

Elementary and Secondary Education Act
Title V Part B — Public Charter Schools
Subpart 1 — Charter School Programs

Section-by- Section Summary

Empowering Parents through
Quality Charter Schools Act –
H.R. 2218

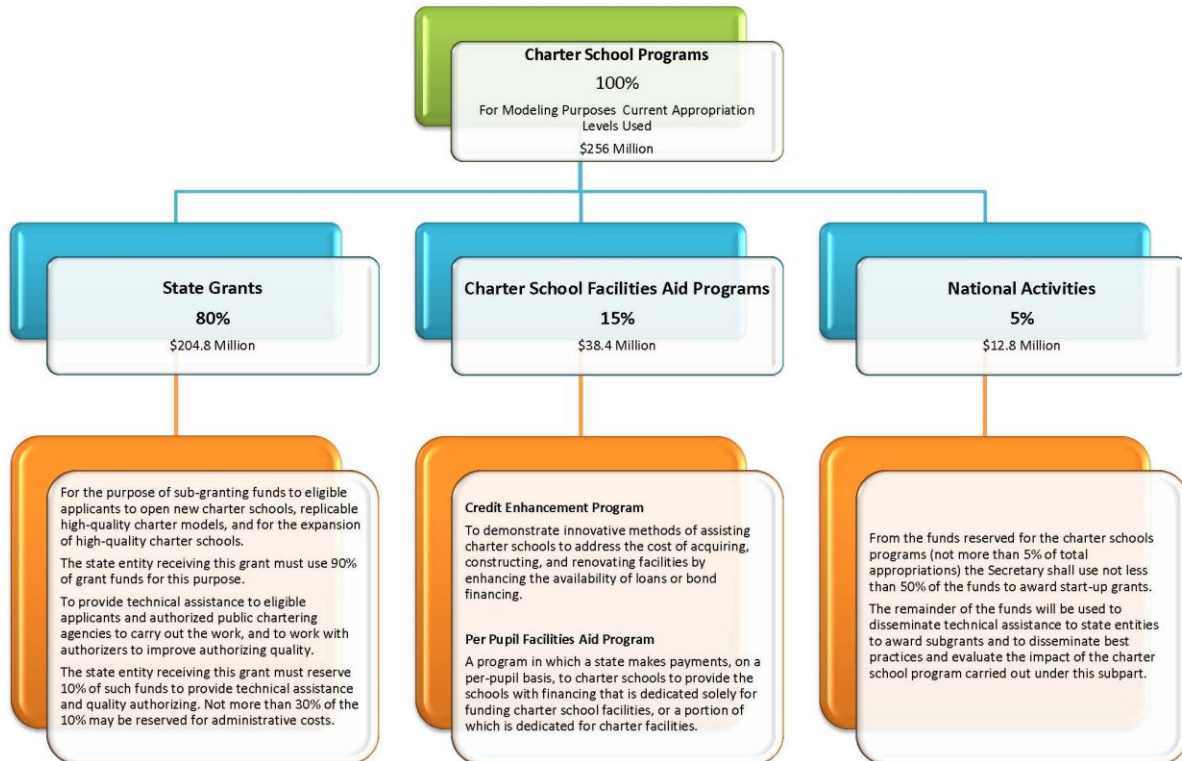
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Empowering Parents through Quality Charter Schools Act

H.R. 2218

Sponsored by: Rep. Duncan Hunter (R-CA-52)



GRANTS TO STATE ENTITIES to SUPPORT HIGH-QUALITY CHARTER SCHOOLS**Section 5203****NUTS and BOLTS**

This program awards grants to state entities:

- For the purpose of sub-granting funds to eligible applicants to open new charter schools, replicable high-quality charter models, and for the expansion of high-quality charter schools.
 - The state entity receiving this grant must use 90% of grant funds for this purpose.
- To provide technical assistance to eligible applicants and authorized public chartering agencies to carry out the work, and to work with authorizers to improve authorizing quality.
 - The state entity receiving this grant must reserve 10% of such funds to provide technical assistance and quality authorizing. Not more than 30% of the 10% may be reserved for administrative costs.
- State entity is defined as:
 - a State educational agency;
 - a State charter school board; or
 - a Governor of a State.

PROGRAM PERIODS; PEER REVIEW; AND DIVERSITY OF PROJECTS

- Grants to state entities shall be for a period of not more than 5 years.
- Subgrants to eligible applicants shall not be more than 5 years, with not more than 18 months for planning and program design.
- The Secretary and each state entity receiving a grant shall use a peer review process to review applications under this section.
- Each state entity must award subgrants in a manner that, to the extent possible, ensures grants are distributed throughout different areas of the nation and each state, including rural and urban areas and will assist charter schools representing a variety of educational approaches.
- A state entity may not receive more than one grant under this section for a five-year period.
- An eligible applicant may not receive more than one subgrant under this section per charter school for a five-year period, unless the eligible applicant demonstrates not less than three years of improved educational results including for economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, and students with limited English proficiency; and has no significant issues in the areas of safety, financial management or statutory regulatory compliance.

APPLICATIONS

The state application must include:

- A description of the entity’s objectives in running a quality charter school program and a description of how the objectives of such program will be fulfilled, including a description of how the entity:
 - Will support both new charter school model start up and the expansion and replication of high-quality charter models
 - Will inform eligible charter schools, developers, and authorized public chartering agencies of the availability of funds under this program
 - Will work with eligible applicants to ensure they access all Federal funds they are eligible to receive and students attending charter schools will receive the commensurate share of Federal funds the charter schools are eligible to receive and participate
 - Will support quality initiatives for charter schools
 - In the case in which an entity is not an SEA, will work with the SEA and the charter schools in the state to maximize charter school participation in federal and state programs for charter schools; will work with SEA to adequately operate the subgrant program
 - Will ensure eligible applicants are prepared to continue to operate once the subgrant funds have expired
 - Will support charter schools in LEA’s with large numbers of schools that must comply with section 1116(b)
 - Will work with charter schools to promote inclusion of all students, engage in additional recruitment efforts with groups that might otherwise have limited abilities to participate in the charter school’s program, and support students once they are admitted to the school to help avoid dropouts and transfers
 - Will share best and promising practices between charter schools and other public schools, including where appropriate, instruction and professional development in science, math, technology and engineering education.
 - Will ensure the charter schools they support can meet the educational needs of their students, including students with disabilities and ELLs.
 - Will meet the quality authorizing elements including:
 - Using annual performance data to ensure their charter schools are successful
 - Conducting annual financial audits as required by state and federal law
 - Utilizing quality control measures
 - Is working to develop or strengthen a cohesive statewide system to support the opening of new charter schools and high-quality replicable charter models and expanding high-quality charter schools
 - How the entity will carry out the subgrant competition including a description of the application each eligible applicant will submit, including:
 - A description of the roles and responsibilities of eligible applicants, partner organizations and management organizations including administrative and contractual roles and responsibilities.

- A description of the quality controls between the eligible applicants and the authorizer.
- A description of how the eligible applicant will solicit and consider input from parents and other community members on the implementation and operation of the charter school.
- In the case of an entity that partners with an outside organization, of what responsibilities the organization will have in carrying out the quality charter school program under this section.
- How the entity will help the charter schools receiving funds consider transportation needs of the schools' students.
- How the entity will support diverse charter school models, including models that serve rural communities.
- An assurance and description of how:
 - Each charter school will have a high degree of autonomy
 - The entity will support charter schools so they will meet the educational needs of their students, including students with disabilities and English language learners.
 - The entity will ensure the authorizer of any school that receives a subgrant under the entity's program ensures the school can meet the obligations under this Act, IDEA, the Civil Rights Act of 1964 and the Rehabilitation Act of 1974; and adequately monitors and helps their schools meet the needs of ELL students and students with disabilities.
 - The entity ensures that each charter school solicits and considers input from parents and other members of the community on the implementation and operation of the charter school.
 - The entity will provide adequate technical assistance to eligible applicants to meet the recruitment and inclusion efforts listed and meet the educational needs of their students including through activities that support the needs of students with disabilities and ELLs.
 - The entity will support quality authorizing that will help all authorizers in the state to adequately monitor their schools including
 - Assessing annual performance data to ensure their charter schools are successful
 - Conducting annual financial audits as required by state and federal law
 - The entity will work to ensure that charter schools are included with the traditional public school system in decision-making about the public school system in the state.
 - The entity will ensure that each charter school in the state will make publicly available the information parents need to make informed decisions about the educational options available to their children.

SELECTION CRITERIA

- The Secretary shall award grants to state entities on the basis of the quality of the application after considering:
 - The degree of flexibility afforded to charter schools under the state’s charter law and how the entity will work to maximize the flexibility provided to charter schools under the law.
 - The ambitiousness of the objectives for the state quality charter school subgrant program in this section.
 - The quality of the strategy for assessing achievement of those objectives.
 - The likelihood that the eligible applicants receiving subgrants will meet those objectives and improve educational results for students.
 - The number of new, expanded, or replicated charter schools proposed to be opened under the subgrant program and the number of high quality charter schools to be replicated or expanded under the program by eligible applicants.
 - The entity’s plan to monitor its sub-grantees and work with the authorizer to avoid duplication of work for the schools and authorizer.
 - The entity’s plan to provide adequate technical assistance for the sub-grantees.
 - The entity’s plan to support quality authorizing efforts in the state.
 - The entity’s plan to solicit and consider input from parents and other members of the community on the implementation and operation of charter schools.

- A priority is given to state entities that meet one or more of the following criteria:
 - In a state that allows an entity other than the LEA to be an authorizer, has a quality authorizer other than the LEA.
 - The state 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.
 - The state ensures equitable financing, as compared to traditional public schools, for charter schools and students in a prompt manner.
 - The state uses charter schools and best practices from charter schools to improve struggling schools and LEAs.
 - 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.
 - The state entity demonstrates quality policies and practices to support and monitor charter schools through such factors as the proportion of high-quality charter schools in the state; and the proportion of charter schools enrolling traditionally underserved students, including students with disabilities and limited English proficiency students.
 - The state entity supports charter schools that support at-risk students through activities such as dropout prevention or dropout recovery.
 - The state entity authorizes all charter schools in the state to serve as school food authorities.

USES OF FUNDS

- Eligible applicants must use such funds to:
 - Open new charter schools and high-quality charter school models that are replicable, or expand existing high-quality charter schools.

REPORTING REQUIREMENTS

- Each state entity shall report to the Secretary at the end of the third year of the 5-year grant period at and the end of such grant period on:
 - The number of students served and if applicable how many new students were served during each year of the grant period.
 - The number of subgrants awarded under this section for new innovative charter schools, replicable charter schools, and the expansion of charter schools.
 - The progress the entity made toward meeting priorities set forth.
 - How the entity met the objectives described in the application.
 - How the entity complied with, and ensured that eligible applicants complied with the assurances described in the application.
 - How the entity worked with authorized public chartering agencies, including how the agencies worked with management companies or leadership of the schools in which the subgrants were awarded.

GRANTS FOR FACILITIES**Section 5204****CREDIT ENHANCEMENT****NUTS and BOLTS**

- From the 15% available from the total appropriations, the Secretary shall award grants to eligible entities that have the highest-quality 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.
- Eligible entity defined:
 - A public entity, such as a state or local governmental entity
 - A private nonprofit entity
 - A consortium of entities described above.
- Grants shall be of sufficient size, scope and quality to ensure effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction or renovation.

APPLICATIONS

- An eligible entity shall submit an application that includes:
 - A statement identifying the activities proposed, including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charters will receive.
 - A description of the involvement of charter schools in the application's development and the design of the proposed activities.
 - A description of the eligible entity's expertise in capital market financing.
 - 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, including how to offer the school rates and terms more favorable than they'd otherwise have access to without this assistance.
 - 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.
 - (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 the charter schools in the state receive the funding needed to have adequate facilities.

OBJECTIVES

- Eligible entity receiving a grant under this program shall use the funds deposited in the reserve account to assist one or more charter schools to access private capital to accomplish one or both of the following objectives:

- The acquisition of an interest in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.
- The construction of new facilities, including predevelopment costs, or the renovation, repair or alteration of existing facilities necessary to commence or continue the operation of a charter school.

USE OF FUNDS

- Eligible entities shall, in accordance with state and local law, directly or indirectly, alone or in collaboration with others, deposit the funds in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited can be used by the eligible entity for the following:
 - Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans and interests, the proceeds of which are used for to address the charter school objective (subsection e: Objectives).
 - Guaranteeing and insuring leases of personal and real property for an objective described in subsection e: Objectives.
 - 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.
 - 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).
- Funds deposited into the reserve account shall be invested in obligations issued or guaranteed by the U.S. or a state, or other similarly low-risk securities.
- Any earnings on funds shall be deposited in the reserve account.
- Eligible entity may not use more than 2.5% of the funds received for administrative costs.

AUDITS AND REPORTS

- The financial records of each eligible entity shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit.
- Each eligible entity shall submit a report to the Secretary annually of its operations and activities and shall include:
 - A copy of the most recent financial statements and any accompanying opinion on such statements.
 - A copy of any report made on an audit of financial records of the eligible entity that was conducted during this reporting period.
 - An evaluation by the eligible entity of the effectiveness of the federal funds in leveraging private funds.
 - A listing and description of the charter schools served during the reporting period, including amount of funds for each school, the type of project facilitated by the grant and the type of assistance provided to the charter schools

- A description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives in subsection e: Objectives.
- A description of the characteristics of lenders and other financial institutions participating in the activities.
- The Secretary shall provide a comprehensive report to Congress on the activities conducted under this subpart.

PER PUPIL FACILITIES AID PROGRAM

NUTS and BOLTS

- Definition:
 - A program in which a state makes payments, on a per-pupil basis, to charter schools to provide the schools with financing that is dedicated solely for funding charter school facilities, or a portion of which is dedicated for charter facilities.
- From the funds remaining after the Secretary makes grants to the credit enhancement program, the Secretary shall make grants for the federal share of the cost of establishing or enhancing and administering per-pupil facilities aid programs.
- Grants shall be awarded for not more than five years.
- The federal share shall not be more than 90 % of the cost for the first fiscal year for which the program receives assistance; 80% in the second year; 60% in the third year; 40% in the fourth year; and 20% in the fifth year.
- A state may partner with one or more organizations to provide up to 50% of the state share of enhancing, establishing and administering the program.
- A state may receive more than one grant under this section, as long as the amount of such funds provided to charter schools increases with each successive grant.

Use of Funds

- State shall use the funds to establish or enhance and administer per-pupil facilities aid program for charter schools in the state of the applicant.

Evaluations; Technical Assistance; Dissemination

- The state may reserve not more than 5% to carry out evaluations, to provide technical assistance and to disseminate information.

Supplement Not Supplant

- Funds under this section may be used to supplement, not supplant, state, local public funds expended to provide per pupil facilities aid programs, operations financing programs or other programs for charter schools.

Applications

- States submit applications to the Secretary containing such information as he may require.

NATIONAL ACTIVITIES**Section 5205****NUTS and BOLTS**

- From the funds reserved for the charter schools programs (not more than 5% of total appropriations) the Secretary shall:
 - Use not less than 50% of the funds to award start-up grants.
 - Use the remainder of the funds to disseminate technical assistance to state entities to award subgrants.
 - To disseminate best practices and evaluate the impact of the charter school program carried out under this subpart.

START-UP GRANTS

- The Secretary shall award grants on a competitive basis for the purpose of carrying out activities in section 5202 (a)(1)—supporting the startup, replication, and expansion of charter schools.
- Eligible Applicant Defined: For the purpose of this subsection, the term means an eligible applicant that desires to open a charter school in
 - A state that did not apply for a grant under section 5203
 - A state that did not receive a grant under section 5203
 - A state that received a grant under 5203 and is in the 4th or 5th year of the grant period for such grant.

Contracts and Grants

- The Secretary may carry out any of the activities described in this section directly or through grants to, or contracts or cooperative agreements with SEAs, LEAs and other public and private agencies.

AUTHORIZATION OF APPROPRIATIONS

- There are authorized to be appropriated to carry out this subpart \$300,000,000 for fiscal year 2012 and each of the succeeding 5 fiscal years.