe, Executive Director, Arizona State Board for Charter Schools, Phoenix, AZ; Ms. Debbie Beyer, Executive Director, Literacy First Charter Schools, El Cajon, CA; Dr. Gary Miron, College of Education, Western Michigan University, Kalamazoo, MI; and Dr. Beth Purvis, Executive Director, Chicago International Charter School, Chicago, IL.

Legislative action

H.R. 1473, the *Department of Defense and Full-Year Continuing Appropriations Act of 2011*, included \$256 million for the Charter School Program and reserved \$50 million to support the expansion and replication of existing high-quality charter schools. H.R. 1473 was signed into law on April 15, 2011.

On June 16, 2011, Rep. Duncan Hunter (R-CA) and Chairman John Kline (R-MN) introduced H.R. 2218, the *Empowering Parents through Quality Charter Schools Act*. This bill reauthorized and improved the existing charter school provisions under the *Elementary and Secondary Education Act*. H.R. 2218 was cosponsored by Rep. George Miller (D-CA), Rep. Tom Petri (R-WI), Rep. Howard P. “Buck” McKeon (R-CA), Rep. Phil Roe (R-TN), Rep. Trey Gowdy (R-SC), Rep. Larry Bucshon (R-IN), Rep. Tim Walberg (R-MI), Rep. Scott DesJarlais (R-TN), Rep. Mike Kelly (R-PA), Rep. Jared Polis (D-CO), Rep. Todd Rokita (R-IN), and Rep. Ander Crenshaw (R-FL).

On June 22, 2011, the Committee on Education and the Workforce considered H.R. 2218 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 34–5. The committee considered and adopted one amendment to the bill, an Amendment in the Nature of a Substitute, offered by Rep. Duncan Hunter (R-CA).

The Committee received letters of support for H.R. 2218 from the following organizations: The U.S. Chamber of Commerce, Business Roundtable, Chiefs for Change, Knowledge Is Power Program (KIPP) Foundation, Council for Exceptional Children, Charter School Lenders Coalition, Democrats for Education Reform, National Association for Charter School Authorizers, National Alliance for Public Charter Schools, National Association of State Directors of Special Education, New Schools Venture Fund, the California Charter Schools Association, and the Texas Charter Schools Association.

Hearings

On March 12, 2014, the Committee on Education and the Workforce held a hearing entitled “Raising the Bar: The Role of Charter Schools in K–12 Education” to highlight the role charter schools play in improving K–12 education and discuss innovative public school choice models from across the country. Testifying before the committee were Dr. Deborah McGriff, Chair of the Board, National Alliance for Public Charter Schools, Milwaukee, WI; Mrs. Lisa Graham Keegan, Chair of the Board, National Association of Charter School Authorizers, Peoria, AZ; Mr. David Linzey, Executive Director, Clayton Valley Charter High School, Concord, CA; Ms. Alyssa Whitehead-Bust, Chief of Innovation and Reform, Denver Public Schools, Denver, CO; and Mr. Alan Rosskamm, Chief Executive Officer, Breakthrough Schools, Cleveland, OH.

Legislative action

On July 19, 2013, the House of Representatives passed H.R. 5, the *Student Success Act*, by a vote of 221–207. The House-passage of H.R. 5 followed consideration of the bill by the Committee on Education and the Workforce on June 19, 2013, in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 23–16. H.R. 5 was introduced by Chairman John Kline (R–MN) on June 6, 2013, and reauthorized the *Elementary and Secondary Education Act* in its entirety, including the Charter School Program. The charter school provisions in the bill differed slightly from H.R. 2218 (112th Congress), notably by adding charter support organizations as entities eligible for state grants. An amendment in the nature of a substitute to H.R. 5 offered by the committee’s senior democratic, Ranking Member George Miller (D–CA), also included reauthorization of the Charter School Program.

On April 1, 2014, Chairman Kline and Ranking Member Miller introduced H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*. This bill reauthorizes and improves the existing charter school provisions under the *Elementary and Secondary Education Act*. H.R. 10 is cosponsored by Rep. Susan Brooks (R–IN), Rep. Larry Bucshon (R–IN), Rep. Bradley Byrne (R–AL), Rep. Scott DesJarlais (R–TN), Rep. Sean Duffy (R–WI), Rep. Blake Farenthold (R–TX), Rep. Brett Guthrie (R–KY), Rep. Joseph Heck (R–NV), Rep. Rubén Hinojosa (D–TX), Rep. Richard Hudson (R–NC), Rep. Duncan Hunter (R–CA), Rep. Luke Messer (R–IN), Rep. Scott Peters (D–CA), Rep. Tom Petri (R–WI), Rep. Jared Polis (D–CO), Rep. Phil Roe (R–TN), Rep. Todd Rokita (R–IN), Rep. Tim Walberg (R–MI), Rep. Daniel Webster (R–FL), Rep. Joe Wilson (R–SC) and Rep. Steve Womack (R–AR).

On April 8, 2014, the Committee on Education and the Workforce considered H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, in legislative session and reported the bill favorably, as amended, to the House of Representatives by a vote of 36–3.

The committee considered and adopted the following amendment to H.R. 10:

Rep. Luke Messer (R-IN) offered an amendment in the nature of a substitute. It passed by voice. This amendment:

- Makes technical edits, such as clarifying the secretary “provides” technical assistance, permitting local uses of funds to include acquiring equipment and supplies, and clarifying the admission by feeder pattern language.
- Adds a phrase to ensure only schools meeting the definition of a “charter school” are receiving subgrants under this program.
- Clarifies the definition of “replicable, high-quality charter school” to ensure schools replicating a high quality model can do it under a new charter if the state requires each school operate under a separate charter.
- Adjusts the funding allocation by moving 2.5 percent of the funding for facilities aid to the state grants. This provides more money to the states opening new schools, and still leaves a significant share of funding for facilities aid.
- Clarifies computer science is a part of technology within science, technology, engineering, and math activities. Also provides states can share best practices on core academic subjects.
- Adds a new requirement for states to assist students to find new schools in the event their charter school closes.
- Clarifies a weighted lottery may not be used to create a school to serve a select population.

The Committee received letters of support for H.R. 10 from the following organizations: The Arc, Autism National Committee, Breakthrough Schools, U.S. Chamber of Commerce, Charter Management Organizations Coalition, Chiefs for Change, Consortium for Citizens with Disabilities, Council for Exceptional Children, Council of Chief State School Officers, Council of Parent Attorneys and Advocates, Inc., Education Trust, National Association of Charter School Authorizers, National Alliance for Public Charter Schools, National Association of State Directors of Special Education, Inc., National Center for Learning Disabilities, the National Center for Special Education in Charter Schools, Foundation for Excellence in Education, National Council of La Raza, and the Business Roundtable.



The Arc
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April 2, 2014

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Congressmen Kline & Miller,

The Arc is the largest national community-based organization advocating for and serving people with intellectual and developmental disabilities and their families. The Arc encompasses all ages and all spectrums from autism, Down syndrome, Fragile X and various other developmental disabilities. With more than 140,000 members, 130,000 employees, and 52,000 volunteers, serving more than 1.5 million people with I/DD and family members through more than 700 state and local chapters nationwide, The Arc is on the front lines to ensure that people with intellectual and developmental disabilities and their families have the supports and services they need, are accepted in their communities, have a voice in policies that affect them, and have control of their own lives.

We are writing to express support for the House Bill to amend the charter school program under the Elementary and Secondary Education Act of 1965. Thank you for introducing this important legislation. This bill addresses our long-standing concerns about the under-enrollment of students with disabilities in charter schools by requiring charter school authorizers to monitor how charter schools recruit and enroll students with disabilities and how the schools plan to retain these students once enrolled. The bill also includes new requirements that will help charter schools intentionally plan for and consider how they will meet the needs of students with disabilities and how to help them thrive.

The Arc appreciates this bipartisan effort and thanks you for your work to ensure that students with disabilities are appropriately served in charter schools.

Sincerely,

Maureen Fitzgerald
Director Disability Rights

Achieve with us.



A
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T
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M

Autism National Committee, Inc.
A Quarter Century of Social Justice and Autism Advocacy
www.autcom.org
 Jessica Butler, Congressional Affairs Coordinator, jessica@jnba.net

March 31, 2014

The Honorable John Kline, Chair
 The Honorable George Miller, Ranking Member
 House Education & Workforce Committee
 Washington, DC 20515

Re: Charter School Bill

Dear Congressman Kline & Congressman Miller,

The Autism National Committee is a 23 year old national organization dedicated to advocating for children and adults with autism and related disabilities. We are an organization composed of people with autism; parents of children with autism; professionals; advocates; colleagues and friends.

Thank you for introducing important legislation to amend the charter school program under the Elementary and Secondary Education Act of 1965. We support this bill.

We have been quite concerned about the under-enrollment of children with disabilities in charter schools for a long time. The bill will mandate that charter school authorizers monitor how charter schools recruit and enroll students with disabilities. Importantly, it will require monitoring of how schools plan to retain students once enrolled and their ongoing retention efforts. This will increase retention of students with disabilities and prevent charter schools from excluding them. The bill also includes new requirements that will help charter schools intentionally plan for and consider how they will meet the needs of students with disabilities and how to help them thrive.

Of similar great importance, the bill will continue ESEA's requirement that the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act, and other important civil rights laws will apply to charter schools. Significantly, the bill will further increase protections for people with disabilities by requiring charter schools to adhere to the Americans with Disabilities Act. The bill will also ensure that students and parents in charter schools will receive the right to their students records and to privacy of those records under the Family Educational Rights and Privacy Act.

People with disabilities have contributed so much to America. Students with disabilities have a wealth of potential to succeed and meet high standards, so they can make similar great contributions after finishing school. The Autism National Committee applauds your bipartisan effort to ensure that students with disabilities can be appropriately served in charter schools.

Sincerely,
 Jess Butler
 Congressional Affairs Coordinator
 Autism National Committee
www.autcom.org
jessica@jnba.net

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April 7, 2014

The Honorable John Kline
Chairman
The Honorable George Miller
Ranking Members
U.S. House Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

On behalf of Breakthrough Schools (Breakthrough), we write to express our strong support for the "Success and Opportunity through Quality Charter Schools Act." It was an honor to testify before the Committee's hearing "Raising the Bar: The Role of Charter Schools in K-12 Education." The bipartisan recognition that charter schools are an integral part of public education is testament to the impact charter schools have had on children's lives across the country. We appreciate your efforts to shine the spotlight on charter schools and your leadership on this important bill.

Breakthrough is a nonprofit charter management organization (CMO) in Cleveland, Ohio operating 9 K-8 schools with over 2,500 students, growing to serve almost 7,000 students by 2020. For the 2nd year in a row, Breakthrough is the highest-rated public charter school network in the state of Ohio. Breakthrough schools are currently the only charter schools in the city sponsored by the Cleveland Metropolitan School District. We value our relationship with the District and our city has been recognized nationally for our forward-thinking approach to working together. In Cleveland, there is broad consensus across all stakeholders that it's the quality of education that matters, not the type of school that provides it.

Breakthrough became a CMO in 2010 with four flagship schools, seeking to open sixteen more by 2020. In 2011, Breakthrough was awarded a *Charter Schools Program (CSP) Grant for the Replication and Expansion of High-Quality Schools*. By the end of the grant period in 2017, federal funding will have supported the planning and start-up of nine Breakthrough schools that will ultimately serve more than 3,300 students, more than 84% of these students are low-income. That is 3,300 low-income, minority students who will receive a high-quality, college preparatory education that will set them on the path to excel in life.

As a high-performing CMO and a current recipient of the *CSP Grant for the Replication and Expansion of High-Quality Schools*, Breakthrough strongly supports the provision that allows high-performing CMOs to compete directly for funding. This competition was pivotal in enabling Breakthrough to open more schools, schools that were sorely needed in underserved neighborhoods in Cleveland. Since 2010, this particular competition has allowed for rapid growth of proven educational models across the country. We are grateful for its inclusion in this bill which will only increase the impact and growth of some of the nation's best educational models.

We are very supportive of the bill's provision to allow students to remain in within their current family of charter schools from elementary to middle school without having to enter a lottery. This continuity is essential for our students to ensure that the academic progress and opportunity for success is not taken away by chance. Some

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 CHARTER SCHOOLS PREP INTERGENERATIONAL SCHOOLS

of our proudest moments have been watching our students grow and develop in our network and successfully transition from one of our elementary schools to one of our middle schools. We appreciate that the bill includes this important element.

There is strong evidence that the flexibility and innovation fostered by the CSP program can drive increases in student achievement. As the bill progresses, on behalf of our students, teachers, and support staff, we would respectfully request that additional consideration be given to the overall authorization level of the Charter Schools Program, currently capped at \$300 million. A larger authorization would provide more funding flexibility as the economy improves.

As our children face the challenges of the 21st century, we hope that Congress will see fit to invest significantly in what works. Charter schools began as a path to innovation in education. We now have hundreds of proven school models that are consistently achieving strong academic results for economically disadvantaged children. We would, therefore, specifically request additional funding for the *CSP Grants for the Replication and Expansion of High-Quality Schools*.

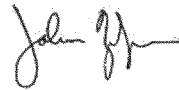
As currently drafted, this bill would provide only \$18.6 million at the current appropriations level and just \$22.5 million at the maximum authorization level. Even under the best-case scenario, this funding level is significantly less than what was appropriated in the FY 2014 Omnibus Appropriations bill, which ensured that no less than \$45 million would be targeted for this specific purpose. Additionally, we would appreciate the opportunity to work with you to ensure that Congressional intent includes more flexible uses of these grant funds. Within the entire CSP program, there will be no higher return on investment than the dollars committed to replicating proven schools that work. It is these networks that have the demonstrated ability to assure educational success for hundreds of thousands more children.

Thank you for your efforts in support of our students and our schools. We look forward to partnering with you to further refine this bill as it moves forward in the House of Representatives.

Sincerely,



Alan Rosskamm
 Chief Executive Officer, Breakthrough Schools



John Zitzner
 President, Friends of Breakthrough Schools

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

April 7, 2014

The Honorable John Kline
Chairman
Committee on Education and
the Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable George Miller
Ranking Member
Committee on Education and
the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, supports H.R. 10, the "Success and Opportunity through Quality Charter Schools Act."

The availability of high-quality human talent is the number-one issue facing businesses today. Business leaders increasingly place improving public education at the top of their list of priorities because they believe the education system in our country fails to produce graduates prepared to compete both locally and in a global economy.

Accordingly, the Chamber has encouraged policymakers to embrace a choice of education options that would provide greater flexibility to parents and encourage schools to be more responsive to community needs and accountable for academic achievement. In particular, the Chamber has asked that Congress develop and implement innovative education initiatives, such as public charter school models, that would provide flexibility in the design and implementation of educational programming, as long as such schools are held accountable for results.

Public charter schools are the fastest growing sector of America's public education system. Currently, there are more than 6,400 public charter schools enrolling over 2.5 million students in forty-two states and the District of Columbia. In addition to increased demand for charter schools, research shows that federal investments in the charter sector are paying off when it comes to results. Since 2010, numerous independent studies have found that students in charter schools do better than their traditional school peers. Most recently, the Center for Research on Educational Outcomes at Stanford University found that charter schools specifically do a better job teaching low income students, minority students, and students who are still learning English than traditional schools. Additionally, separate studies by the Center for Reinventing Public Education and Mathematica Policy Research have found that charter school

students are more likely to graduate from high school, go on to college, stay in college and have higher earnings in early adulthood.

Federal support for the Charter Schools Program has been critical to the charter sector's growth to meet parental demand for educational options. While public charter schools are inherently local, the movement would not have achieved its current success had it not been for the federal Charter Schools Program.

H.R. 10 would help to further promote state and local efforts to develop and expand charter schools; improve charter school authorizing efforts to support the replication and expansion of successful charter models; support the sharing of best practices between public charter schools and traditional public schools; and encourage charter schools to reach out to special populations, including at-risk students, students with disabilities, and English learners.

Thank you for introducing this bipartisan bill to reauthorize the federal Charter Schools Program. The U.S. Chamber of Commerce has been at the forefront of efforts to improve K-12 education so that every child is prepared for higher education or productive careers. The Chamber continues to advocate for commonsense reforms of the education system, including support for expanded access to charter schools. We look forward working with you and other Members of the Committee as this bill moves through the legislative process.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten", written in a cursive style.

R. Bruce Josten

cc: Members of the Committee on Education and the Workforce

Bill to amend the charter school program under the Elementary and Secondary Education Act of 1965

April 7, 2014

Chairman John Kline
U.S. House Committee on Education
and the Workforce
2181 Rayburn House Office Building
Washington, DC 20515

Senior Democrat George Miller
U.S. House Committee on Education
and the Workforce
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Congressman Miller:

The group of non-profit Charter Management Organizations (CMOs) represented in this letter operate more than 400 charter schools across 53 urban and rural communities and 23 states, serving more than 150,000 students. We are united by our commitment to improving academic and life outcomes for all students, particularly students in historically underserved communities. With high expectations for both students and adults, we believe that a child's ZIP code should not predict the quality of his or her education.

We are enthusiastic supporters of the provision in this bipartisan bill that supports charter schools in allowing for a feeder-school system that builds on student success over time. Beyond growing the number of students we serve, many public charter school operators are committed to providing comprehensive kindergarten through 12th grade educations to their students. By enrolling students as young as 4 or 5 years of age we can provide our students with the foundation needed to successfully launch into middle school and by staying with our students through their high school years we can better ensure that our students continue on a trajectory to be well prepared to enter college. It is the cornerstone of our mission to prepare our students to go to and through college and we are deeply appreciative of this change.

We are pleased that the proposed bill contains a provision for CMOs to compete directly for funding based on our success in serving educationally disadvantaged populations and our ability to produce strong academic achievement results. This much-needed language would codify the existing practice that has been in place since 2010. However, we are concerned about the percentage of funding that has been allocated for this high-impact investment and the impact this will have on our ability to grow to reach more students on our waitlists. To date, direct funds have seeded more than 330 new, high-quality charter schools in 20 states. In the next five years alone, our organizations aspire to open more than 370 new schools serving nearly 200,000 more students — and the 126,000 students on our schools' existing waiting lists have already expressed their interest in filling many of these seats.

As this bill moves to the floor, we hope additional consideration will be given to the overall authorization level of the Charter Schools Program, which is capped at \$300 million. While we recognize that the federal budget has been tight over the past several years, a higher authorization level would provide room for growth should the economy improve. Capping the Charter Schools Program funding level severely handicaps our ability to meet the demand by parents nation-wide to enroll their students in a public charter school. According to a survey conducted by the National Alliance of Public Charter Schools in June of 2013, public charter school waitlists are approaching one million names nationally.

Letter – Charter School Program bill
 April 7, 2014
 Page 2

This survey demonstrates that parental demand for public charter school seats continues to far outpace the supply.

We strongly believe that that the current *Charter Schools Program Grants for the Replication and Expansion of High-Quality Schools* is efficiently and effectively achieving its aim to replicate and expand high-quality charter school models based on demonstrated academic achievement results and success in serving educationally disadvantaged populations. To this end, we would be grateful if the bill would authorize funding consistent with the levels appropriated by Congress, and allow for this competition to grow enough to support us in opening 370 schools to reach an additional 200,000 students in the next five years. As currently drafted, this bill would provide \$18.6 million at the current appropriations level and just \$22.5 million at the maximum authorization level. Even under the best-case scenario, this funding level dwarfs what was appropriated in the FY 2014 Omnibus Appropriations bill, which ensured that no less than \$45 million would be targeted for this specific purpose.

Finally, we look forward to partnering with you to ensure clear guidance is offered to highlight Congressional intent that these grants funds should indeed be utilized in a flexible way to support strong school starts and meet the unique needs of each community. Flexibility is needed to allow federal Charter Schools Program funds to be spent not only on previously allowed expenses such as desks and books, but also on equally crucial items such as transportation (especially critical in rural areas), and improved programming for English language learners and special education students.

Thank you for taking up this important legislation, and for the important changes that this bill makes to the Charter Schools Program. We look forward to partnering with you to further refine this bill to modernize the Charter Schools Program as it moves forward in the House of Representatives.

Sincerely,

Achievement First
 Alliance College-Ready Public Schools
 Aspire Public Schools
 Breakthrough Schools
 Brooke Charter Schools
 Charter School Growth Fund
 DSST Public Schools
 Explore Schools
 Gestalt Community Schools
 Green Dot Public Schools
 IDEA Public Schools
 KIPP
 LEARN Charter School Network
 Mastery Charter Schools

Letter – Charter School Program bill
April 7, 2014
Page 3

Noble Network of Charter Schools
Rocketship Education
STRIVE Preparatory Schools
Success Academy Charter Schools
Tindley Accelerated Schools
Uncommon Schools
Uplift Education
YES Prep Public Schools

Chiefs^{FOR} CHANGE

April 14, 2014

The Honorable John Kline
Chairman
Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
Senior Democrat
Committee on Education and the Workforce
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Senior Democrat Miller:

Chiefs for Change is pleased to support H.R. the Success and Opportunity through Quality Charter Schools Act which will expand the number of high-quality charter schools and help to increase educational opportunities for all students by supporting innovation in our public education system.

Chiefs for Change is a bipartisan coalition of current and former state education chiefs who believe that American public education can be dramatically improved and share an urgency to achieve that goal. Together, we provide a strong voice for bold reform at the federal, state and local levels.

Chiefs for Change offers a network of state education leaders with experience in successful reform who continue to advance proven policies for the betterment of education. The coalition formed by five state education chiefs in November 2010, today represents a number of ethnically- and geographically-diverse states. By placing the interests of children above the well-being of its members, Chiefs for Change has taken on the entrenched practices that have long held back our education system – practices that have favored adults, instead of students.

As part of our guiding principles, Chiefs for Change believes that there should be viable educational options, including public charter schools, for all students. We support policies that provide all students with the opportunity to attend an excellent school and believe funding should follow the student and allow for parents to decide what is best for their child.

Public charter schools are the fastest growing sector of America's public education system. The movement began in 1992 with a single charter school enrolling just a few hundred students. Today, there are more than 6,400 public charter schools enrolling over 2.5 million students in forty-two states and the District of Columbia. And, according to a 2013 study conducted by Stanford University's Center for Research on Educational Outcomes (CREDO), charter school students are outperforming their peers in traditional public schools and closing the achievement gap. As a result, charter school waiting lists are long and growing longer, signifying the hunger for more educational options by families around the nation.

The federal government has played a crucial role in jumpstarting – and then growing – the charter school movement. The federal Charter Schools Program (CSP) provides the start-up capital needed to

P.O. Box 10691 • Tallahassee, FL • 32302 • www.chiefsforchange.org

design a school, hire a school leader, recruit students and staff, prepare curricula and programs, and make initial purchases of materials and equipment, until regular state and local funding is available. In fact, CSP has become indispensable to the development and growth of public charter schools because – unlike traditional schools – charter schools do not have access to district or state funds to plan and implement their educational programs.

Chiefs for Change is, therefore, pleased that the Success and Opportunity through Quality Charter Schools Act would reauthorize the CSP to improve federal support for the start-up, replication, and expansion of high-quality charter schools. In particular, Chiefs for Change is pleased that the legislation would encourage greater expansion and replication of proven, high-quality charter school models at the state level, broaden uses of funds to include activities related to “opening and preparing to operate” charter schools, and also focus on charter school authorizer quality. Chiefs for Change also supports the formal creation of a federal program for charter management organizations (CMOs). CMOs play an important role in the replication and expansion of high-quality charter schools, but Chiefs for Change believes that states should make most of the decisions about how to distribute CSP funds to maximize educational opportunities within their boundaries.

We are pleased that the bill was reported by the Committee on Education and the Workforce by a strong bipartisan vote. We look forward to working with you on the bill as it moves through the legislative process. We believe that a strong focus on the CSP program at the federal level will help to provide all students with high-quality educational options that will prepare them for college, for productive citizenship, and for life.

Sincerely,

Members of Chiefs for Change

Janet Barresi, Oklahoma State Superintendent of Public Instruction

Deborah A. Gist, Rhode Island Commissioner of Elementary and Secondary Education

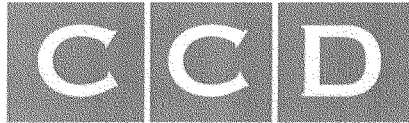
Kevin Huffman, Tennessee Commissioner of Education

Tom Luna, Idaho State Superintendent of Public Instruction

Mark Murphy, Delaware Secretary of Education

Hanna Skandera, New Mexico Public Education Department Secretary-Designate

John White, Louisiana State Superintendent of Education



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

March 31, 2014

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Congressmen Kline & Miller,

The Consortium for Citizens with Disabilities Education Task Force (CCD) is a coalition of more than 100 organizations that advance the rights of our nation's six million children and youth with disabilities eligible for services under the Individuals with Disabilities Education Act (IDEA). We are writing to express support for the Success and Opportunity through Quality Charter Schools Act. Thank you for introducing this important legislation.

This bill addresses our long-standing concerns about the under-enrollment of students with disabilities in charter schools by requiring charter school authorizers to monitor how charter schools not only recruit and enroll students with disabilities but also how the schools plan to retain these students once enrolled. The bill also includes new requirements that will help charter schools intentionally plan for and consider how they will meet the needs of students with disabilities and how to help them thrive.

We know that the challenges facing students with disabilities issues are many, but these students possess a wealth of potential to succeed and meet high standards. We applaud this bipartisan effort and thank you for your work to ensure that students with disabilities are appropriately served in charter schools.

Sincerely,

ACCSES
Autism National Committee
Brain Injury Association of America
Council for Exceptional Children
Council for Parent Attorneys and Advocates
Disability Rights Education & Defense Fund
Higher Education Consortium for Special Education
National Association of State Directors of Special Education
National Center for Learning Disabilities
National Down Syndrome Congress
National Parent Teacher Association
The Advocacy Institute

The Consortium for Citizens with Disabilities is a coalition national consumer, advocacy, provider and professional organizations headquartered in Washington, D.C. Since 1973, the CCD has advocated on behalf of people of all ages with physical and mental disabilities and their families. CCD has worked to achieve federal legislation and regulations that assure that the 54 million children and adults with disabilities are fully integrated into the mainstream of society. For additional information, please contact:

Katy Beh Neas, Easter Seals	202.347.3066	kneas@easterseals.com
Cindy Smith, National Disability Rights Network	202-408-9514 ext. 101	cindy.smith@ndrn.org
Lindsay Jones, National Center for Learning Disabilities,	646-616-1257	ljones@ncld.org



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www.cec.sped.org

April 1, 2014

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Congressmen Kline & Miller,

On behalf of the Council for Exceptional Children (CEC), the largest professional organization of teachers, administrators, parents, and others concerned with the education of children with disabilities and/or gifts and talents I am writing to express support for the *Success and Opportunity through Quality Charter Schools Act*.

CEC has long been concerned by the lack of access for students with disabilities to charter schools and the lack of oversight ensuring that students with disabilities in charter schools are appropriately served and receive all of their rights under the Individuals with Disabilities Education Act (IDEA). CEC is pleased to see several provisions within the *Success and Opportunity through Quality Charter Schools Act* which would support increased access, service and accountability for these schools. Specifically, CEC is encouraged to see the following:

- A requirement that State entities describe in their applications how they will ensure charters can meet the educational needs of students with disabilities;
- An assurance that State entities will ensure authorizing agencies ensure charter schools are meeting the obligations of IDEA and section 504;
- An assurance that State entities will adequately monitor and help charter schools to recruit, enroll, and meet the needs of all students with disabilities; and
- The definition of High Quality Charter School specifically includes schools that have demonstrated success in significantly increasing academic achievement for all students, and specifically students with disabilities.

These provisions represent a step forward for education policy in our nation and an acknowledgement that charter schools must include and do more for students with disabilities. We commend this bi-partisan effort and look forward to working together to ensure that the needs of students with disabilities are adequately address in all federal education initiatives.

Sincerely,

Deborah A. Ziegler
Associate Executive Director
Policy and Advocacy Services
Council for Exceptional Children



April 7, 2014

Chairman John Kline
 Congressman George Miller
 U.S. House Committee on Education and the Workforce
 2181 Rayburn House Office Building
 Washington, DC 20515

Dear Chairman Kline and Congressman Miller:

On behalf of state education leaders across the nation, I am pleased to support H.R. 10, the Success and Opportunity through Quality Charter Schools Act. This bipartisan bill would reauthorize and update the federal Charter Schools Program under the Elementary and Secondary Education Act to help prepare students to better compete and contribute to our global economy through innovative public school settings.

H.R. 10 supports state efforts to develop and expand charter schools by authorizing activities related to opening and preparing to operate new charter schools, as well as for the replication and expansion of successful charter models.

The Success and Opportunity through Quality Charter Schools Act also includes provisions to support the evaluation of the impact of the charter school program, including the impact on student achievement; ensures that charter schools that receive funds meet the educational needs of all students, including students with disabilities and English learners; supports efforts to strengthen the charter school authorizing process; and continues support for the sharing of best practices between charter schools and traditional public schools.

We hope and expect that reauthorization of the Charter Schools Program will facilitate additional bipartisan legislative activity on overdue reauthorizations such as the Elementary and Secondary Education Act. We look forward to working with you and your congressional colleagues to fully update federal education law and policy to support state education system improvement

Sincerely,

Chris Minnich
 Executive Director



The Council of Parent Attorneys and Advocates, Inc.
A national voice for special education rights and advocacy

April 1, 2014

The Honorable John Kline, Chairman
 Education & the Workforce Committee
 U.S. House of Representatives
 Washington, DC 20515

The Honorable George Miller, Ranking Member
 Education & the Workforce Committee
 U.S. House of Representatives
 Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

The Council of Parent Attorneys and Advocates, Inc. (COPAA) is an independent, nonprofit, §501(c)(3) tax-exempt organization of attorneys, advocates, parents and related professionals. Over 1,400 COPAA members work to protect the civil rights and secure excellence in education on behalf of the 6.5 million children with disabilities in America. COPAA's mission is to be a national voice for special education rights and to promote excellence in advocacy. COPAA is grounded in the belief that every child deserves the right to a quality education that prepares him or her for meaningful employment, higher education, and lifelong learning, as well as full participation in his or her community.

COPAA is writing today in support of the introduction of the "Success and Opportunity through Quality Charter Schools Act" as currently written. Charter schools have long been touted as one of the most promising educational choice options, yet, disturbingly, data shows that students with disabilities (especially low incidence, more significant disabilities) are denied meaningful access to and a free appropriate public education within charter schools. While the number of charter schools is growing rapidly, questions have been raised about whether charter schools are appropriately serving students with disabilities. (See: GAO-12-543: Published: Jun 7, 2012).

Your bill takes several important steps toward emphasizing that students with disabilities must have equal access and that responsible entities must have full accountability for the outcomes of these students. Specifically, the bill:

- Requires that the State's applying entities include in its application an explanation of how it will work to "meet the needs of students served by such programs, including students with disabilities..."
- Requires that the State entity provide new assurances that it will provide technical assistance to enroll, to recruit and also to *retain* traditionally underserved students at rates similar to non-charter public schools.
- Requires that eligible charter schools abide by all federal laws impacting the educational and civil rights of students with disabilities and their families including: the Elementary and Secondary Education Act, part B of the Individuals with Disabilities Education Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, title IX of the Education Amendments of 1972, the Family Educational Rights and Privacy Act and the Americans with Disabilities Act.
- Requires high-quality charter schools to demonstrate student academic achievement and lists an increase in graduation rates as an example of how a high charter school might accomplish such achievement.

COPAA commends you for these additions to the bill. We also urge you to engage in an open and public dialogue -- and include in the Congressional Record -- the many reasons why students with disabilities should be more equitably included in the recruitment, enrollment and retention efforts of charter schools receiving federal funds. Students with disabilities can and do achieve meaningful outcomes when they are taught to the same high standards as their peers and provided the instructional supports, services and accommodations they require to fully demonstrate their full range of knowledge of skills.

COPAA looks forward to working with you as the process moves forward to bring this bill to the House floor.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise Marshall", with a stylized flourish at the end.

Denise Marshall
Executive Director



Closing the gaps in opportunity and achievement, pre-k through college.

April 7, 2014

The Honorable John Kline
The Honorable George Miller
U.S. House Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

I am writing to express The Education Trust's support for H.R. 10, the Success and Opportunity through Quality Charter Schools Act. Charter schools remain an important education reform tool for our nation's children, especially for low-income students and students of color, and this bill will strengthen their impact. Thank you for your leadership in moving this important legislation.

In expressing our support for H.R. 10, we want to thank the Committee for taking measures to improve charter school quality, strengthen access and outcomes for English learners and students with disabilities at charter schools, and ensure parents have the information they need to make the best educational decision for their children. Setting a critical expectation around quality, the bill places a stronger emphasis on the standards for charter schools and the authorizing process used to approve them. The bill's additional technical assistance should ensure better services and educational outcomes for students that attend such schools. Furthermore, the bill's focus on quality controls between states and charter school authorizers is critical, especially in regards to how a charter school's academic performance will factor into the renewal or revocation of its charter.

Building on the emphasis around quality, H.R. 10 makes a number of improvements to the statute pertaining to students with disabilities and English language learners. Specifically, the bill requires states to monitor recruitment and enrollment to ensure that the needs of these students are met in charter schools. In addition, states would provide technical assistance to foster higher charter school enrollments of students with disabilities and English language learners, comparable with that in traditional public schools.

Lastly, the bill ensures that charter schools provide information about program offerings, support services, and performance and enrollment data so parents can make informed decisions on where their children go to school. This additional information will allow parents to fully understand the educational environment and course offerings of the school.

Thank you again for your leadership in moving this important bill forward. We urge the Committee to pass this legislation with bipartisan support.

Sincerely,

Kati Haycock
The Education Trust



FOR IMMEDIATE RELEASE

April 1, 2014

Contact: Katie Kelly, 312.376.2327
 katiek@qualitycharters.org

**National Association of Charter School Authorizers Announces Support
 for U.S. House Quality Charter Schools Bill**
 Provisions to Strengthen Authorizing a Key Component of the Bipartisan Legislation

The National Association of Charter School Authorizers (NACSA) has announced its strong support for new legislation that focuses on both the growth and the quality of the charter school sector. The organization's support for the *Success and Opportunity through Quality Charter Schools Act* (HR 10) was announced Monday during a congressional visit to Global Academy Charter School in Minneapolis by one of the Act's primary authors, U.S. Representative John Kline (R-MN). Kline was accompanied by committee member Representative Luke Messer (R-IN) and NACSA president and CEO Greg Richmond.

Kline, Chair of the House Education and the Workforce Committee, along with ranking Democratic Representative George Miller (D-CA) introduced the bipartisan legislation Tuesday with the intent of both expanding and strengthening the federal Charter School Program (CSP). In its announcement, NACSA noted the Act's specific provisions to support the continued growth of the charter sector both among successful networks of charter schools and by stand-alone charter schools launched by educators, parents and communities.

"The federal CSP program is a primary driver for growth in the sector, but more importantly, it is a primary lever for improved quality. Growth without quality is not our objective," said Greg Richmond, NACSA president and CEO. "Quality is our objective and the Act contains strong provisions to promote quality and accountability among charter schools."

Richmond noted several new provisions that expand both the power and the reach of this lever:

- States receiving CSP grants may spend at least 7% of these funds to improve the quality of charter school authorizing and their application will be judged by the quality of their plan to do so;
- State recipients must support authorizers in their school accountability efforts including the provision of student performance data; and
- States must demonstrate that they have certain controls in place to ensure that schools can be held accountable for academic, financial and operational performance.

Richmond said that through this program states are granted the resources to grow a strong quality charter sector, the incentives to improve authorizing in their state, and the flexibility to support a vibrant educational environment. Richmond also pointed to the creation of a new grant program to replicate and expand high quality charter schools.

He added that the emphasis on replicating quality is important. In 2012-2013, the sector served more than 2.3 million students in nearly 6,000 schools. If recent growth trends continue, the sector could double in size by 2025, serving 4.6 million children and representing nearly 10% of all public school



FOR IMMEDIATE RELEASE

April 1, 2014

Contact: Katie Kelly, 312.376.2327
 katiek@qualitycharters.org

students. But in some places quality remains an issue -- an issue that NACSA's Richmond contends requires stronger authorizing.

"Through its One Million Lives campaign, NACSA is committed to changing the lives of one million children across the nation. This can only happen through stronger policies that govern charter schools, stronger practices to ensure autonomy and accountability, and stronger people dedicated to doing the important work of authorizing. This legislation is an important step in that campaign."

NACSA's support for the federal legislation is in line with recommendations included in its recent publication Replicating Quality: Policy Recommendations to Support the Replication and Growth of High-Performing Charter Schools and Networks. The report called on legislators, authorizers, and other policymakers to build a policy environment that encourages the creation of more great schools based on successful models.

The National Association of Charter School Authorizers (NACSA) is committed to advancing excellence and accountability in the charter school sector and to increasing the number of high-quality charter schools across the nation. To accomplish this mission, NACSA works to improve the policies and practices of authorizers—the organizations designated to approve, monitor, renew, and, if necessary, close charter schools. NACSA provides training, consulting, and policy guidance to authorizers. It also advocates for laws and policies that raise the bar for excellence among authorizers and the schools they charter. In late 2012, NACSA launched its One Million Lives campaign to give one million more children the opportunity to attend a great school. Visit www.qualitycharters.org.

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 F. 202.289.4009
www.publiccharters.org

April 7, 2014

The Honorable John Kline
 Chairman
 Committee on Education and the Workforce
 2181 Rayburn House Office Building
 Washington, DC 20515

The Honorable George Miller
 Senior Democrat
 Committee on Education and the Workforce
 2101 Rayburn House Office Building
 Washington, DC 20515

Dear Chairman Kline and Senior Democrat Miller:

On behalf of the National Alliance for Public Charter Schools (National Alliance), I am writing to thank you for introducing H.R. 10, the Success and Opportunity through Quality Charter Schools Act. This bipartisan bill to reauthorize the Charter Schools Program (CSP) will strengthen public education by supporting the growth of high-quality public charter schools and increasing the educational opportunities for all students by supporting innovation in our public education system.

Many of our nation's most successful charter schools would not have been able to open their doors without the CSP program, and we are grateful that H.R. 10 will better target funds to states with laws that support the growth of quality public charter schools. In particular, we are thankful that the Amendment in the Nature of a Substitute to H.R. 10 proposes several key improvements to existing law, such as:

- Giving priority in the state grant competition to states that do not limit the growth of charter schools;
- Setting aside a portion of state grant awards to improve the quality of charter school authorizers;
- Formally creating a federal grant program to support the replication and expansion of high-quality charter schools;
- Making state charter support organizations eligible to receive grants and disburse sub grants;
- Clarifying and codifying in statute the Department of Education's recent weighted lottery guidance to allow schools to serve more educationally disadvantaged students;

The Honorable John Kline
 The Honorable George Miller
 April 7, 2014
 Page 2

- Strengthening state application requirements to ensure that start-up funds are awarded to charter schools that meet the definition of a charter school, and not to schools that lack fundamental autonomy over budget, operations and personnel;
- Allowing students to remain within an existing network of charter schools as they move from elementary to middle to high school, without having to reapply through a lottery; and
- Providing increased flexibility for the use of start-up grant funds to design and open new public charter schools.

The National Alliance believes these policy changes will pave the way for more high-quality charter schools to begin serving students and families and help reduce the length of charter school waiting lists, which currently include nearly one million student names.

While the National Alliance supports H.R. 10, we also look forward to working with you and other Members of the Committee to further refine and improve the proposal, in the following areas, as it moves through the legislative process.

- Authorization Level -- NAPCS asks that additional consideration be given to the overall authorization level for the Charter Schools Program, which the bill would cap at \$300 million for each year of the authorization. While we understand the difficult funding choices that Congress must make, the National Alliance believes an increased authorization level for H.R. 10 (including growth in the out-years) is needed to help meet the existing and growing parent demand for high-quality public school options and the major need for facilities support for public charter schools.
- Grant Awards -- NAPCS has concerns about the implementation of grant awards under section 5203(c)(3), which would require the Secretary to “front-load” grants by wholly funding each grant awarded, without making continuation awards. The National Alliance is concerned that this provision may limit the Department of Education’s ability to hold grantees accountable, redirect funds from states that make fewer subgrants than anticipated, and impose on states the burden associated with more frequent more competitions.
- Priorities -- To better support efforts to ensure equitable facilities policies at the state level, the National Alliance recommends that priority language be added to section 5203(f)(2) for a state that provides charter schools, or requires districts and cities to provide: funding for facilities; assistance with facilities acquisition; access to public facilities; the ability to share in bonds and mill levies; the right of first refusal to lease or purchase public school buildings; or low or no-cost leasing privileges to charter schools.

The Honorable John Kline
 The Honorable George Miller
 April 7, 2014
 Page 3

- Uses of Funds – The National Alliance appreciates the Committee’s efforts to allow CSP funds to be used more flexibly so that school leaders are equipped to meet the unique needs of the communities they serve. While the language in H.R.10 is significantly more flexible than current law, we would like to ensure the language is interpreted as allowing for critical start-up costs. Flexibility is needed to allow Charter Schools Program funds to be spent not only on previously allowed expenses such as desks and books, but also on equally crucial items such as transportation, which is especially critical in rural communities.
- Replication and Expansion of High-Quality Charter Schools – We recommend that the funding available for charter management organizations to replicate and expand high-quality charter schools under section 5205(b) be more consistent with the level appropriated by Congress under the FY 2014 Consolidated Appropriations Act, which requires that the Secretary spend not less than \$45 million for this specific purpose. In addition, the application requirements for replication and expansion grants need to be clarified, as the purpose of this grant competition differs from the state grant competition, and it therefore requires different application requirements.

Thank you again for introducing bipartisan legislation to update and improve the Charter Schools Program. Charter schools are showing us that it is possible for all students – regardless of their backgrounds – to achieve at high levels and be prepared for college and life. We are pleased that the Committee will consider H.R. 10, the Success and Opportunity through Quality Charter Schools Act, and look forward to helping enact this critical legislation into law.

Sincerely,



Nina Rees
 President and CEO
 National Alliance for Public Charter Schools



National Association of State Directors of Special Education, Inc.

225 Reinekers Lane, Suite 420, Alexandria, VA 22314
Tel: 703/519-3800 Fax: 703/519-3808 www.nasdse.org

March 31, 2014

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

On behalf of The National Association of State Directors of Special Education (NASDSE), which represents the state directors of special education in the states, D.C., the Department of Defense Education Agency, the federal territories and the Freely Associated States, I am writing in support of your new charter school legislation, the **Success and Opportunity through Quality Charter Schools Act**. Thank you for introducing this important legislation.

NASDSE staff has been working with charter school authorizers and operators for more than 20 years to train them in their responsibilities regarding students with disabilities. We are pleased that this bill addresses our long-standing concerns about the under-enrollment of students with disabilities in charter schools by requiring charter school authorizers to monitor how their schools not only recruit and enroll students with disabilities, but also how the schools plan to retain these students once they enroll. The bill also includes new requirements that are designed to help charter schools plan for, and consider, how they will meet the needs of students with disabilities and how to help them thrive.

Charter schools are a well-established integral part of education in many communities across the country. We want to make certain that students with disabilities are welcome in these environments and we believe that your bipartisan bill is an excellent step towards meeting this goal. Thank you for your work to appropriately consider their needs.

Sincerely,

Theron (Bill) East, Jr.

Theron (Bill) East, Jr., Ed.D.
Executive Director



National Center for Learning Disabilities
The power to hope, to learn, and to succeed

March 31, 2014

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Congressmen Kline & Miller,

On behalf of the 60 million children and adults with learning and attention issues and the more than 600,000 parents we serve each month, I am writing to express support for the Success and Opportunity through Quality Charter Schools Act. Thank you for introducing this important legislation.

This bill addresses our long-standing concerns about the under-enrollment of students with learning and attention issues in charter schools by requiring charter school authorizers to monitor how charter schools not only recruit and enroll students with disabilities but also how the schools plan to retain these students once enrolled. The bill also includes new requirements that will help charter schools intentionally plan for and consider how they will meet the needs of students with disabilities and how to help them thrive.

We know that the challenges facing students with learning and attention issues are many, but these students are among the brightest in our nation and possess a wealth of potential to succeed and meet high standards. We applaud this bipartisan effort and thank you for your work to appropriately consider their needs.

Sincerely,

James H. Wendorf
Executive Director

NATIONAL CENTER FOR
SPECIAL EDUCATION



IN CHARTER SCHOOLS

April 1, 2014

The Honorable John Kline, Chairman
Education & the Workforce Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable George Miller, Ranking Member
Education & the Workforce Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

The mission of the National Center for Special Education in Charter Schools (NCSECS) is to advocate for students with diverse learning needs to ensure that if they are interested in attending charter schools, they are able to access and thrive in schools designed to enable all students to succeed. NCSECS is writing today to support the introduction of the "Success and Opportunity through Quality Charter Schools Act." We appreciate your attention [in the bill] toward fostering and promoting innovation in the charter sector that will better support and address the learning needs of students with disabilities. Specifically, the bill now reinforces the importance of:

- Ensuring that students with disabilities are recruited, enrolled and retained at comparable rates to their peers while also ensuring that the bill does not create unintended consequences that can lead to quota-setting or some other flawed methodology that will undermine the goal to include students with a wide range of disabilities being served by charter schools.
- Requiring state entities to include in their application an explanation of how they will work to "meet the needs of students served by such programs, including students with disabilities..." This addition helps place a much needed emphasis on the up-front planning that must occur in order to intentionally and successfully meet the needs of students with disabilities.
- Allowing program grantees the use of weighted lotteries in charter school admissions that comply with state and federal law. NCSECS supports policy that seeks to create a balance of authorizer autonomy with a service-oriented process that will directly benefit students.

These additions to the charter law will help support and reinforce -- that after 20 years of innovation and investment in charter schools -- there is still a critical need to ensure students with disabilities have equitable access to a quality education and must be supported *and* expected to achieve the same outcomes as other students.

We look forward to working with you as the bill advances through the House.

Sincerely,

Lauren Morando Rhim
Executive Director

www.ncsecs.org

275 Madison Avenue, 6th Floor

New York, New York



April 14, 2014

The Honorable John Kline
Chairman
Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
Senior Democrat
Committee on Education and the Workforce
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Senior Democrat Miller:

On behalf of the Foundation for Excellence in Education, I am pleased to write in support of H.R. 10, the Success and Opportunity through Quality Charter Schools Act, which will promote state efforts to authorize, develop, and expand high-quality charter schools and help ensure more children have access to the critical educational opportunities they deserve.

The Foundation for Excellence in Education, founded by former Governor Jeb Bush in 2008, works with decision makers on developing, adopting and implementing education reform policies. We are a hands-on, how-to organization that provides model legislation, rule-making expertise, implementation strategies, and public outreach. Our staff has years of experience working with state and local governments and legislative bodies, in the classroom, and with the media. We are working toward an education system that maximizes every student's potential for learning and prepares all students for success in the 21st century.

Across our nation's diverse and dynamic states, one thing unites us all: a concern about the quality of education in America. We know a quality education can change a life; it can provide each and every student with the knowledge and skills to achieve his or her dreams. Yet, while states across our nation are experiencing a fundamental shift toward reform-minded education policies, too many students remain victims of the status quo.

Therefore, the Foundation supports a comprehensive reform agenda to create a high-quality, student-centered education system, including policies that empower families to choose educational options through public charter schools.

Accordingly, the Foundation for Excellence in Education is pleased that the Success and Opportunity through Quality Charter Schools Act: refocuses the federal Charter Schools Program to promote high-quality charter schools at the state and local level; promotes state initiatives designed to improve charter school authorizing; allows states to use funds to start new charter schools as well as expand and replicate existing high-quality charter schools; authorizes a federal Charter Management Organization (CMO) grant program to support the

opening of high-quality charter schools nationwide; and upholds states' authority over most decisions about how to distribute charter school funds within their boundaries.

We are pleased that H.R. 10 was reported by the Committee on Education and the Workforce by a strong bipartisan vote and look forward to working with you on this bill as it moves through the legislative process.

Sincerely,

A handwritten signature in cursive script that reads "Patricia Levesque".

Patricia Levesque
Chief Executive Officer
Foundation for Excellence in Education



National Office
Raul Yzaguirre Building
1126 16th Street, NW
Washington, DC 20036

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April 8, 2014

The Honorable John Kline
House Education and Workforce Committee
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
House Education and Workforce Committee
2101 Rayburn House Office Building
Washington, DC 20510

Dear Chairman Kline and Ranking Member Miller:

On behalf of the National Council of La Raza, the nation's largest Hispanic Advocacy organization, I applaud your bipartisan introduction of The Success and Opportunity through Quality Charter Schools Act (H.R. 10). This bill is an overdue step toward strengthening and modernizing the federal charter schools program and will have a positive impact on a vast number of Latino school children and their families across the country.

As a result of your thoughtful leadership, H.R. 10 will raise student achievement, increase access to enrollment, and promote replicable models of successful schools nationwide. NCLR believes this bill is an important step in an ongoing process to rethink innovation in education and strive to advance outcomes across socio-economic indicators. For the Latino community, legislation such as this is particularly important to provide the best possible education to children all too often left behind.

When too many low-income, minority, and Limited English Proficiency students fall behind their peers, charter schools have a proven record of serving these students and encouraging their long-term success. H.R. 10 would further solidify this trend and deserves the support of the Committee and members of the House of Representatives.

As consideration of this bill moves forward, I hope to work with your staff to continue to perfect the bill and am always available for any additional questions.

Sincerely,

Delia Pompa
Senior Vice President

Regional Offices: Atlanta, Georgia • Chicago, Illinois • Los Angeles, California • New York, New York
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April 9, 2014

The Honorable John Kline
Chairman, Committee on
Education and the Workforce
U.S. House of Representatives
2175 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
Ranking Member, Committee on
Education and the Workforce
U.S. House of Representatives
2175 Rayburn House Office Building
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Randall Stephenson
AT&T Inc.
Chairman

Ursula M. Burris
Xerox Corporation
Vice Chair

David M. Cote
Honeywell
Vice Chair

Andrew N. Liveris
The Dow Chemical Company
Vice Chair

John Engler
President

Tita Freeman
Senior Vice President

Marian Hopkins
Senior Vice President

William C. Miller, Jr.
Senior Vice President

LeAnne Redick Wilson
Senior Vice President

Dear Chairman Kline and Ranking Member Miller:

On behalf of the more than 200 chief executive officers who are members of Business Roundtable, I write to express support for H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, which reauthorizes the federal Charter Schools Program under the *Elementary and Secondary Education Act*.

Last year, Business Roundtable released a report titled "Taking Action on Education and Workforce Preparedness." As part of this report, we recommended that federal, state and local policymakers increase the number of public school options, including charter schools, available to parents and students. This bipartisan legislation takes an important step toward achieving this goal.

Our nation's capacity to develop a skilled, prepared workforce is inextricably linked to the quality of our education system. Innovations, such as charter schools, play a critical role in efforts to improve education and give more of our nation's children access to the opportunities they deserve.

We thank you for introducing this important legislation and look forward to working with you, other members of the House of Representatives, the Senate and the Administration to ensure that H.R. 10 is enacted into law.

Sincerely,

John Engler

JE/dl

SUMMARY

H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, streamlines and modernizes the existing charter school programs under the *Elementary and Secondary Education Act*. In current law, two charter school programs exist:

- The Charter School Program supports grants for charter school developers to open new charter schools. The program also provides funds to disseminate best practices and provide state facilities aid to charter schools. The program was last authorized at \$300 million in FY 2002 and such sums as necessary for FY 2003 through 2007.
- The Charter School Credit Enhancement Program assists charter schools in accessing better credit terms for funding to acquire and renovate facilities used to operate a charter school. The program was last authorized at \$150 million in FY 2002 and such sums as necessary for FY 2003 through 2007.

The *Success and Opportunity through Quality Charter Schools Act* consolidates the two programs into one, refocuses the new program to promote high-quality charter schools at the state and local levels, and allows states to use federal funds to start new charter schools as well as expand and replicate existing high-quality charter schools. Additionally, the bill authorizes a Charter Management Organization grant program to support the organization's success in replicating and expanding high-quality charter schools nationwide.

The new Charter School Program will consist of three parts:

- *Grants to support high-quality charter schools* will be awarded to a State Educational Agency, the State Charter School Board, the Governor, or a Charter School Support Organization. The grants will support the expansion and replication of high-quality charter schools, along with new, innovative charter school models by state entities committed to charter school quality, which increases opportunities for all students to benefit from quality charter schools. Additionally, each state will use a portion of the funding to support quality initiatives aimed toward improved charter school authorizing.
- *Facilities Aid* will be awarded to continue credit enhancement activities and support state facilities aid for charter schools.
- *National Activities* will allow the Secretary of Education to operate a grant competition for charter schools in states that did not win or compete for a state grant and a grant competition for high quality charter management organizations (CMO). This section also requires the secretary to offer technical assistance to eligible grantees applying for the grant, and to grantees implementing the grant. The secretary will also be allowed to disseminate best practices to ensure all public schools may benefit from charter schools' success. Finally, the secretary will conduct an evaluation of the effects of the legislation on charter schools, including on student achievement.

The *Success and Opportunity through Quality Charter Schools Act* authorizes the Charter School Program at \$300 million for FY 2015 through FY 2020. The bill clarifies state-determined weighted lotteries are permitted under this program and clarifies students in

affiliated charter schools can attend the next immediate grade in that network's school.

Furthermore, the bill makes technical corrections to other provisions in the Charter School Program, including modifying the definition of a "charter school" to clarify a charter school can serve early childhood students as well as postsecondary students. Finally, the legislation adds five new definitions to the law: "charter management organization," "charter support organization," "high-quality charter school," "expansion of a high-quality charter school," and "replicable, high-quality charter school model."

COMMITTEE VIEWS

BACKGROUND

A public charter school is a publicly-funded elementary or secondary school operated according to the terms of a charter or contract granted by a public chartering agency. The terms of a charter typically provide the charter school operator with increased autonomy in how to operate the school in exchange for greater accountability for results or student outcomes. Charters are usually granted for a limited time period, typically ranging from fewer than five years to as many as 15 years. In order to retain or renew its charter, a school must adhere to the accountability requirements written into its charter and attract enough students to continue functioning as a viable school.

Charter schools are a state education reform initiative that began in Minnesota in 1991. The *Improving America's Schools Act of 1994* included support for starting charter schools. The Credit Enhancement Program, which began in 2001 through the appropriations process, provides grants to eligible entities to help charter schools leverage other funds through credit enhancement initiatives to acquire, construct, renovate, or lease academic facilities.

The first charter school opened in 1992. Today, 6,400 charter schools in 42 states and the District of Columbia serve more than 2.5 million students. Forty-two states have enacted charter school laws, giving parents and students an education alternative to traditional public schools. However, this growth is not enough to meet the demand. An estimated 920,000 students are on waitlists to enter charter schools. The demand is understandable. Since 2010, 15 of 16 "gold standard" research studies conducted on public charter school student achievement have found public charter school students are outperforming their traditional school peers. In 2013, the Center for Research on Educational Outcomes released a study that found a charter school education had a positive impact for many subgroups, including Black students, students in poverty, English learners, and students in special education. For English learner students who are Hispanic, attending a charter school resulted in 50 additional days of learning in reading and 43 additional days of learning in math. Yet, charter schools continue to face challenges in serving certain populations of students, in particular students with disabilities—including those with lower incidence disabilities—and English learners.

LEGISLATIVE CHANGES

H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, improves access for traditionally underserved populations, supports the creation, replication and expansion of high-quality charter schools, and strengthens accountability for developers who receive federal funding to open, replicate, or expand charter schools. Consolidating the two charter school provisions into one program better focuses support for all elements important to creating high-quality charter schools.

The charter school movement has seen robust growth over the past decade. There are now many high-quality charter schools eligible to receive federal and state support to expand and replicate their successes. The Committee on Appropriations supported this effort through a reservation within the Charter School Program appropriation, and the Committee on Education and the Workforce believes it is important to update the authorizing legislation to ensure states support these schools. The *Success and Opportunity through Quality Charter Schools Act* adds an expansion and replication use of funds under each State Quality Charter School Grant to support the start-up of new, innovative charter school models, as well as the expansion and replication of high-quality charter schools. The committee believes successful replication and expansion of high-quality charter schools are dependent on state support and community buy-in. This belief is reflected in the allowance of state entity subgranting for these purposes and a decreased reliance on funds awarded directly to developers from the secretary of education.

Charter schools receiving funds under this program must admit their students through a lottery system if the demand for attendance exceeds the available slots in the schools. It is important to assist these schools in reaching all students who may benefit from the opening or expansion of charter schools. However, the focus must be on increasing the number of quality education options, not just increasing the number of charter schools available. In order to expand access to quality public charter schools, the legislation includes provisions to help state grantees reach out to charter school developers and school leaders to recruit traditionally underserved students, including students with disabilities and English learners; to promote inclusion and retention; and to meet the needs of those students. Further, the state grantees must award grants to urban, suburban, and rural areas (including Indian reservations) to ensure quality charter school options reach as many students as possible, including American Indian and Alaska Native students.

The *Success and Opportunity through Quality Charter Schools Act* supports charter schools in serving students with disabilities, including students with lower incidence disabilities, English learners, and other traditionally underserved students. The legislation recognizes charter schools need support in recruiting, enrolling, and retaining these students and includes provisions to help charter schools address those challenges. The committee believes the technical assistance required of grantees will help charter schools with these goals. H.R. 10 will allow weighted lotteries that help ensure educationally disadvantaged students have a better chance to attend a charter school. A weighted lottery is a mechanism used to

create diverse student populations. H.R. 10 permits the weighting of specific student attributes to give a statistical advantage to disadvantaged students, or a subset of those students. The lottery should remain a fair process to ensure all students have the opportunity to attend these sought-after schools. In addition, this provision clarifies charter schools in receipt of Charter School Program funds may use a weighted lottery for educationally disadvantaged students, provided the weighted lottery is not prohibited by state law and is not used to create a school made exclusively of one student subgroup.

Ensuring grantees award funds for the creation, replication, and expansion of high-quality charter school remains paramount. When awarding subgrants, state entities should ensure charter school developers open a school that meets the intent and requirements of the law, and in particular, the definition of a charter school. When subgrantees are applying to expand or replicate already existing charter school models, the state entity must ensure the models meet the definition of high-quality charter school. In particular, the state entity should ensure the charter school is exempt from significant state and local requirements that inhibit the operation of a school and has a high degree of autonomy over budget and all operations.

When recruiting students, charter schools should ensure parents have the information they need to make the best decisions possible for their children. This includes encouraging parents to examine the academic success of the school, the teaching philosophy of the school, and the ability of the school to meet the education needs of any student admitted to the school. The legislation encourages state entities to monitor charter schools to ensure compliance with all federal civil rights statutes and there are no barriers to enrollment that could prevent the enrollment of students based on socioeconomic status, language proficiency, academic performance, disability, or parental involvement. The legislation supports charter schools that promote an inclusive environment. High-quality charter schools, as defined in the legislation, raise the achievement of all students, including students with disabilities, English learners, and other traditionally underserved populations.

In modernizing the Charter School Program, H.R. 10 includes a new provision that reserves seven percent of each state grant to support initiatives to improve charter school authorizing. This initiative will help charter school authorizers identify key indicators of quality, including how to ensure the school and the authorizer clearly articulate the goals and expectations of each party. It will also help charter schools meet their obligations under existing laws and this Act. The funds will also be used to increase the number of high-quality charter schools available to students by opening new charter schools and by helping charter schools recruit, enroll, and meet the needs of students with disabilities, including students with low-incidence disabilities, and English learners.

The bill requires eligible applicants to describe the quality controls agreed to in the authorizing contract and the terms of contracts with other organizations. In their applications, charter schools must describe how their authorizers evaluate the success of the schools primarily on the academic achievement of all of their students, as well as through other performance measures deter-

mined by state law, the authorizer, and the school, as outlined in a legally binding performance contract.

The legislation also requires charter schools to have transparent contractual relationships with management organizations. As stipulated in the U.S. Department of Education non-regulatory guidance for the current Charter School Program, charter schools receiving grants under this program should avoid conflicts of interest. In promoting quality authorizing practices, state grantees should support authorizers that make annual, independent financial audits publicly available and easily accessible, such as through posting on the school or authorizer website. In addition, state grantees must describe how they will provide oversight of authorizing activity in their application.

The committee intends the requirement to describe such a system will not inhibit participation or competition by states with legal, constitutional, or structural barriers that constrain the state's authority over the authorized public chartering agency or the type or number of authorized public chartering agencies. Further, as the purpose of the *Success and Opportunity through Quality Charter Schools Act* is to expand the number of high-quality charter schools available to students across the nation, it is the committee's intent that oversight of authorizing activity must not abolish all public chartering agencies or all authorizing activity in any given geographic area, as this would prevent the expansion of high-quality charter schools and would be contrary to the purpose of this Act. The committee believes it is important authorizers and charter schools have as much flexibility in complying with these provisions as possible to ensure charter schools meet the expectations of their respective authorizers and still operate in an autonomous manner to meet the goals of the school.

The *Success and Opportunity through Quality Charter Schools Act* also allows new eligible entities to compete for funding under State Quality Charter School Grants and provides increased flexibility in the operation of the state grant competition for start-up of charter schools. The bill expands the eligible entities for state grants to include state charter school boards, governors, and charter school support organizations, in addition to the State Educational Agency (SEA) allowed under current law. This expansion of eligible grantees will ensure charter schools have an opportunity to open and expand with the support of a grantee that believes in the benefit of charter schools and offers the greatest assistance to those schools that win subgrants. To ensure grantees are able to meet the requirements of the program, the legislation allows states to partner with an entity that can help it operate a quality program that adequately supports the thoughtful growth of charter schools in the state. While there may be multiple eligible grantees for each state, the committee supports limiting each state to one grant to avoid duplication in the state, ensure funds are used to build a cohesive statewide network of support and ensure funds reach as many states, and therefore schools, as possible across the nation.

The new eligible grantees are also required to collaborate with the SEA, where appropriate. While this provision does not give the SEA any authority over the grantee or program the grantee is running, it will ensure the SEA and charter school operators are work-

ing together in a cohesive, statewide system, rather than creating parallel systems. The SEA may help distribute grants to schools, help the entity run the grant competition, or provide guidance to support the peer review requirement in the law. In addition, should a charter school support organization administer the grant, nothing in this bill shall be interpreted to grant the charter school support organization any authority over authorized public chartering agencies.

H.R. 10 includes a clear listing of assurances, priorities, and selection criteria for awarding charter school grants, which will improve charter schools, improve access to high-quality charter schools, and expand the availability of high-quality charter schools as an integral component of state public school systems. For example, grantees will ensure charter schools actively participate in decisions about the public school system, providing charter schools, as public schools, the same voice in decisions affecting the schools and their students as traditional public schools. The committee believes this important change is an opportunity to share best practices between all public schools and ensure all schools have an equal voice in the public school system. An assurance each charter school has a high level of autonomy, particularly over budgets and all operations (including personnel) will also ensure the schools can be innovative in responding to the needs of the community. Additionally, the bill includes a selection priority for state entities in states that maximize the flexibility of their charter school statute to foster innovation and support quality charter schools.

The legislation incentivizes states to support more high-quality charter schools that meet the needs of the local community. Provisions supporting the elimination of caps on students or schools will help get funds to states that can open new schools. The bill includes a priority for those states that have more than one statewide authorizer, or an appeals process if the only local authorizer is the Local Educational Agency. The committee believes this will ensure charter schools are not held hostage to the traditional public school system that sees charter schools as competition, rather than an enhancement to the public school system. The committee believes these provisions will help charter schools better serve students, including students with disabilities and English learners.

H.R. 10 removes language in current law that impedes the effective use of subgrants for start-up costs, and instead permits funds to be used for appropriate activity related to opening and preparing to operate a new charter school. The committee believes this language will ensure charter schools can use funds for any non-sustained costs, including costs not permitted under current law. For example, transportation outlays such as a school bus, initial personnel costs, and building renovations and improvements to meet code would be permitted under this language. H.R. 10 also requires all subgrantees submit planned expenditures for the life of the grant and demonstrate the financial sustainability of each charter school receiving program funds following the grant period.

The committee believes reporting requirements are an important tool for evaluating the success of grantees in fulfilling the purpose of the program. H.R. 10 requires grantees to report to the secretary of education at the end of the third year of the five-year grant period. The information submitted to the secretary on the number of

students served during each year of the grant period should be reported by subgrant, but is not intended to create any increased burdens for the schools participating in the program.

The legislation consolidates the existing credit enhancement program and the state facilities aid program to clarify the law. The requirement to reserve 12.5 percent of the total appropriated funds ensures there are funds sufficient to award more than one grant each year under the credit enhancement program. This program helps charter schools access credit to obtain or renovate facilities to open the school. The legislative changes made to this provision increase the administrative reservation to 2.5 percent of each grant to ensure the grantee can reach out to, serve, and properly monitor charter schools assisted under the grant. The bill also increases the flexibility in awarding grants under the credit enhancement program to ensure the best grantees are receiving federal funds.

The *Success and Opportunity through Quality Charter Schools Act* updates the national activities provisions to allow the Secretary of Education to run a competition for charter schools wanting to open in states that did not win or compete for a state grant. Additionally, the legislation authorizes the secretary to run a competition for CMOs, targeted to those having a proven record of success increasing academic achievement for students, operating and managing a network of schools, and partnering with states and districts to turn around chronically low-performing schools, not simply open new schools. These competitions will ensure students are not left behind in states that have not demonstrated the leadership to support charter schools. Successful CMOs can thoughtfully replicate and expand high-quality charter school models, approved by individual states in accordance with state laws.

It is the committee's expectation the secretary will assess the quality of applicants in the same manner as in the state competition and will consider their demonstrated track record of opening high quality schools serving a high percentage of economically disadvantaged students, and the application requirements will reflect this purpose of the program. The secretary will also be required to offer technical assistance to maximize the impact of the funds. The secretary will disseminate best practices to help all public schools benefit from the success of charter schools. Finally, the secretary is required to conduct an evaluation measuring the effectiveness of the program on charter schools, including student achievement. A rigorous evaluation is critical to determining whether the program has been successful in meeting its purpose of supporting high-quality charter schools.

The legislation makes a few key changes to the definitions in the program. H.R. 10 adds five new definitions to the program: "charter school support organization," "charter management organization," "high-quality charter school," "replicated high-quality charter school model," and "expanded high-quality charter school." The bill outlines charter schools must comply with the *Americans with Disabilities Act* and section 444 of the *General Education Provisions Act* (commonly known as the "*Family Education Rights and Privacy Act of 1974*"). Additionally, the definition of a "charter school" clarifies these schools must comply with all applicable federal laws, such as those listed above and the *Individuals with Disabilities Education Act*, section 504 of the *Rehabilitation Act*, Title VI of the

Civil Rights Act of 1964, and the other applicable provisions of the *Elementary and Secondary Education Act*. This addition clarifies the requirements that must be met by the state grantees and the charter schools they support. Another change in the definition of a “charter school” clarifies admission is permissible to the next grade in a school in the same network, known as a feeder pattern. The schools must be affiliated and the student must be entering the next succeeding grade. Schools may not use this provision to stop utilizing a lottery to fill seats created through regular attrition; each school must continue to abide by the class size as envisioned in the creation of the school.

CONCLUSION

H.R. 10, the *Success and Opportunity through Quality Charter Schools Act*, modernizes and streamlines the charter school provisions under the *Elementary and Secondary Education Act*. The bill makes needed improvements to emphasize quality, accountability, and equity to the Charter School Program to better support high-quality charter schools. The bill consolidates the current funding streams for charter schools under one authorization at \$300 million to increase efficiencies within the operation of the program and better leverage federal funding to improve the program.

SECTION-BY-SECTION ANALYSIS

SECTION 1—SHORT TITLE

States the short title as the “Success and Opportunity through Quality Charter Schools.”

SECTION 2—REFERENCES

References the *Elementary and Secondary Education Act*.

SECTION 3—SUBPART HEADING, PURPOSE

Amends the subpart heading and states the purpose of the Charter School Program.

SECTION 4—PROGRAM AUTHORIZED

Authorizes the Charter School Program.

SECTION 5—GRANTS TO SUPPORT QUALITY CHARTER SCHOOLS

Specifies the general requirements of state grants to support the startup or expansion and replication of charter schools. Specifies the information the Secretary of Education will look for in the state application, what assurances the grantee will be required to provide, the criteria the secretary will use to determine grant winners, and the priorities for grant awards.

SECTION 6—FACILITIES FINANCING ASSISTANCE

Specifies the general requirements for facilities financing assistance. Prioritizes credit enhancement activities over state facilities aid.

SECTION 7—NATIONAL ACTIVITIES

Specifies the activities the Secretary of Education will support under the program, including disseminating best practices, providing technical assistance, operating a startup competition for non-state grant winners, operating an expansion and replication grant competition for charter management organizations, and conducting an evaluation of the program.

SECTION 8—RECORDS TRANSFER

Modifies the provision to encourage more timely delivery of records transfer and amends the reference to the Individuals with Disabilities Education Act.

SECTION 9—DEFINITIONS

Makes a change to the definition of a “charter school” and adds definitions for “charter management organization,” “charter school support organization,” “expansion of a high-quality charter school,” “high-quality charter school,” and “replicable, high-quality charter school model.”

SECTION 10—AUTHORIZATION OF APPROPRIATIONS

Authorizes the program at \$300 million for each year from FY 2015 through FY 2020.

SECTION 11—CONFORMING AMENDMENTS

Modifies the *Elementary and Secondary Education Act* to address the changes made under this legislation.

EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 10 increases the number of high-quality charter schools; ensures charter schools share best practices with all public schools; improves charter school access and services for all students, including students with disabilities and English learners; and emphasizes quality and accountability in charter school authorizing.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. This issue is addressed in the CBO letter.

EARMARK STATEMENT

H.R. 10 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House Rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

Date: April 8, 2014**COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE**Roll Call: 1 Bill: H.R. 10 Amendment Number: _____Disposition: Ordered favorably reported to the House, as amended, by a vote of 36 yeas and 3 nays.Sponsor/Amendment: Mr. Roe - motion to report the bill to the House with an amendment and with the recommendation that the amendment be agreed to, and the bill as amended do pass.

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. KLINE (MN) (Chairman)	X			Mr. MILLER (CA) (Ranking)	X		
Mr. PETRI (WI)	X			Mr. SCOTT (VA)	X		
Mr. McKEON (CA)	X			Mr. HINOJOSA (TX)	X		
Mr. WILSON (SC)	X			Mrs. McCARTHY (NY)	X		
Mrs. FOXX (NC)	X			Mr. TIERNEY (MA)	X		
Mr. PRICE (GA)	X			Mr. HOLT (NJ)	X		
Mr. MARCHANT (TX)	X			Mrs. DAVIS (CA)	X		
Mr. HUNTER (CA)	X			Mr. GRIJALVA (AZ)		X	
Mr. ROE (TN)	X			Mr. BISHOP (NY)		X	
Mr. THOMPSON (PA)	X			Mr. LOEBSACK (IA)	X		
Mr. WALBERG (MI)	X			Mr. COURTNEY (CT)	X		
Mr. SALMON (AZ)	X			Ms. FUDGE (OH)		X	
Mr. GUTHRIE (KY)	X			Mr. POLIS (CO)	X		
Mr. DesJARLAIS (TN)	X			Mr. SABLON (MP)			X
Mr. ROKITA (IN)	X			Ms. WILSON (FL)	X		
Mr. BUCSHON (IN)	X			Ms. BONAMICI (OR)	X		
Mr. GOWDY (SC)	X			Mr. POCAN (WI)	X		
Mr. BARLETTA (PA)	X			Mr. TAKANO (CA)	X		
Mr. HECK (NV)	X						
Mrs. BROOKS (IN)	X						
Mr. HUDSON (NC)	X						
Mr. MESSER (IN)	X						
[Vacant]							

Totals: Aye: 36 No: 3 Not Voting: 1

Total: 40 / Quorum: 13 / Report: 21

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House Rule XIII, the goal of H.R. 10 is to improve the quality of and access to charter schools. The committee expects the U.S. Department of Education to comply with these provisions and implement the law in accordance with the stated goal.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 10 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The committee estimates that enacting H.R. 10 does not specifically direct the completion of any specific rule makings within the meaning of 5 U.S.C. 551.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the committee has received the following estimate for H.R. 10 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 18, 2014.

Hon. JOHN KLINE,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 10, the Success and Opportunity through Quality Charter Schools Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Justin Humphrey.

Sincerely,

DOUGLAS W. ELMENDORF,
Director.

Enclosure.

H.R. 10—Success and Opportunity through Quality Charter Schools Act

H.R. 10 would amend and reauthorize both the Charter School Programs and the Credit Enhancement for Charter School Initiatives under Title V of the Elementary and Secondary Education Act of 1965 through fiscal year 2020 and combine them into a single authorization. (This authorization would automatically be extended one year through 2021 under the General Education Provisions Act.) The bill would authorize the appropriation of \$300 million for each of fiscal years 2015 through 2021 for grants to states to develop and expand charter school facilities and to public and private nonprofit entities to develop means of enhancing credit to finance the construction and renovation of charter schools.

For fiscal year 2014, the Congress appropriated about \$250 million for Charter School Programs, but provided no funding for Credit Enhancement Initiatives. The previous authorization for Charter School Programs expired in 2008 and the previous authorization for Credit Enhancement for Charter School Initiatives expired in 2004.¹

As shown in the following table, CBO estimates that implementing the bill would cost \$1.0 billion over the 2015–2019 period, assuming appropriation of the authorized amounts. The costs of this legislation fall within budget function 500 (education, training, employment, and social services). For this estimate, CBO assumes that spending will follow historical patterns for the affected programs.

Enacting the bill would have no impact on direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 10 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

	By fiscal year, in millions of dollars—					
	2015	2016	2017	2018	2019	2015–2019
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	300	300	300	300	300	1,500
Estimated Outlays	15	150	255	300	300	1,020

The CBO staff contact for this estimate is Justin Humphrey. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 10. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

¹For Charter School Programs, prior law authorized the appropriation of \$300 million for fiscal year 2002 and such sums as might be necessary through fiscal year 2008. For Credit Enhancement for Charter School Initiatives, prior law authorized the appropriation of \$150 million for fiscal year 2002 and such sums as might be necessary through fiscal year 2004.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

**ELEMENTARY AND SECONDARY EDUCATION ACT OF
1965**

* * * * *

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

* * * * *

**TITLE V—PROMOTING INFORMED PARENTAL CHOICE AND INNOVATIVE
PROGRAMS**

* * * * *

PART B—PUBLIC CHARTER SCHOOLS

【Subpart 1—Charter School Programs

Subpart 1—Charter School Program

* * * * *

【Sec. 5203. Applications.

【Sec. 5204. Administration.】

Sec. 5203. Grants to support high-quality charter schools.

Sec. 5204. Facilities financing assistance.

* * * * *

**【Subpart 2—Credit Enhancement Initiatives To Assist Charter School Facility
Acquisition, Construction, and Renovation**

【Sec. 5221. Purpose.

【Sec. 5222. Grants to eligible entities.

【Sec. 5223. Applications.

【Sec. 5224. Charter school objectives.

【Sec. 5225. Reserve account.

【Sec. 5226. Limitation on administrative costs.

【Sec. 5227. Audits and reports.

【Sec. 5228. No full faith and credit for grantee obligations.

【Sec. 5229. Recovery of funds.

【Sec. 5230. Definitions.

【Sec. 5231. Authorization of appropriations.】

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**TITLE V—PROMOTING INFORMED PA-
RENTAL CHOICE AND INNOVATIVE
PROGRAMS**

* * * * *

PART B—PUBLIC CHARTER SCHOOLS

Subpart 1—[Charter School Programs] *Charter School Program*

SEC. 5201. PURPOSE.

It is the purpose of this subpart to increase national understanding of the charter schools model by—

(1) providing financial assistance for the planning, program design, and initial implementation of charter schools;

(2) evaluating the effects of such schools, including the effects on students, student academic achievement, staff, and parents;

(3) expanding the number of high-quality charter schools available to students across the Nation; and

(4) encouraging the States to provide support to charter schools for facilities financing in an amount more nearly commensurate to the amount the States have typically provided for traditional public schools.

SEC. 5202. PROGRAM AUTHORIZED.

(a) IN GENERAL.—The Secretary may award grants to State educational agencies having applications approved pursuant to section 5203 to enable such agencies to conduct a charter school grant program in accordance with this subpart.

(b) SPECIAL RULE.—If a State educational agency elects not to participate in the program authorized by this subpart or does not have an application approved under section 5203, the Secretary may award a grant to an eligible applicant that serves such State and has an application approved pursuant to section 5203(c).

(c) PROGRAM PERIODS.—

(1) GRANTS TO STATES.—Grants awarded to State educational agencies under this subpart shall be for a period of not more than 3 years.

(2) GRANTS TO ELIGIBLE APPLICANTS.—Grants awarded by the Secretary to eligible applicants or subgrants awarded by State educational agencies to eligible applicants under this subpart shall be for a period of not more than 3 years, of which the eligible applicant may use—

(A) not more than 18 months for planning and program design;

(B) not more than 2 years for the initial implementation of a charter school; and

(C) not more than 2 years to carry out dissemination activities described in section 5204(f)(6)(B).

(d) LIMITATION.—A charter school may not receive—

(1) more than one grant for activities described in subparagraphs (A) and (B) of subsection (c)(2); or

(2) more than one grant for activities under subparagraph (C) of subsection (c)(2).

(e) PRIORITY TREATMENT.—

(1) IN GENERAL.—In awarding grants under this subpart for fiscal year 2002 or any succeeding fiscal year from any funds appropriated under section 5211 (other than funds reserved to carry out section 5205(b)), the Secretary shall give priority to

States to the extent that the States meet the criteria described in paragraph (2) and one or more of the criteria described in subparagraph (A), (B), or (C) of paragraph (3).

[(2) REVIEW AND EVALUATION PRIORITY CRITERIA.—The criteria referred to in paragraph (1) are that the State provides for periodic review and evaluation by the authorized public chartering agency of each charter school, at least once every 5 years unless required more frequently by State law, to determine whether the charter school is meeting the terms of the school's charter, and is meeting or exceeding the student academic achievement requirements and goals for charter schools as set forth under State law or the school's charter.

[(3) PRIORITY CRITERIA.—The criteria referred to in paragraph (1) are the following:

[(A) The State has demonstrated progress, in increasing the number of high-quality charter schools that are held accountable in the terms of the schools' charters for meeting clear and measurable objectives for the educational progress of the students attending the schools, in the period prior to the period for which a State educational agency or eligible applicant applies for a grant under this subpart.

[(B) The State—

[(i) provides for one authorized public chartering agency that is not a local educational agency, such as a State chartering board, for each individual or entity seeking to operate a charter school pursuant to such State law; or

[(ii) in the case of a State in which local educational agencies are the only authorized public chartering agencies, allows for an appeals process for the denial of an application for a charter school.

[(C) The State ensures that each charter school has a high degree of autonomy over the charter school's budgets and expenditures.

[(f) AMOUNT CRITERIA.—In determining the amount of a grant to be awarded under this subpart to a State educational agency, the Secretary shall take into consideration the number of charter schools that are operating, or are approved to open, in the State.

[SEC. 5203. APPLICATIONS.

[(a) APPLICATIONS FROM STATE AGENCIES.—Each State educational agency desiring a grant from the Secretary under this subpart shall submit to the Secretary an application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

[(b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION.—Each application submitted pursuant to subsection (a) shall—

[(1) describe the objectives of the State educational agency's charter school grant program and a description of how such objectives will be fulfilled, including steps taken by the State educational agency to inform teachers, parents, and communities of the State educational agency's charter school grant program; and

[(2) describe how the State educational agency—

[(A) will inform each charter school in the State regarding—

[(i) Federal funds that the charter school is eligible to receive; and

[(ii) Federal programs in which the charter school may participate;

[(B) will ensure that each charter school in the State receives the charter school's commensurate share of Federal education funds that are allocated by formula each year, including during the first year of operation of the charter school; and

[(C) will disseminate best or promising practices of charter schools to each local educational agency in the State; and

[(3) contain assurances that the State educational agency will require each eligible applicant desiring to receive a subgrant to submit an application to the State educational agency containing—

[(A) a description of the educational program to be implemented by the proposed charter school, including—

[(i) how the program will enable all students to meet challenging State student academic achievement standards;

[(ii) the grade levels or ages of children to be served; and

[(iii) the curriculum and instructional practices to be used;

[(B) a description of how the charter school will be managed;

[(C) a description of—

[(i) the objectives of the charter school; and

[(ii) the methods by which the charter school will determine its progress toward achieving those objectives;

[(D) a description of the administrative relationship between the charter school and the authorized public chartering agency;

[(E) a description of how parents and other members of the community will be involved in the planning, program design, and implementation of the charter school;

[(F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i);

[(G) a request and justification for waivers of any Federal statutory or regulatory provisions that the eligible applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;

[(H) a description of how the subgrant funds or grant funds, as appropriate, will be used, including a description of how such funds will be used in conjunction with other Federal programs administered by the Secretary;

[(I) a description of how students in the community will be—

[(i) informed about the charter school; and

[(ii) given an equal opportunity to attend the charter school;

[(J) an assurance that the eligible applicant will annually provide the Secretary and the State educational agency such information as may be required to determine if the charter school is making satisfactory progress toward achieving the objectives described in subparagraph (C)(i);

[(K) an assurance that the eligible applicant will cooperate with the Secretary and the State educational agency in evaluating the program assisted under this subpart;

[(L) a description of how a charter school that is considered a local educational agency under State law, or a local educational agency in which a charter school is located, will comply with sections 613(a)(5) and 613(e)(1)(B) of the Individuals with Disabilities Education Act;

[(M) if the eligible applicant desires to use subgrant funds for dissemination activities under section 5202(c)(2)(C), a description of those activities and how those activities will involve charter schools and other public schools, local educational agencies, developers, and potential developers; and

[(N) such other information and assurances as the Secretary and the State educational agency may require.

[(c) ELIGIBLE APPLICANT APPLICATION.—Each eligible applicant desiring a grant pursuant to section 5202(b) shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

[(d) CONTENTS OF ELIGIBLE APPLICANT APPLICATION.—Each application submitted pursuant to subsection (c) shall contain—

[(1) the information and assurances described in subparagraphs (A) through (N) of subsection (b)(3), except that for purposes of this subsection subparagraphs (J), (K), and (N) of such subsection shall be applied by striking “and the State educational agency” each place such term appears;

[(2) assurances that the State educational agency—

[(A) will grant, or will obtain, waivers of State statutory or regulatory requirements; and

[(B) will assist each subgrantee in the State in receiving a waiver under section 5204(e); and

[(3) assurances that the eligible applicant has provided its authorized public chartering authority timely notice, and a copy, of the application, except that the State educational agency (or the Secretary, in the case of an application submitted to the Secretary) may waive the requirement of this paragraph in the case of an application for a precharter planning grant or subgrant if the authorized public chartering authority to which a charter school proposal will be submitted has not been determined at the time the grant or subgrant application is submitted.

[SEC. 5204. ADMINISTRATION.

[(a) SELECTION CRITERIA FOR STATE EDUCATIONAL AGENCIES.—The Secretary shall award grants to State educational agencies under this subpart on the basis of the quality of the applications submitted under section 5203(b), after taking into consideration such factors as—

[(1) the contribution that the charter schools grant program will make to assisting educationally disadvantaged and other students in meeting State academic content standards and State student academic achievement standards;

[(2) the degree of flexibility afforded by the State educational agency to charter schools under the State's charter schools law;

[(3) the ambitiousness of the objectives for the State charter school grant program;

[(4) the quality of the strategy for assessing achievement of those objectives;

[(5) the likelihood that the charter school grant program will meet those objectives and improve educational results for students;

[(6) the number of high-quality charter schools created under this subpart in the State; and

[(7) in the case of State educational agencies that propose to use grant funds to support dissemination activities under subsection (f)(6)(B), the quality of those activities and the likelihood that those activities will improve student academic achievement.

[(b) SELECTION CRITERIA FOR ELIGIBLE APPLICANTS.—The Secretary shall award grants to eligible applicants under this subpart on the basis of the quality of the applications submitted under section 5203(c), after taking into consideration such factors as—

[(1) the quality of the proposed curriculum and instructional practices;

[(2) the degree of flexibility afforded by the State educational agency and, if applicable, the local educational agency to the charter school;

[(3) the extent of community support for the application;

[(4) the ambitiousness of the objectives for the charter school;

[(5) the quality of the strategy for assessing achievement of those objectives;

[(6) the likelihood that the charter school will meet those objectives and improve educational results for students; and

[(7) in the case of an eligible applicant that proposes to use grant funds to support dissemination activities under subsection (f)(6)(B), the quality of those activities and the likelihood that those activities will improve student achievement.

[(c) PEER REVIEW.—The Secretary, and each State educational agency receiving a grant under this subpart, shall use a peer review process to review applications for assistance under this subpart.

[(d) DIVERSITY OF PROJECTS.—The Secretary and each State educational agency receiving a grant under this subpart, shall award grants and subgrants under this subpart in a manner that, to the extent possible, ensures that such grants and subgrants—

[(1) are distributed throughout different areas of the Nation and each State, including urban and rural areas; and

[(2) will assist charter schools representing a variety of educational approaches, such as approaches designed to reduce school size.

[(e) WAIVERS.—The Secretary may waive any statutory or regulatory requirement over which the Secretary exercises administrative authority except any such requirement relating to the elements of a charter school described in section 5210(1), if—

[(1) the waiver is requested in an approved application under this subpart; and

[(2) the Secretary determines that granting such a waiver will promote the purpose of this subpart.

[(f) USE OF FUNDS.—

[(1) STATE EDUCATIONAL AGENCIES.—Each State educational agency receiving a grant under this subpart shall use such grant funds to award subgrants to one or more eligible applicants in the State to enable such applicant to plan and implement a charter school in accordance with this subpart, except that the State educational agency may reserve not more than 10 percent of the grant funds to support dissemination activities described in paragraph (6).

[(2) ELIGIBLE APPLICANTS.—Each eligible applicant receiving funds from the Secretary or a State educational agency shall use such funds to plan and implement a charter school, or to disseminate information about the charter school and successful practices in the charter school, in accordance with this subpart.

[(3) ALLOWABLE ACTIVITIES.—An eligible applicant receiving a grant or subgrant under this subpart may use the grant or subgrant funds only for—

[(A) post-award planning and design of the educational program, which may include—

[(i) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and

[(ii) professional development of teachers and other staff who will work in the charter school; and

[(B) initial implementation of the charter school, which may include—

[(i) informing the community about the school;

[(ii) acquiring necessary equipment and educational materials and supplies;

[(iii) acquiring or developing curriculum materials; and

[(iv) other initial operational costs that cannot be met from State or local sources.

[(4) ADMINISTRATIVE EXPENSES.—

[(A) STATE EDUCATIONAL AGENCY ADMINISTRATIVE EXPENSES.—Each State educational agency receiving a grant pursuant to this subpart may reserve not more than 5 percent of such grant funds for administrative expenses associated with the charter school grant program assisted under this subpart.

[(B) LOCAL ADMINISTRATIVE EXPENSES.—A local educational agency may not deduct funds for administrative fees or expenses from a subgrant awarded to an eligible applicant, unless the eligible applicant enters voluntarily into a mutually agreed upon arrangement for administrative services with the relevant local educational agency. Absent such approval, the local educational agency shall distribute all such subgrant funds to the eligible applicant without delay.

[(5) REVOLVING LOAN FUNDS.—Each State educational agency receiving a grant pursuant to this subpart may reserve not more than 10 percent of the grant funds for the establishment of a revolving loan fund. Such fund may be used to make loans to eligible applicants that have received a subgrant under this subpart, under such terms as may be determined by the State educational agency, for the initial operation of the charter school grant program of the eligible applicant until such time as the recipient begins receiving ongoing operational support from State or local financing sources.

[(6) DISSEMINATION.—

[(A) IN GENERAL.—A charter school may apply for funds under this subpart, whether or not the charter school has applied for or received funds under this subpart for planning, program design, or implementation, to carry out the activities described in subparagraph (B) if the charter school has been in operation for at least 3 consecutive years and has demonstrated overall success, including—

[(i) substantial progress in improving student academic achievement;

[(ii) high levels of parent satisfaction; and

[(iii) the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

[(B) ACTIVITIES.—A charter school described in subparagraph (A) may use funds reserved under paragraph (1) to assist other schools in adapting the charter school's program (or certain aspects of the charter school's program), or to disseminate information about the charter school, through such activities as—

[(i) assisting other individuals with the planning and start-up of one or more new public schools, including charter schools, that are independent of the assisting charter school and the assisting charter school's developers, and that agree to be held to at least as high a level of accountability as the assisting charter school;

[(ii) developing partnerships with other public schools, including charter schools, designed to improve student academic achievement in each of the schools participating in the partnership;

[(iii) developing curriculum materials, assessments, and other materials that promote increased student achievement and are based on successful practices within the assisting charter school; and

[(iv) conducting evaluations and developing materials that document the successful practices of the assisting charter school and that are designed to improve student performance in other schools.

[(g) TRIBALLY CONTROLLED SCHOOLS.—Each State that receives a grant under this subpart and designates a tribally controlled school as a charter school shall not consider payments to a school under the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2507) in determining—

[(1) the eligibility of the school to receive any other Federal, State, or local aid; or

[(2) the amount of such aid.

[SEC. 5205. NATIONAL ACTIVITIES.

[(a) IN GENERAL.—The Secretary shall reserve for each fiscal year the greater of 5 percent or \$5,000,000 of the amount appropriated to carry out this subpart, except that in no fiscal year shall the total amount so reserved exceed \$8,000,000, to carry out the following activities:

[(1) To provide charter schools, either directly or through State educational agencies, with—

[(A) information regarding—

[(i) Federal funds that charter schools are eligible to receive; and

[(ii) other Federal programs in which charter schools may participate; and

[(B) assistance in applying for Federal education funds that are allocated by formula, including assistance with filing deadlines and submission of applications.

[(2) To provide for other evaluations or studies that include the evaluation of the impact of charter schools on student academic achievement, including information regarding—

[(A) students attending charter schools reported on the basis of race, age, disability, gender, limited English proficiency, and previous enrollment in public school; and

[(B) the professional qualifications of teachers within a charter school and the turnover of the teaching force.

[(3) To provide—

[(A) information to applicants for assistance under this subpart;

[(B) assistance to applicants for assistance under this subpart with the preparation of applications under section 5203;

[(C) assistance in the planning and startup of charter schools;

[(D) training and technical assistance to existing charter schools; and

[(E) for the dissemination to other public schools of best or promising practices in charter schools.

[(4) To provide (including through the use of one or more contracts that use a competitive bidding process) for the collection of information regarding the financial resources available to charter schools, including access to private capital, and to widely disseminate to charter schools any such relevant information and model descriptions of successful programs.

[(5) To carry out evaluations of, technical assistance for, and information dissemination regarding, the per-pupil facilities aid programs. In carrying out the evaluations, the Secretary may carry out one or more evaluations of State programs assisted under this subsection, which shall, at a minimum, address—

[(A) how, and the extent to which, the programs promote educational equity and excellence; and

[(B) the extent to which charter schools supported through the programs are—

[(i) held accountable to the public;

[(ii) effective in improving public education; and

[(iii) open and accessible to all students.

[(b) PER-PUPIL FACILITIES AID PROGRAMS.—

[(1) DEFINITION OF PER-PUPIL FACILITIES AID PROGRAM.—In this subsection, the term “per-pupil facilities aid program” means a program in which a State makes payments, on a per-pupil basis, to charter schools to provide the schools with financing—

[(A) that is dedicated solely for funding charter school facilities; or

[(B) a portion of which is dedicated for funding charter school facilities.

[(2) GRANTS.—

[(A) IN GENERAL.—From the amount made available to carry out this subsection under paragraphs (2) and (3)(B) of section 5211(b) for any fiscal year, the Secretary shall make grants, on a competitive basis, to States to pay for the Federal share of the cost of establishing or enhancing, and administering per-pupil facilities aid programs.

[(B) PERIOD.—The Secretary shall award grants under this subsection for periods of not more than 5 years.

[(C) FEDERAL SHARE.—The Federal share of the cost described in subparagraph (A) for a per-pupil facilities aid program shall be not more than—

[(i) 90 percent of the cost, for the first fiscal year for which the program receives assistance under this subsection;

[(ii) 80 percent in the second such year;

[(iii) 60 percent in the third such year;

[(iv) 40 percent in the fourth such year; and

[(v) 20 percent in the fifth such year.

[(3) USE OF FUNDS.—

[(A) IN GENERAL.—A State that receives a grant under this subsection shall use the funds made available through the grant to establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State.

[(B) EVALUATIONS; TECHNICAL ASSISTANCE; DISSEMINATION.—From the amount made available to a State through a grant under this subsection for a fiscal year, the State may reserve not more than 5 percent to carry out evaluations, to provide technical assistance, and to disseminate information.

[(C) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this subsection shall be used to supplement, and not supplant, State and local public funds expended to provide per pupil facilities aid programs, operations financing programs, or other programs, for charter schools.

[(4) REQUIREMENTS.—

[(A) VOLUNTARY PARTICIPATION.—No State may be required to participate in a program carried out under this subsection.

[(B) STATE LAW.—To be eligible to receive a grant under this subsection, a State shall establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State, that—

[(i) is specified in State law; and

[(ii) provides annual financing, on a per-pupil basis, for charter school facilities.

[(5) APPLICATIONS.—To be eligible to receive a grant under this subsection, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

[(6) PRIORITIES.—In making grants under this subsection, the Secretary shall give priority to States that meet the criteria described in paragraph (2), and subparagraphs (A), (B), and (C) of paragraph (3), of section 5202(e).

[(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require charter schools to collect any data described in subsection (a).]

SEC. 5201. PURPOSE.

It is the purpose of this subpart to—

(1) improve the United States education system and education opportunities for all Americans by supporting innovation in public education in public school settings that prepare students to compete and contribute to the global economy;

(2) provide financial assistance for the planning, program design, and initial implementation of charter schools;

(3) expand the number of high-quality charter schools available to students across the Nation;

(4) evaluate the impact of such schools on student achievement, families, and communities, and share best practices between charter schools and other public schools;

(5) encourage States to provide support to charter schools for facilities financing in an amount more nearly commensurate to the amount the States have typically provided for traditional public schools;

(6) improve student services to increase opportunities for students with disabilities, limited English proficient students, and other traditionally underserved students to attend charter schools and meet challenging State academic achievement standards;

(7) support efforts to strengthen the charter school authorizing process to improve performance management, including transparency, oversight, monitoring, and evaluation of such schools; and

(8) support quality accountability and transparency in the operational performance of all authorized public chartering

agencies, which include State educational agencies, local educational agencies, and other authorizing entities.

SEC. 5202. PROGRAM AUTHORIZED.

(a) *IN GENERAL.*—This subpart authorizes the Secretary to carry out a charter school program that supports charter schools that serve elementary school and secondary school students by—

- (1) supporting the startup of charter schools, and the replication and expansion of high-quality charter schools;
- (2) assisting charter schools in accessing credit to acquire and renovate facilities for school use; and
- (3) carrying out national activities to support—
 - (A) charter school development;
 - (B) the dissemination of best practices of charter schools for all schools;
 - (C) the evaluation of the impact of the program on schools participating in the program; and
 - (D) stronger charter school authorizing.

(b) *FUNDING ALLOTMENT.*—From the amount made available under section 5211 for a fiscal year, the Secretary shall—

- (1) reserve 12.5 percent to support charter school facilities assistance under section 5204;
- (2) reserve not more than 10 percent to carry out national activities under section 5205; and
- (3) use the remaining amount after the Secretary reserves funds under paragraphs (1) and (2) to carry out section 5203.

(c) *PRIOR GRANTS AND SUBGRANTS.*—The recipient of a grant or subgrant under this subpart or subpart 2, as such subpart was in effect on the day before the date of enactment of the Success and Opportunity through Quality Charter Schools Act, shall continue to receive funds in accordance with the terms and conditions of such grant or subgrant.

SEC. 5203. GRANTS TO SUPPORT HIGH-QUALITY CHARTER SCHOOLS.

(a) *IN GENERAL.*—From the amount reserved under section 5202(b)(3), the Secretary shall award grants to State entities having applications approved pursuant to subsection (f) to enable such entities to—

- (1) award subgrants to eligible applicants for opening and preparing to operate—
 - (A) new charter schools;
 - (B) replicated, high-quality charter school models; or
 - (C) expanded, high-quality charter schools; and
- (2) provide technical assistance to eligible applicants and authorized public chartering agencies in carrying out the activities described in paragraph (1) and work with authorized public chartering agencies in the State to improve authorizing quality.

(b) *STATE USES OF FUNDS.*—

(1) *IN GENERAL.*—A State entity receiving a grant under this section shall—

- (A) use not less than 90 percent of the grant funds to award subgrants to eligible applicants, in accordance with the quality charter school program described in the State entity's application approved pursuant to subsection (f), for the purposes described in subparagraphs (A) through (C) of subsection (a)(1);

(B) reserve not less than 7 percent of such funds to carry out the activities described in subsection (a)(2); and

(C) reserve not more than 3 percent of such funds for administrative costs which may include technical assistance.

(2) **CONTRACTS AND GRANTS.**—A State entity may use a grant received under this section to carry out the activities described in subparagraphs (A) and (B) of paragraph (1) directly or through grants, contracts, or cooperative agreements.

(3) **RULE OF CONSTRUCTION.**—Nothing in this Act shall prohibit the Secretary from awarding grants to States that use a weighted lottery to give slightly better chances for admission to all, or a subset of, educationally disadvantaged students if—

(A) the use of weighted lotteries in favor of such students is not prohibited by State law, and such State law is consistent with laws described in section 5210(1)(G); and

(B) such weighted lotteries are not used for the purpose of creating schools exclusively to serve a particular subset of students.

(c) **PROGRAM PERIODS; PEER REVIEW; GRANT NUMBER AND AMOUNT; DIVERSITY OF PROJECTS; WAIVERS.**—

(1) **PROGRAM PERIODS.**—

(A) **GRANTS.**—A grant awarded by the Secretary to a State entity under this section shall be for a period of not more than 5 years.

(B) **SUBGRANTS.**—A subgrant awarded by a State entity under this section shall be for a period of not more than 5 years, of which an eligible applicant may use not more than 18 months for planning and program design.

(2) **PEER REVIEW.**—The Secretary, and each State entity receiving a grant under this section, shall use a peer review process to review applications for assistance under this section.

(3) **GRANT AWARDS.**—The Secretary shall—

(A) for each fiscal year for which funds are appropriated under section 5211—

(i) award not less than 3 grants under this section;

(ii) wholly fund each grant awarded under this section, without making continuation awards; and

(iii) fully obligate the funds appropriated for the purpose of awarding grants under this section in the fiscal year for which such grants are awarded; and

(B) midway through the grant period of each grant awarded under this section to a State entity, review the grant to determine whether the State entity will meet the agreed upon uses of funds in the State entity's application, and if not, reallocate the grant funds that will not be used for such agreed upon uses of funds to other State entities during the succeeding grant competition under this section.

(4) **DIVERSITY OF PROJECTS.**—Each State entity receiving a grant under this section shall award subgrants under this section in a manner that, to the extent possible, ensures that such subgrants—

(A) are distributed throughout different areas, including urban, suburban, and rural areas; and

(B) will assist charter schools representing a variety of educational approaches.

(5) *WAIVERS.*—The Secretary may waive any statutory or regulatory requirement over which the Secretary exercises administrative authority except any such requirement relating to the elements of a charter school described in section 5210(1), if—

(A) the waiver is requested in an approved application under this section; and

(B) the Secretary determines that granting such a waiver will promote the purpose of this subpart.

(d) *LIMITATIONS.*—

(1) *GRANTS.*—A State entity may not receive more than 1 grant under this section for a 5-year period.

(2) *SUBGRANTS.*—An eligible applicant may not receive more than 1 subgrant under this section per individual charter school for a 5-year period, unless the eligible applicant demonstrates to the State entity not less than 3 years of improved educational results in the areas described in subparagraphs (A) and (D) of section 5210(8) for students enrolled in such charter school.

(e) *APPLICATIONS.*—A State entity desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require. The application shall include the following:

(1) *DESCRIPTION OF PROGRAM.*—A description of the State entity's objectives under this section and how the objectives of the program will be carried out, including a description—

(A) of how the State entity—

(i) will support the opening of new charter schools, replicated, high-quality charter school models, or expanded, high-quality charter schools, and a description of the proposed number of each type of charter school or model, if applicable, to be opened under the State entity's program;

(ii) will inform eligible charter schools, developers, and authorized public chartering agencies of the availability of funds under the program;

(iii) will work with eligible applicants to ensure that the eligible applicants access all Federal funds that they are eligible to receive, and help the charter schools supported by the applicants and the students attending the charter schools—

(I) participate in the Federal programs in which the schools and students are eligible to participate;

(II) receive the commensurate share of Federal funds the schools and students are eligible to receive under such programs; and

(III) meet the needs of students served under such programs, including student with disabilities and English learners;

(iv) will have clear plans and procedures to assist students enrolled in a charter school that closes or loses its charter to attend other high-quality schools;

(v) in the case in which the State entity is not a State educational agency—

(I) will work with the State educational agency and the charter schools in the State to maximize

charter school participation in Federal and State programs for charter schools; and

(II) will work with the State educational agency to adequately operate the State entity's program under this section, where applicable;

(vi) will ensure each eligible applicant that receives a subgrant under the State entity's program to open and prepare to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school—

(I) will ensure such school or model meets the requirements under section 5210(1); and

(II) is prepared to continue to operate such school or model, in a manner consistent with the eligible applicant's application, after the subgrant funds have expired;

(vii) will support charter schools in local educational agencies with large numbers of schools identified by the State for improvement;

(viii) will work with charter schools to promote inclusion of all students and support all students once they are enrolled to promote retention;

(ix) will work with charter schools on recruitment practices, including efforts to engage groups that may otherwise have limited opportunities to participate in charter schools, and to ensure such schools do not have in effect policies or procedures that may create barriers to enrollment of students, including educationally disadvantaged students, and are in compliance with all Federal and State laws on enrollment practices;

(x) will share best and promising practices between charter schools and other public schools, including, where appropriate, instruction and professional development in core academic subjects, and science, technology, engineering, and math education, including computer science;

(xi) will ensure the charter schools receiving funds under the State entity's program meet the educational needs of their students, including students with disabilities and English learners;

(xii) will support efforts to increase quality initiatives, including meeting the quality authorizing elements described in paragraph (2)(E);

(xiii) in the case of a State entity not described in clause (xiv), will provide oversight of authorizing activity, including how the State will approve, actively monitor, and re-approve or revoke the authority of an authorized public chartering agency based on the performance of the charter schools authorized by such agency in the areas of student achievement, student safety, financial management, and compliance with all applicable statutes and regulations; and

(xiv) in the case of a State entity defined in subsection (i)(4), will work with the State to provide assistance to and oversight of authorized public chartering

agencies for authorizing activity described in clause (xiii);

(B) of the extent to which the State entity—

(i) is able to meet and carry out the priorities listed in subsection (f)(2); and

(ii) is working to develop or strengthen a cohesive statewide system to support the opening of new charter schools, replicated, high-quality charter school models, or expanded, high-quality charter schools;

(C) of how the State entity will carry out the subgrant competition, including—

(i) a description of the application each eligible applicant desiring to receive a subgrant will submit, including—

(I) a description of the roles and responsibilities of eligible applicants, partner organizations, and management organizations, including the administrative and contractual roles and responsibilities;

(II) a description of the quality controls agreed to between the eligible applicant and the authorized public chartering agency involved, such as a contract or performance agreement, how a school's performance in the State's academic accountability system will be a primary factor for renewal or revocation of the school's charter, and how the State entity and the authorized public chartering agency involved will reserve the right to revoke or not renew a school's charter based on financial, structural, or operational factors involving the management of the school;

(III) a description of how the eligible applicant will solicit and consider input from parents and other members of the community on the implementation and operation of each charter school receiving funds under the State entity's program; and

(IV) a description of the planned activities and expenditures for the subgrant funds for purposes of opening and preparing to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school, and how the school or model will maintain financial sustainability after the end of the subgrant period; and

(ii) a description of how the State entity will review applications;

(D) in the case of an entity that partners with an outside organization to carry out the State entity's quality charter school program, in whole or in part, of the roles and responsibilities of this partner;

(E) of how the State entity will help the charter schools receiving funds under the State entity's program consider the transportation needs of the schools' students; and

(F) of how the State entity will support diverse charter school models, including models that serve rural communities.

(2) *ASSURANCES.*—Assurances, including a description of how the assurances will be met, that—

(A) each charter school receiving funds under the State entity's program will have a high degree of autonomy over budget and operations;

(B) the State entity will support charter schools in meeting the educational needs of their students as described in paragraph (1)(A)(x);

(C) the State entity will ensure that the authorized public chartering agency of any charter school that receives funds under the State entity's program—

(i) adequately monitors each charter school in recruiting, enrolling, and meeting the needs of all students, including students with disabilities and English learners; and

(ii) ensures that each charter school solicits and considers input from parents and other members of the community on the implementation and operation of the school;

(D) the State entity will provide adequate technical assistance to eligible applicants to—

(i) meet the objectives described in clauses (vii) and (viii) of paragraph (1)(A) and paragraph (2)(B); and

(ii) recruit, enroll, and retain traditionally underserved students, including students with disabilities and English learners, at rates similar to traditional public schools;

(E) the State entity will promote quality authorizing, such as through providing technical assistance and supporting all authorized public chartering agencies in the State to improve the oversight of their charter schools, including by—

(i) assessing annual performance data of the schools, including, as appropriate, graduation rates and student academic growth;

(ii) reviewing the schools' independent, annual audits of financial statements conducted in accordance with generally accepted accounting principles, and ensuring any such audits are publically reported; and

(iii) holding charter schools accountable to the academic, financial, and operational quality controls agreed to between the charter school and the authorized public chartering agency involved, such as through renewal, non-renewal, or revocation of the school's charter;

(F) the State entity will work to ensure that charter schools are included with the traditional public schools in decision-making about the public school system in the State; and

(G) the State entity will ensure that each charter school in the State make publicly available, consistent with the dissemination requirements of the annual State report card, information to help parents make informed decisions about the education options available to their children, including information on the educational program, student

support services, and annual performance and enrollment data for the groups of students described in section 1111(b)(2)(C)(v)(II).

(3) *REQUESTS FOR WAIVERS.*—A request and justification for waivers of any Federal statutory or regulatory provisions that the State entity believes are necessary for the successful operation of the charter schools that will receive funds under the State entity's program under this section, and a description of any State or local rules, generally applicable to public schools, that will be waived, or otherwise not apply to such schools or, in the case of a State entity defined in subsection (i)(4), a description of how the State entity will work with the State to request necessary waivers where applicable.

(f) *SELECTION CRITERIA; PRIORITY.*—

(1) *SELECTION CRITERIA.*—The Secretary shall award grants to State entities under this section on the basis of the quality of the applications submitted under subsection (e), after taking into consideration—

(A) the degree of flexibility afforded by the State's public charter school law and how the State entity will work to maximize the flexibility provided to charter schools under the law;

(B) the ambitiousness of the State entity's objectives for the quality charter school program carried out under this section;

(C) the quality of the strategy for assessing achievement of those objectives;

(D) the likelihood that the eligible applicants receiving subgrants under the program will meet those objectives and improve educational results for students;

(E) the State entity's plan to—

(i) adequately monitor the eligible applicants receiving subgrants under the State entity's program;

(ii) work with the authorized public chartering agencies involved to avoid duplication of work for the charter schools and authorized public chartering agencies; and

(iii) provide adequate technical assistance and support for—

(I) the charter schools receiving funds under the State entity's program; and

(II) quality authorizing efforts in the State; and

(F) the State entity's plan to solicit and consider input from parents and other members of the community on the implementation and operation of the charter schools in the State.

(2) *PRIORITY.*—In awarding grants under this section, the Secretary shall give priority to State entities to the extent that they meet the following criteria:

(A) In the case of a State entity located in a State that allows an entity other than a local educational agency to be an authorized public chartering agency, the State has a quality authorized public chartering agency that is an entity other than a local educational agency.

(B) *The State entity is located in a State that does not impose any limitation on the number or percentage of charter schools that may exist or the number or percentage of students that may attend charter schools in the State.*

(C) *The State entity is located in a State that ensures equitable financing, as compared to traditional public schools, for charter schools and students in a prompt manner.*

(D) *The State entity is located in a State that uses charter schools and best practices from charter schools to help improve struggling schools and local educational agencies.*

(E) *The State entity partners with an organization that has a demonstrated record of success in developing management organizations to support the development of charter schools in the State.*

(F) *The State entity supports charter schools that support at-risk students through activities such as dropout prevention or dropout recovery.*

(G) *The State entity authorizes all charter schools in the State to serve as school food authorities.*

(H) *The State entity has taken steps to ensure that all authorizing public chartering agencies implement best practices for charter school authorizing.*

(g) **LOCAL USES OF FUNDS.**—*An eligible applicant receiving a subgrant under this section shall use such funds to carry out activities related to opening and preparing to operate a new charter school, a replicated, high-quality charter school model, or an expanded, high-quality charter school, such as—*

(1) preparing teachers and school leaders, including through professional development;

(2) acquiring equipment, educational materials, and supplies; and

(3) necessary renovations and minor facilities repairs (excluding construction).

(h) **REPORTING REQUIREMENTS.**—*Each State entity receiving a grant under this section shall submit to the Secretary, at the end of the third year of the 5-year grant period and at the end of such grant period, a report on—*

(1) the number of students served by each subgrant awarded under this section and, if applicable, how many new students were served during each year of the subgrant period;

(2) the progress the State entity made toward meeting the priorities described in subsection (f)(2), as applicable;

(3) how the State entity met the objectives of the quality charter school program described in the State entity's application under subsection (e);

(4) how the State entity complied with, and ensured that eligible applicants complied with, the assurances described in the State entity's application;

(5) how the State entity worked with authorized public chartering agencies, including how the agencies worked with the management company or leadership of the schools that received subgrants under this section; and

(6) the number of subgrants awarded under this section to carry out each of the following:

(A) *The opening of new charter schools.*

(B) *The opening of replicated, high-quality charter school models.*

(C) *The opening of expanded, high-quality charter schools.*

(i) *STATE ENTITY DEFINED.—For purposes of this section, the term “State entity” means—*

(1) a State educational agency;

(2) a State charter school board;

(3) a Governor of a State; or

(4) a charter school support organization.

SEC. 5204. FACILITIES FINANCING ASSISTANCE.

(a) *GRANTS TO ELIGIBLE ENTITIES.—*

(1) IN GENERAL.—From the amount reserved under section 5202(b)(1), the Secretary shall not use less than 50 percent to award grants to eligible entities that have the highest-quality applications approved under subsection (d), after considering the diversity of such applications, to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

(2) ELIGIBLE ENTITY DEFINED.—For purposes of this section, the term “eligible entity” means—

(A) a public entity, such as a State or local governmental entity;

(B) a private nonprofit entity; or

(C) a consortium of entities described in subparagraphs

(A) and (B).

(b) GRANTEE SELECTION.—The Secretary shall evaluate each application submitted under subsection (d), and shall determine whether the application is sufficient to merit approval.

(c) GRANT CHARACTERISTICS.—Grants under subsection (a) shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

(d) APPLICATIONS.—

(1) IN GENERAL.—To receive a grant under subsection (a), an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

(2) CONTENTS.—An application submitted under paragraph (1) shall contain—

(A) a statement identifying the activities proposed to be undertaken with funds received under subsection (a), including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

(B) a description of the involvement of charter schools in the application’s development and the design of the proposed activities;

(C) a description of the eligible entity’s expertise in capital market financing;

(D) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of public funding used and otherwise enhance credit available to charter schools, includ-

ing how the eligible entity will offer a combination of rates and terms more favorable than the rates and terms that a charter school could receive without assistance from the eligible entity under this section;

(E) a description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought; and

(F) in the case of an application submitted by a State governmental entity, a description of the actions that the entity has taken, or will take, to ensure that charter schools within the State receive the funding the charter schools need to have adequate facilities.

(e) CHARTER SCHOOL OBJECTIVES.—An eligible entity receiving a grant under this section shall use the funds deposited in the reserve account established under subsection (f) to assist one or more charter schools to access private sector capital to accomplish one or more of the following objectives:

(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

(3) The predevelopment costs required to assess sites for purposes of paragraph (1) or (2) and which are necessary to commence or continue the operation of a charter school.

(f) RESERVE ACCOUNT.—

(1) USE OF FUNDS.—To assist charter schools to accomplish the objectives described in subsection (e), an eligible entity receiving a grant under subsection (a) shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under subsection (a) (other than funds used for administrative costs in accordance with subsection (g)) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

(A) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in subsection (e).

(B) Guaranteeing and insuring leases of personal and real property for an objective described in subsection (e).

(C) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

(D) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consoli-

dation of multiple charter school projects within a single bond issue).

(2) *INVESTMENT.*—Funds received under this section and deposited in the reserve account established under paragraph (1) shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

(3) *REINVESTMENT OF EARNINGS.*—Any earnings on funds received under subsection (a) shall be deposited in the reserve account established under paragraph (1) and used in accordance with such paragraph.

(g) *LIMITATION ON ADMINISTRATIVE COSTS.*—An eligible entity may use not more than 2.5 percent of the funds received under subsection (a) for the administrative costs of carrying out its responsibilities under this section (excluding subsection (k)).

(h) *AUDITS AND REPORTS.*—

(1) *FINANCIAL RECORD MAINTENANCE AND AUDIT.*—The financial records of each eligible entity receiving a grant under subsection (a) shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

(2) *REPORTS.*—

(A) *GRANTEE ANNUAL REPORTS.*—Each eligible entity receiving a grant under subsection (a) annually shall submit to the Secretary a report of its operations and activities under this section.

(B) *CONTENTS.*—Each annual report submitted under subparagraph (A) shall include—

(i) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

(ii) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under paragraph (1) during the reporting period;

(iii) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under subsection (a) in leveraging private funds;

(iv) a listing and description of the charter schools served during the reporting period, including the amount of funds used by each school, the type of project facilitated by the grant, and the type of assistance provided to the charter schools;

(v) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in subsection (e); and

(vi) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this section (excluding subsection (k)) during the reporting period.

(C) *SECRETARIAL REPORT.*—The Secretary shall review the reports submitted under subparagraph (A) and shall provide a comprehensive annual report to Congress on the

activities conducted under this section (excluding subsection (k)).

(i) **NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATION.**—No financial obligation of an eligible entity entered into pursuant to this section (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this section.

(j) **RECOVERY OF FUNDS.**—

(1) **IN GENERAL.**—The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect—

(A) all of the funds in a reserve account established by an eligible entity under subsection (f)(1) if the Secretary determines, not earlier than 2 years after the date on which the eligible entity first received funds under this section (excluding subsection (k)), that the eligible entity has failed to make substantial progress in carrying out the purposes described in subsection (f)(1); or

(B) all or a portion of the funds in a reserve account established by an eligible entity under subsection (f)(1) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in subsection (f)(1).

(2) **EXERCISE OF AUTHORITY.**—The Secretary shall not exercise the authority provided in paragraph (1) to collect from any eligible entity any funds that are being properly used to achieve one or more of the purposes described in subsection (f)(1).

(3) **PROCEDURES.**—The provisions of sections 451, 452, and 458 of the General Education Provisions Act 20 U.S.C. 124, 1234a, 1234g shall apply to the recovery of funds under paragraph (1).

(4) **CONSTRUCTION.**—This subsection shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act (20 U.S.C. 1234 et seq.).

(k) **PER-PUPIL FACILITIES AID PROGRAM.**—

(1) **DEFINITION OF PER-PUPIL FACILITIES AID PROGRAM.**—In this subsection, the term “per-pupil facilities aid program” means a program in which a State makes payments, on a per-pupil basis, to charter schools to provide the schools with financing—

(A) that is dedicated solely for funding charter school facilities; or

(B) a portion of which is dedicated for funding charter school facilities.

(2) **GRANTS.**—

(A) **IN GENERAL.**—From the amount under section 5202(b)(1) remaining after the Secretary makes grants under subsection (a), the Secretary shall make grants, on a competitive basis, to States to pay for the Federal share of the cost of establishing or enhancing, and administering per-pupil facilities aid programs.

(B) *PERIOD.*—The Secretary shall award grants under this subsection for periods of not more than 5 years.

(C) *FEDERAL SHARE.*—The Federal share of the cost described in subparagraph (A) for a per-pupil facilities aid program shall be not more than—

(i) 90 percent of the cost, for the first fiscal year for which the program receives assistance under this subsection;

(ii) 80 percent in the second such year;

(iii) 60 percent in the third such year;

(iv) 40 percent in the fourth such year; and

(v) 20 percent in the fifth such year.

(D) *STATE SHARE.*—A State receiving a grant under this subsection may partner with 1 or more organizations to provide up to 50 percent of the State share of the cost of establishing or enhancing, and administering the per-pupil facilities aid program.

(E) *MULTIPLE GRANTS.*—A State may receive more than 1 grant under this subsection, so long as the amount of such funds provided to charter schools increases with each successive grant.

(3) *USE OF FUNDS.*—

(A) *IN GENERAL.*—A State that receives a grant under this subsection shall use the funds made available through the grant to establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State of the applicant.

(B) *EVALUATIONS; TECHNICAL ASSISTANCE; DISSEMINATION.*—From the amount made available to a State through a grant under this subsection for a fiscal year, the State may reserve not more than 5 percent to carry out evaluations, to provide technical assistance, and to disseminate information.

(C) *SUPPLEMENT, NOT SUPPLANT.*—Funds made available under this subsection shall be used to supplement, and not supplant, State and local public funds expended to provide per pupil facilities aid programs, operations financing programs, or other programs, for charter schools.

(4) *REQUIREMENTS.*—

(A) *VOLUNTARY PARTICIPATION.*—No State may be required to participate in a program carried out under this subsection.

(B) *STATE LAW.*—

(i) *IN GENERAL.*—Except as provided in clause (ii), to be eligible to receive a grant under this subsection, a State shall establish or enhance, and administer, a per-pupil facilities aid program for charter schools in the State, that—

(I) is specified in State law; and

(II) provides annual financing, on a per-pupil basis, for charter school facilities.

(ii) *SPECIAL RULE.*—Notwithstanding clause (i), a State that is required under State law to provide its charter schools with access to adequate facility space, but which does not have a per-pupil facilities aid pro-

gram for charter schools specified in State law, may be eligible to receive a grant under this subsection if the State agrees to use the funds to develop a per-pupil facilities aid program consistent with the requirements of this subsection.

(5) *APPLICATIONS.*—To be eligible to receive a grant under this subsection, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

SEC. 5205. NATIONAL ACTIVITIES.

(a) *IN GENERAL.*—From the amount reserved under section 5202(b)(2), the Secretary shall—

(1) use not less than 75 percent of such funds to award grants in accordance with subsection (b); and

(2) use not more than 25 percent of such funds to—

(A) provide technical assistance to State entities in awarding subgrants under section 5203, and eligible entities and States receiving grants under section 5204;

(B) disseminate best practices; and

(C) evaluate the impact of the charter school program, including the impact on student achievement, carried out under this subpart.

(b) *GRANTS.*—

(1) *IN GENERAL.*—The Secretary shall make grants, on a competitive basis, to eligible applicants for the purpose of carrying out the activities described in section 5202(a)(1), subparagraphs (A) through (C) of section 5203(a)(1), and section 5203(g).

(2) *TERMS AND CONDITIONS.*—Except as otherwise provided in this subsection, grants awarded under this subsection shall have the same terms and conditions as grants awarded to State entities under section 5203.

(3) *CHARTER MANAGEMENT ORGANIZATIONS.*—The Secretary shall—

(A) use not less than 75 percent of the funds described in subsection (a)(1) to make grants, on a competitive basis, to eligible applicants described in paragraph (4)(C); and

(B) notwithstanding paragraphs (1)(A) and (2) of section 5203(f)—

(i) award grants to eligible applicants on the basis of the quality of the applications submitted under this subsection; and

(ii) in awarding grants to eligible applicants described in paragraph (4)(C), give priority to each such eligible applicant that—

(I) demonstrates a high proportion of high-quality charter schools within the network of the eligible applicant;

(II) demonstrates success in serving students who are educationally disadvantaged;

(III) does not have a significant proportion of charter schools that have been closed, had their charter revoked for compliance issues, or had their affiliation with such eligible applicant revoked;

(IV) has sufficient procedures in effect to ensure timely closure of low-performing or financially-

mismanaged charter schools and clear plans and procedures in effect for the students in such schools to attend other high-quality schools; and

(V) demonstrates success in working with schools identified for improvement by the State.

(4) *ELIGIBLE APPLICANT DEFINED.*—For purposes of this subsection, the term “eligible applicant” means an eligible applicant (as defined in section 5210) that—

(A) *desires to open a charter school in—*

(i) a State that did not apply for a grant under section 5203; or

(ii) a State that did not receive a grant under section 5203; or

(B) is a charter management organization.

(c) *CONTRACTS AND GRANTS.*—The Secretary may carry out any of the activities described in this section directly or through grants, contracts, or cooperative agreements.

* * * * *

SEC. 5208. RECORDS TRANSFER.

State educational agencies and local educational agencies, as quickly as possible and to the extent practicable, shall ensure that a student’s records and, if applicable, a student’s individualized education program as defined in [section 602] *section 602(14)* of the Individuals with Disabilities Education Act, are transferred to a charter school upon the transfer of the student to the charter school, and to another public school upon the transfer of the student from a charter school to another public school, in accordance with applicable State law.

* * * * *

SEC. 5210. DEFINITIONS.

In this subpart:

[(1) **CHARTER SCHOOL.**—The term “charter school” means a public school that—

[(A) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;

[(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;

[(C) operates in pursuit of a specific set of educational objectives determined by the school’s developer and agreed to by the authorized public chartering agency;

[(D) provides a program of elementary or secondary education, or both;

[(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

[(F) does not charge tuition;

[(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Edu-

cation Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;

[(H) is a school to which parents choose to send their children, and that admits students on the basis of a lottery, if more students apply for admission than can be accommodated;

[(I) agrees to comply with the same Federal and State audit requirements as do other elementary schools and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;

[(J) meets all applicable Federal, State, and local health and safety requirements;

[(K) operates in accordance with State law; and

[(L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school.]

(1) *CHARTER SCHOOL.*—*The term “charter school” means a public school that—*

(A) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;

(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;

(C) operates in pursuit of a specific set of educational objectives determined by the school’s developer and agreed to by the authorized public chartering agency;

(D) provides a program of elementary or secondary education, or both;

(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

(F) does not charge tuition;

(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Education Act, the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), and section 444 of the General Education Provisions Act (20 U.S.C. 1232(g)) (commonly known as the “Family Education Rights and Privacy Act of 1974”);

(H) is a school to which parents choose to send their children, and admits students on the basis of a lottery if more students apply for admission than can be accommodated, except that in cases in which students who are enrolled in a charter school affiliated (such as by sharing a network) with another charter school, those students may be auto-

matically enrolled in the next grade level at such other charter school, so long as a lottery is used to fill seats created through regular attrition in student enrollment;

(I) agrees to comply with the same Federal and State audit requirements as do other elementary schools and secondary schools in the State, unless such State audit requirements are waived by the State;

(J) meets all applicable Federal, State, and local health and safety requirements;

(K) operates in accordance with State law;

(L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school; and

(M) may serve prekindergarten or postsecondary students.

(2) **CHARTER MANAGEMENT ORGANIZATION.**—The term “charter management organization” means a not-for-profit organization that manages a network of charter schools linked by centralized support, operations, and oversight.

(3) **CHARTER SCHOOL SUPPORT ORGANIZATION.**—The term “charter school support organization” means a nonprofit, non-governmental entity that is not an authorized public chartering agency, which provides on a statewide basis—

(A) assistance to developers during the planning, program design, and initial implementation of a charter school; and

(B) technical assistance to charter schools to operate such schools.

[(2)] (4) **DEVELOPER.**—The term “developer” means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community in which a charter school project will be carried out.

[(3)] (5) **ELIGIBLE APPLICANT.**—The term “eligible applicant” means a developer that has—

(A) applied to an authorized public chartering authority to operate a charter school; and

(B) provided adequate and timely notice to that authority [under section 5203(d)(3)].

[(4)] (6) **AUTHORIZED PUBLIC CHARTERING AGENCY.**—The term “authorized public chartering agency” means a State educational agency, local educational agency, or other public entity that has the authority pursuant to State law and approved by the Secretary to authorize or approve a charter school.

(7) **EXPANDED, HIGH-QUALITY CHARTER SCHOOL.**—The term “expanded, high-quality charter school” means a high-quality charter school that has either significantly increased its enrollment or added one or more grades to its school.

(8) **HIGH-QUALITY CHARTER SCHOOL.**—The term “high-quality charter school” means a charter school that—

(A) shows evidence of strong academic results, which may include strong academic growth as determined by a State;

(B) has no significant issues in the areas of student safety, operational and financial management, or statutory or regulatory compliance;

(C) has demonstrated success in significantly increasing student academic achievement, including graduation rates where applicable, consistent with the requirements under title I, for all students served by the charter school; and

(D) has demonstrated success in increasing student academic achievement, including graduation rates where applicable, for the groups of students described in section 1111(b)(2)(C)(v)(II), except that such demonstration is not required in a case in which the number of students in a group is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(9) **REPLICATED, HIGH-QUALITY CHARTER SCHOOL MODEL.**—The term “replicated, high-quality charter school model” means a high-quality charter school that has opened a new campus under an existing charter or an additional charter if required by State law.

[SEC. 5211. AUTHORIZATION OF APPROPRIATIONS.

[(a) **IN GENERAL.**—There are authorized to be appropriated to carry out this subpart \$300,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 5 succeeding fiscal years.

[(b) **RESERVATION.**—From the amount appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

[(1) \$200,000,000 to carry out this subpart, other than section 5205(b); and

[(2) any funds in excess of \$200,000,000, that do not exceed \$300,000,000, to carry out section 5205(b); and

[(3)(A) 50 percent of any funds in excess of \$300,000,000 to carry out this subpart, other than section 5205(b); and

[(B) 50 percent of any funds in excess of \$300,000,000 to carry out section 5205(b).]

SEC. 5211. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subpart \$300,000,000 for fiscal year 2015 and each of the 5 succeeding fiscal years.

[Subpart 2—Credit Enhancement Initiatives To Assist Charter School Facility Acquisition, Construction, and Renovation

[SEC. 5221. PURPOSE.

[The purpose of this subpart is to provide grants to eligible entities to permit the eligible entities to demonstrate innovative credit enhancement initiatives that assist charter schools to address the cost of acquiring, constructing, and renovating facilities.

[SEC. 5222. GRANTS TO ELIGIBLE ENTITIES.

[(a) **GRANTS.**—The Secretary shall use 100 percent of the amount available to carry out this subpart to award not less than three

grants to eligible entities that have applications approved under this subpart to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

[(b) GRANTEE SELECTION.—

[(1) EVALUATION OF APPLICATION.—The Secretary shall evaluate each application submitted under section 5223, and shall determine whether the application is sufficient to merit approval.

[(2) DISTRIBUTION OF GRANTS.—The Secretary shall award at least one grant to an eligible entity described in section 5230(2)(A), at least one grant to an eligible entity described in section 5230(2)(B), and at least one grant to an eligible entity described in section 5230(2)(C), if applications are submitted that permit the Secretary to do so without approving an application that is not of sufficient quality to merit approval.

[(c) GRANT CHARACTERISTICS.—Grants under this subpart shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

[(d) SPECIAL RULE.—In the event the Secretary determines that the funds made available under this subpart are insufficient to permit the Secretary to award not less than three grants in accordance with subsections (a) through (c), such three-grant minimum and subsection (b)(2) shall not apply, and the Secretary may determine the appropriate number of grants to be awarded in accordance with subsection (c).

[SEC. 5223. APPLICATIONS.

[(a) IN GENERAL.—To receive a grant under this subpart, an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

[(b) CONTENTS.—An application submitted under subsection (a) shall contain—

[(1) a statement identifying the activities proposed to be undertaken with funds received under this subpart, including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

[(2) a description of the involvement of charter schools in the application's development and the design of the proposed activities;

[(3) a description of the eligible entity's expertise in capital market financing;

[(4) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of government funding used and otherwise enhance credit available to charter schools;

[(5) a description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought;

[(6) in the case of an application submitted by a State governmental entity, a description of the actions that the entity

has taken, or will take, to ensure that charter schools within the State receive the funding the charter schools need to have adequate facilities; and

[(7) such other information as the Secretary may reasonably require.

[SEC. 5224. CHARTER SCHOOL OBJECTIVES.

[An eligible entity receiving a grant under this subpart shall use the funds deposited in the reserve account established under section 5225(a) to assist one or more charter schools to access private sector capital to accomplish one or both of the following objectives:

[(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

[(2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

[SEC. 5225. RESERVE ACCOUNT.

[(a) USE OF FUNDS.—To assist charter schools to accomplish the objectives described in section 5224, an eligible entity receiving a grant under this subpart shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under this subpart (other than funds used for administrative costs in accordance with section 5226) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

[(1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in section 5224.

[(2) Guaranteeing and insuring leases of personal and real property for an objective described in section 5224.

[(3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.

[(4) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

[(b) INVESTMENT.—Funds received under this subpart and deposited in the reserve account established under subsection (a) shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

[(c) REINVESTMENT OF EARNINGS.—Any earnings on funds received under this subpart shall be deposited in the reserve account established under subsection (a) and used in accordance with such subsection.

[SEC. 5226. LIMITATION ON ADMINISTRATIVE COSTS.

[An eligible entity may use not more than 0.25 percent of the funds received under this subpart for the administrative costs of carrying out its responsibilities under this subpart.

[SEC. 5227. AUDITS AND REPORTS.

[(a) FINANCIAL RECORD MAINTENANCE AND AUDIT.—The financial records of each eligible entity receiving a grant under this subpart shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

[(b) REPORTS.—

[(1) GRANTEE ANNUAL REPORTS.—Each eligible entity receiving a grant under this subpart annually shall submit to the Secretary a report of its operations and activities under this subpart.

[(2) CONTENTS.—Each annual report submitted under paragraph (1) shall include—

[(A) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

[(B) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under subsection (a) during the reporting period;

[(C) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under this subpart in leveraging private funds;

[(D) a listing and description of the charter schools served during the reporting period;

[(E) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in section 5224; and

[(F) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this subpart during the reporting period.

[(3) SECRETARIAL REPORT.—The Secretary shall review the reports submitted under paragraph (1) and shall provide a comprehensive annual report to Congress on the activities conducted under this subpart.

[SEC. 5228. NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATIONS.

[No financial obligation of an eligible entity entered into pursuant to this subpart (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this subpart.

[SEC. 5229. RECOVERY OF FUNDS.

[(a) IN GENERAL.—The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect—

[(1) all of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines, not earlier than 2 years after the date on which the eli-

gible entity first received funds under this subpart, that the eligible entity has failed to make substantial progress in carrying out the purposes described in section 5225(a); or

[(2) all or a portion of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in section 5225(a).

[(b) EXERCISE OF AUTHORITY.—The Secretary shall not exercise the authority provided in subsection (a) to collect from any eligible entity any funds that are being properly used to achieve one or more of the purposes described in section 5225(a).

[(c) PROCEDURES.—The provisions of sections 451, 452, and 458 of the General Education Provisions Act shall apply to the recovery of funds under subsection (a).

[(d) CONSTRUCTION.—This section shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act.

[SEC. 5230. DEFINITIONS.

[In this subpart:

[(1) CHARTER SCHOOL.—The term “charter school” has the meaning given such term in section 5210.

[(2) ELIGIBLE ENTITY.—The term “eligible entity” means—

[(A) a public entity, such as a State or local governmental entity;

[(B) a private nonprofit entity; or

[(C) a consortium of entities described in subparagraphs (A) and (B).

[SEC. 5231. AUTHORIZATION OF APPROPRIATIONS.

[For the purpose of carrying out this subpart, there are authorized to be appropriated \$150,000,000 for fiscal year 2002 and such sums as may be necessary for fiscal year 2003.]

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