

114TH CONGRESS
1ST SESSION

S. 316

To amend the charter school program under the Elementary and Secondary Education Act of 1965.

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2015

Mr. KIRK (for himself, Mr. BENNET, Mr. ALEXANDER, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the charter school program under the Elementary and Secondary Education Act of 1965.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Expanding Oppor-
5 tunity through Quality Charter Schools Act”.

6 **SEC. 2. REFERENCES.**

7 Except as otherwise specifically provided, whenever in
8 this Act a section or other provision is amended or re-
9 pealed, such amendment or repeal shall be considered to
10 be made to that section or other provision of the Elemen-

1 tary and Secondary Education Act of 1965 (20 U.S.C.
2 6301 et seq.).

3 **SEC. 3. PURPOSE.**

4 Section 5201 (20 U.S.C. 7221) is amended to read
5 as follows:

6 **“SEC. 5201. PURPOSE.**

7 “It is the purpose of this subpart to—

8 “(1) improve the United States education sys-
9 tem and educational opportunities for all individuals
10 in the United States by supporting innovation in
11 public education in public school settings that pre-
12 pare students to compete in, and contribute to, the
13 global economy;

14 “(2) provide financial assistance for the plan-
15 ning, program design, and initial implementation of
16 charter schools;

17 “(3) increase the number of high-quality char-
18 ter schools available to students across the Nation;

19 “(4) evaluate the impact of such schools on stu-
20 dent achievement, families, and communities, and
21 share best practices among charter schools and other
22 public schools;

23 “(5) encourage States to provide support to
24 charter schools for facilities financing in an amount

1 more nearly commensurate to the amount the States
 2 have typically provided for traditional public schools;

3 “(6) expand opportunities for students with dis-
 4 abilities, students who are limited English proficient,
 5 and other traditionally underserved students to at-
 6 tend charter schools and meet challenging State aca-
 7 demic achievement standards; and

8 “(7) support efforts to strengthen the charter
 9 school authorizing process in order to improve per-
 10 formance management, including transparency, mon-
 11 itoring, and evaluation of such schools.”.

12 **SEC. 4. PROGRAM AUTHORIZED.**

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

15 **“SEC. 5202. PROGRAM AUTHORIZED.**

16 “(a) IN GENERAL.—The Secretary is authorized to
 17 carry out a charter school program that supports charter
 18 schools that serve elementary school and secondary school
 19 students by—

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

23 “(2) assisting charter schools in accessing cred-
 24 it to acquire and renovate facilities for school use;
 25 and

1 “(3) carrying out national activities to sup-
2 port—

3 “(A) the startup of charter schools, the
4 replication of high-quality charter schools, and
5 the expansion of high-quality charter schools;

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

8 “(C) the evaluation of the impact of the
9 charter school program on schools participating
10 in such program; and

11 “(D) stronger charter school authorizing.

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

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

17 “(2) reserve not less than 25 percent to carry
18 out national activities under section 5205; and

19 “(3) use the remaining amount after the res-
20 ervations under paragraphs (1) and (2) to carry out
21 section 5203.

22 “(c) PRIOR GRANTS AND SUBGRANTS.—The recipi-
23 ent of a grant or subgrant under this subpart, as such
24 subpart was in effect on the day before the date of enact-
25 ment of the Expanding Opportunity through Quality

1 Charter Schools Act, shall continue to receive funds in ac-
 2 cordance with the terms and conditions of such grant or
 3 subgrant.”.

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

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

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

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

12 “(1) a State educational agency;

13 “(2) a State charter school board;

14 “(3) a Governor of a State; or

15 “(4) a charter school support organization.

16 “(b) PROGRAM AUTHORIZED.—From the amount
 17 available under section 5202(b)(3), the Secretary shall
 18 award, on a competitive basis, grants to State entities hav-
 19 ing applications approved under subsection (f) to enable
 20 such entities to—

21 “(1) award subgrants to eligible applicants—

22 “(A) to open new charter schools;

23 “(B) for the replication of high-quality
 24 charter schools; or

1 “(C) for the expansion of high-quality
2 charter schools; and

3 “(2) provide technical assistance to eligible ap-
4 plicants and authorized public chartering agencies in
5 carrying out the activities described in paragraph (1)
6 and work with authorized public chartering agencies
7 in the State to improve authorizing quality.

8 “(c) STATE ENTITY USES OF FUNDS.—

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

11 “(A) use not less than 90 percent of the
12 grant funds to award subgrants to eligible ap-
13 plicants, in accordance with the quality charter
14 school program described in the entity’s appli-
15 cation pursuant to subsection (f), for the pur-
16 poses described in subparagraphs (A) through
17 (C) of subsection (b)(1);

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

21 “(C) reserve not more than 3 percent of
22 such funds for administrative costs, which may
23 include the administrative costs of providing
24 technical assistance.

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

6 “(3) RULE OF CONSTRUCTION.—Nothing in
7 this Act shall prohibit the Secretary from awarding
8 grants to State entities, or State entities from
9 awarding subgrants to eligible applicants, that use a
10 weighted lottery, or an equivalent lottery mechanism,
11 to give better chances for school admission to all or
12 a subset of educationally disadvantaged students
13 if—

14 “(A) the use of a weighted lottery in favor
15 of such students is not prohibited by State law,
16 and such State law is consistent with the laws
17 described in section 5210(2)(G); and

18 “(B) such weighted lottery is not used for
19 the purpose of creating schools exclusively to
20 serve a particular subset of students.

21 “(d) PROGRAM PERIODS; PEER REVIEW; DISTRIBUTION OF SUBGRANTS; WAIVERS.—

22 “(1) PROGRAM PERIODS.—

23 “(A) GRANTS.—A grant awarded by the
24 Secretary to a State entity under this section
25

1 shall be for a period of not more than 3 years,
2 and may be renewed by the Secretary for 1 ad-
3 ditional 2-year period.

4 “(B) SUBGRANTS.—A subgrant awarded
5 by a State entity under this section—

6 “(i) shall be for a period of not more
7 than 3 years, of which an eligible applicant
8 may use not more than 18 months for
9 planning and program design; and

10 “(ii) may be renewed by the State en-
11 tity for 1 additional 2-year period.

12 “(2) PEER REVIEW.—The Secretary, and each
13 State entity awarding subgrants under this section,
14 shall use a peer review process to review applications
15 for assistance under this section.

16 “(3) DISTRIBUTION OF SUBGRANTS.—Each
17 State entity awarding subgrants under this section
18 shall award subgrants in a manner that, to the ex-
19 tent practicable and applicable, ensures that such
20 subgrants—

21 “(A) prioritize eligible applicants that plan
22 to serve a significant number of students from
23 low-income families;

1 “(B) are distributed throughout different
2 areas, including urban, suburban, and rural
3 areas; and

4 “(C) will assist charter schools rep-
5 resenting a variety of educational approaches.

6 “(4) WAIVERS.—The Secretary may waive any
7 statutory or regulatory requirement over which the
8 Secretary exercises administrative authority, except
9 any such requirement relating to the elements of a
10 charter school described in section 5210(2), if—

11 “(A) the waiver is requested in an ap-
12 proved application under this section; and

13 “(B) the Secretary determines that grant-
14 ing such a waiver will promote the purposes of
15 this subpart.

16 “(e) LIMITATIONS.—

17 “(1) GRANTS.—A State entity may not receive
18 more than 1 grant under this section at a time.

19 “(2) SUBGRANTS.—An eligible applicant may
20 not receive more than 1 subgrant under this section
21 for each individual charter school for each grant pe-
22 riod or renewal period, unless the eligible applicant
23 demonstrates to the State entity that the charter
24 school has demonstrated a strong track record of
25 positive results over the course of the grant period

1 regarding the elements described in subparagraphs
2 (A) and (D) of section 5210(8).

3 “(f) APPLICATIONS.—A State entity desiring to re-
4 ceive a grant under this section shall submit an application
5 to the Secretary at such time and in such manner as the
6 Secretary may require. The application shall include the
7 following:

8 “(1) DESCRIPTION OF PROGRAM.—A descrip-
9 tion of the State entity’s objectives in running a
10 quality charter school program under this section
11 and how the objectives of the program will be car-
12 ried out, including—

13 “(A) a description of how the State entity
14 will—

15 “(i) support the opening of new char-
16 ter schools and, if applicable, the replica-
17 tion of high-quality charter schools and the
18 expansion of high-quality charter schools,
19 and the proposed number of charter
20 schools to be opened, replicated, or ex-
21 panded under the State entity’s program;

22 “(ii) inform eligible charter schools,
23 developers, and authorized public char-
24 tering agencies of the availability of funds
25 under the program;

1 “(iii) work with eligible applicants to
2 ensure that the eligible applicants access
3 all Federal funds that such applicants are
4 eligible to receive, and help the charter
5 schools supported by such applicants and
6 the students attending those charter
7 schools—

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

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

16 “(iv) in the case of a State entity that
17 is not a State educational agency—

18 “(I) work with the State edu-
19 cational agency and the charter
20 schools in the State to maximize char-
21 ter school participation in Federal and
22 State programs for charter schools;
23 and

24 “(II) work with the State edu-
25 cational agency to operate the State

1 entity’s program under this section, if
2 applicable;

3 “(v) ensure each eligible applicant
4 that receives a subgrant under the State
5 entity’s program—

6 “(I) is opening or expanding
7 schools that meet the definition of a
8 charter school under section 5210(2);
9 and

10 “(II) is prepared to continue to
11 operate such charter schools once the
12 subgrant funds under this section are
13 no longer available;

14 “(vi) support charter schools in local
15 educational agencies with large numbers of
16 schools that have been identified by the
17 State for improvement;

18 “(vii) work with charter schools to
19 promote inclusion of all students and sup-
20 port all students upon enrollment in order
21 to promote retention of students in the
22 school;

23 “(viii) work with charter schools on
24 recruitment practices, including efforts to
25 engage groups that may otherwise have

1 limited opportunities to attend charter
2 schools;

3 “(ix) share best and promising prac-
4 tices among charter schools and other pub-
5 lic schools;

6 “(x) ensure that charter schools re-
7 ceiving funds under the State entity’s pro-
8 gram meet the educational needs of their
9 students, including students who are chil-
10 dren with disabilities and students who are
11 limited English proficient; and

12 “(xi) support efforts to increase char-
13 ter school quality initiatives, including
14 meeting the quality authorizing elements
15 described in paragraph (2)(D);

16 “(B) a description of how the State will ac-
17 tively monitor and hold authorized public char-
18 tering agencies accountable to ensure high-qual-
19 ity authorizing activity, including by estab-
20 lishing authorizing standards and by approving,
21 re-approving, and revoking the authority of an
22 authorized public chartering agency based on
23 the performance of the charter schools author-
24 ized by such agency in the areas of student
25 achievement, student safety, financial manage-

1 ment, and compliance with all applicable stat-
2 utes;

3 “(C) a description of the extent to which
4 the State entity—

5 “(i) is able to meet and carry out the
6 priorities described in subsection (g)(2);
7 and

8 “(ii) is working to develop or
9 strengthen a cohesive statewide system to
10 support the opening of new charter schools
11 and, if applicable, the replication of high-
12 quality charter schools and the expansion
13 of high-quality charter schools;

14 “(D) a description of how the State entity
15 will award subgrants, on a competitive basis, in-
16 cluding—

17 “(i) a description of the application
18 each eligible applicant desiring to receive a
19 subgrant will be required to submit, which
20 application shall include—

21 “(I) a description of the roles
22 and responsibilities of eligible appli-
23 cants and of any charter management
24 organizations or other organizations
25 with which the eligible applicant will

1 partner to open charter schools, in-
2 cluding administrative and contractual
3 roles and responsibilities;

4 “(II) a description of the quality
5 controls agreed to between the eligible
6 applicant and the authorized public
7 chartering agency involved, such as a
8 contract or performance agreement,
9 and how a school’s performance on
10 the State’s academic accountability
11 system and impact on student
12 achievement, which may include stu-
13 dent growth, will be primary factors
14 for renewal or revocation of the
15 school’s charter;

16 “(III) a description of how the
17 autonomy and flexibility granted to
18 the charter school are consistent with
19 the definition of a charter school in
20 section 5210(2); and

21 “(IV) a description of the
22 planned activities and expenditures of
23 subgrant funds for the opening of a
24 new charter school, the replication of
25 a high-quality charter school, or the

1 expansion of a high-quality charter
2 school, and how the charter school will
3 maintain financial sustainability after
4 the end of the subgrant period; and

5 “(ii) a description of how the State
6 entity will review applications from eligible
7 applicants;

8 “(E) in the case of a State entity that
9 partners with an outside organization to carry
10 out the State entity’s quality charter school
11 program, in whole or in part, a description of
12 the roles and responsibilities of the partner; and

13 “(F) a description of how the State entity
14 will help the charter schools receiving funds
15 under the State entity’s program address the
16 transportation needs of the schools’ students.

17 “(2) ASSURANCES.—Assurances that—

18 “(A) each charter school receiving funds
19 through the State entity’s subgrant program
20 will have a high degree of autonomy over budg-
21 et and operations, including autonomy over per-
22 sonnel decisions;

23 “(B) the State entity will support charter
24 schools in meeting the educational needs of

1 their students, as described in paragraph
2 (1)(A)(x);

3 “(C) the State entity will ensure that the
4 authorized public chartering agency of any
5 charter school that receives funds under the en-
6 tity’s program—

7 “(i) ensures that each charter school
8 under the authority of such agency is
9 meeting the requirements of this Act, part
10 B of the Individuals with Disabilities Edu-
11 cation Act, title VI of the Civil Rights Act
12 of 1964, and section 504 of the Rehabilita-
13 tion Act of 1973; and

14 “(ii) adequately monitors and provides
15 adequate technical assistance to each char-
16 ter school under the authority of such
17 agency in recruiting, enrolling, and meet-
18 ing the needs of all students, including stu-
19 dents who are children with disabilities and
20 students who are limited English pro-
21 ficient;

22 “(D) the State entity will promote quality
23 authorizing, such as through providing technical
24 assistance, to support all authorized public
25 chartering agencies in the State in improving

1 the monitoring of the charter schools authorized
2 by such agencies, including by—

3 “(i) using annual performance data,
4 which may include graduation rates and
5 student academic growth data, as appro-
6 priate, to measure a school’s progress to-
7 ward becoming a high-quality charter
8 school;

9 “(ii) reviewing the schools’ inde-
10 pendent, annual audits of financial state-
11 ments conducted in accordance with gen-
12 erally accepted accounting principles, and
13 ensuring any such audits are publically re-
14 ported; and

15 “(iii) holding charter schools account-
16 able to the academic, financial, and oper-
17 ational quality controls agreed to between
18 the charter school and the authorized pub-
19 lic chartering agency involved, such as
20 through renewal, non-renewal, or revoca-
21 tion of the school’s charter; and

22 “(E) the State entity will ensure that each
23 charter school in the State makes publicly avail-
24 able, consistent with the dissemination require-
25 ments of the annual State report card required

1 for purposes of part A of title I, information to
2 help parents make informed decisions about the
3 education options available to their children, in-
4 cluding information on the educational pro-
5 gram, student support services, and annual per-
6 formance and enrollment data for the groups of
7 students described in section
8 1111(b)(2)(C)(v)(II).

9 “(3) REQUESTS FOR WAIVERS.—A request and
10 justification for waivers of any Federal statutory or
11 regulatory provisions that the State entity believes
12 are necessary for the successful operation of the
13 charter schools that will receive funds under the en-
14 tity’s program under this section, and a description
15 of any State or local rules, generally applicable to
16 public schools, that will be waived, or otherwise not
17 apply, to such schools or, in the case of a State enti-
18 ty defined in subsection (a)(4), a description of how
19 the State entity will work with the State to request
20 necessary waivers, if applicable.

21 “(g) SELECTION CRITERIA; PRIORITY.—

22 “(1) SELECTION CRITERIA.—The Secretary
23 shall award grants to State entities under this sec-
24 tion on the basis of the quality of the applications

1 submitted under subsection (f), after taking into
2 consideration—

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

7 “(B) the proposed number of new charter
8 schools to be opened, and, if applicable, the
9 number of high-quality charter schools to be
10 replicated or expanded under the program, and
11 the number of new students to be served by
12 such schools;

13 “(C) the likelihood that the schools opened,
14 replicated, or expanded by eligible applicants re-
15 ceiving subgrant funds will increase the aca-
16 demic achievement of the school’s students and
17 progress toward becoming high-quality charter
18 schools; and

19 “(D) the quality of the State entity’s plan
20 to—

21 “(i) monitor the eligible applicants re-
22 ceiving subgrants under the State entity’s
23 program; and

24 “(ii) provide technical assistance and
25 support for—

1 “(I) the eligible applicants receiv-
2 ing subgrants under the State entity’s
3 program; and

4 “(II) quality authorizing efforts
5 in the State.

6 “(2) PRIORITY.—In awarding grants under this
7 section, the Secretary shall give priority to a State
8 entity to the extent that the entity meets the fol-
9 lowing criteria:

10 “(A) The State entity is located in a
11 State—

12 “(i) that allows at least one entity
13 that is not a local educational agency to be
14 an authorized public chartering agency for
15 each developer seeking to open a charter
16 school in the State; or

17 “(ii) in the case of a State in which
18 local educational agencies are the only au-
19 thorized public chartering agencies, that
20 has an appeals process for the denial of an
21 application for a charter school.

22 “(B) The State entity is located in a State
23 that ensures that charter schools receive equi-
24 table financing, as compared to traditional pub-
25 lic schools, in a prompt manner.

1 “(C) The State entity is located in a State
2 that provides charter schools one or more of the
3 following:

4 “(i) Funding for facilities.

5 “(ii) Assistance with facilities acqui-
6 sition.

7 “(iii) Access to public facilities.

8 “(iv) The ability to share in bonds or
9 mill levies.

10 “(v) The right of first refusal to pur-
11 chase public school buildings.

12 “(vi) Low- or no-cost leasing privi-
13 leges.

14 “(D) The State entity is located in a State
15 that uses best practices from charter schools to
16 help improve struggling schools and local edu-
17 cational agencies.

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

22 “(F) The State entity ensures that each
23 charter school has a high degree of autonomy
24 over the charter school’s budget and operations,
25 including autonomy over personnel decisions.

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

5 “(h) LOCAL USES OF FUNDS.—An eligible applicant
6 receiving a subgrant under this section shall use such
7 funds to carry out activities related to the opening a new
8 charter school, the replication of a high-quality charter
9 school, or the expansion of a high-quality charter school,
10 which may include—

11 “(1) supporting the acquisition, expansion, or
12 preparation of a charter school building to meet in-
13 creasing enrollment needs, including financing the
14 development of a new building and ensuring that a
15 school building complies with applicable statutes and
16 regulations;

17 “(2) paying costs associated with hiring addi-
18 tional teachers to serve additional students;

19 “(3) providing transportation to students to
20 and from the charter school;

21 “(4) providing instructional materials, imple-
22 menting teacher and principal professional develop-
23 ment programs, and hiring additional non-teaching
24 staff; and

1 “(5) supporting any necessary activities that as-
2 sist the charter school in carrying out the purposes
3 of this section, such as preparing individuals to serve
4 as members of the charter school’s board.

5 “(i) REPORTING REQUIREMENTS.—Each State entity
6 receiving a grant under this section shall submit to the
7 Secretary, at the end of the third year of the grant period
8 and at the end of any renewal period, a report that in-
9 cludes the following:

10 “(1) The number of students served by each
11 subgrant awarded under this section and, if applica-
12 ble, the number of new students served during each
13 year of the subgrant period.

14 “(2) The number and amount of subgrants
15 awarded under this section to carry out each of the
16 following:

17 “(A) The opening of new charter schools.

18 “(B) The replication of high-quality char-
19 ter schools.

20 “(C) The expansion of high-quality charter
21 schools.

22 “(3) The progress the State entity made toward
23 meeting the priorities described in subsection (g)(2),
24 as applicable.

25 “(4) A description of—

1 “(A) how the State entity complied with,
2 and ensured that eligible applicants complied
3 with, the assurances described in the State enti-
4 ty’s application; and

5 “(B) how the State entity worked with au-
6 thorized public chartering agencies, including
7 how the agencies worked with the management
8 company or leadership of the schools that re-
9 ceived subgrant funds, if applicable.”.

10 **SEC. 6. FACILITIES FINANCING ASSISTANCE.**

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

13 **“SEC. 5204. FACILITIES FINANCING ASSISTANCE.**

14 “(a) GRANTS TO ELIGIBLE ENTITIES.—

15 “(1) IN GENERAL.—From the amount reserved
16 under section 5202(b)(1), the Secretary shall use
17 not less than 50 percent to award not less than 3
18 grants, on a competitive basis, to eligible entities
19 that have the highest-quality applications approved
20 under subsection (d) to demonstrate innovative
21 methods of assisting charter schools to address the
22 cost of acquiring, constructing, and renovating facili-
23 ties by enhancing the availability of loans or bond fi-
24 nancing.

1 “(2) ELIGIBLE ENTITY DEFINED.—For pur-
2 poses of this section, the term ‘eligible entity’
3 means—

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

6 “(B) a private nonprofit entity; or

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

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

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

18 “(d) APPLICATIONS.—

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

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

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

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

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

12 “(D) a description of how the proposed ac-
13 tivities will leverage the maximum amount of
14 private-sector financing capital relative to the
15 amount of government funding used and other-
16 wise enhance credit available to charter schools,
17 including how the entity will offer a combina-
18 tion of rates and terms more favorable than the
19 rates and terms that a charter school could re-
20 ceive without assistance from the entity under
21 this section;

22 “(E) a description of how the eligible enti-
23 ty possesses sufficient expertise in education to
24 evaluate the likelihood of success of a charter

1 school program for which facilities financing is
2 sought; and

3 “(F) in the case of an application sub-
4 mitted by a State governmental entity, a de-
5 scription of the actions that the entity has
6 taken, or will take, to ensure that charter
7 schools within the State receive the funding the
8 charter schools need to have adequate facilities.

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

15 “(1) The acquisition (by purchase, lease, dona-
16 tion, or otherwise) of an interest (including an inter-
17 est held by a third party for the benefit of a charter
18 school) in improved or unimproved real property
19 that is necessary to commence or continue the oper-
20 ation of a charter school.

21 “(2) The construction of new facilities, includ-
22 ing predevelopment costs, or the renovation, repair,
23 or alteration of existing facilities, necessary to com-
24 mence or continue the operation of a charter school.

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

5 “(f) RESERVE ACCOUNT.—

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

18 “(A) Guaranteeing, insuring, and rein-
19 suring bonds, notes, evidences of debt, loans,
20 and interests therein, the proceeds of which are
21 used for an objective described in subsection
22 (e).

23 “(B) Guaranteeing and insuring leases of
24 personal and real property for an objective de-
25 scribed in such subsection.

1 “(C) Facilitating financing by identifying
2 potential lending sources, encouraging private
3 lending, and other similar activities that di-
4 rectly promote lending to, or for the benefit of,
5 charter schools.

6 “(D) Facilitating the issuance of bonds by
7 charter schools, or by other public entities for
8 the benefit of charter schools, by providing
9 technical, administrative, and other appropriate
10 assistance (including the recruitment of bond
11 counsel, underwriters, and potential investors
12 and the consolidation of multiple charter school
13 projects within a single bond issue).

14 “(2) INVESTMENT.—Funds received under this
15 section and deposited in the reserve account estab-
16 lished under paragraph (1) shall be invested in obli-
17 gations issued or guaranteed by the United States or
18 a State, or in other similarly low-risk securities.

19 “(3) REINVESTMENT OF EARNINGS.—Any earn-
20 ings on funds received under subsection (a) shall be
21 deposited in the reserve account established under
22 paragraph (1) and used in accordance with such
23 subsection.

24 “(g) LIMITATION ON ADMINISTRATIVE COSTS.—An
25 eligible entity may use not more than 2.5 percent of the

1 funds received under subsection (a) for the administrative
2 costs of carrying out its responsibilities under this section
3 (excluding subsection (k)).

4 “(h) AUDITS AND REPORTS.—

5 “(1) FINANCIAL RECORD MAINTENANCE AND
6 AUDIT.—The financial records of each eligible entity
7 receiving a grant under subsection (a) shall be main-
8 tained in accordance with generally accepted ac-
9 counting principles and shall be subject to an annual
10 audit by an independent public accountant.

11 “(2) REPORTS.—

12 “(A) GRANTEE ANNUAL REPORTS.—Each
13 eligible entity receiving a grant under sub-
14 section (a) annually shall submit to the Sec-
15 retary a report of the entity’s operations and
16 activities under this section.

17 “(B) CONTENTS.—Each annual report
18 submitted under subparagraph (A) shall in-
19 clude—

20 “(i) a copy of the most recent finan-
21 cial statements, and any accompanying
22 opinion on such statements, prepared by
23 the independent public accountant review-
24 ing the financial records of the eligible en-
25 tity;

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

5 “(iii) an evaluation by the eligible en-
6 tity of the effectiveness of its use of the
7 Federal funds provided under subsection
8 (a) in leveraging private funds;

9 “(iv) a listing and description of the
10 charter schools served during the reporting
11 period, including the amount of funds used
12 by each school, the type of project facili-
13 tated by the grant, and the type of assist-
14 ance provided to the charter schools;

15 “(v) a description of the activities car-
16 ried out by the eligible entity to assist
17 charter schools in meeting the objectives
18 set forth in subsection (e); and

19 “(vi) a description of the characteris-
20 tics of lenders and other financial institu-
21 tions participating in the activities under-
22 taken by the eligible entity under this sec-
23 tion (excluding subsection (k)) during the
24 reporting period.

1 “(C) SECRETARIAL REPORT.—The Sec-
2 retary shall review the reports submitted under
3 subparagraph (A) and shall provide a com-
4 prehensive annual report to Congress on the ac-
5 tivities conducted under this section (excluding
6 subsection (k)).

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

17 “(j) RECOVERY OF FUNDS.—

18 “(1) IN GENERAL.—The Secretary, in accord-
19 ance with chapter 37 of title 31, United States
20 Code, shall collect—

21 “(A) all of the funds in a reserve account
22 established by an eligible entity under sub-
23 section (f)(1) if the Secretary determines, not
24 earlier than 2 years after the date on which the
25 eligible entity first received funds under this

1 section (excluding subsection (k)), that the eli-
2 gible entity has failed to make substantial
3 progress in carrying out the purposes described
4 in subsection (f)(1); or

5 “(B) all or a portion of the funds in a re-
6 serve account established by an eligible entity
7 under subsection (f)(1) if the Secretary deter-
8 mines that the eligible entity has permanently
9 ceased to use all or a portion of the funds in
10 such account to accomplish any purpose de-
11 scribed in such subsection.

12 “(2) EXERCISE OF AUTHORITY.—The Secretary
13 shall not exercise the authority provided in para-
14 graph (1) to collect from any eligible entity any
15 funds that are being properly used to achieve one or
16 more of the purposes described in subsection (f)(1).

17 “(3) PROCEDURES.—The provisions of sections
18 451, 452, and 458 of the General Education Provi-
19 sions Act shall apply to the recovery of funds under
20 paragraph (1).

21 “(4) CONSTRUCTION.—This subsection shall
22 not be construed to impair or affect the authority of
23 the Secretary to recover funds under part D of the
24 General Education Provisions Act.

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

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

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

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

10 “(2) GRANTS.—

11 “(A) IN GENERAL.—From the amount re-
12 served under section 5202(b)(1) and remaining
13 after the Secretary makes grants under sub-
14 section (a), the Secretary shall make grants, on
15 a competitive basis, to States to pay for the
16 Federal share of the cost of establishing or en-
17 hancing, and administering, per-pupil facilities
18 aid programs.

19 “(B) PERIOD.—A grant awarded under
20 this subsection shall be for a period of not more
21 than 5 years.

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

1 “(i) 90 percent of the cost, for the
2 first fiscal year for which the program re-
3 ceives assistance under this subsection;

4 “(ii) 80 percent for the second such
5 year;

6 “(iii) 60 percent for the third such
7 year;

8 “(iv) 40 percent for the fourth such
9 year; and

10 “(v) 20 percent for the fifth such
11 year.

12 “(D) STATE SHARE.—A State receiving a
13 grant under this subsection may partner with 1
14 or more organizations to provide not more than
15 to 50 percent of the State share of the cost of
16 establishing or enhancing, and administering,
17 the per-pupil facilities aid program.

18 “(E) MULTIPLE GRANTS.—A State may
19 receive more than 1 grant under this sub-
20 section, so long as the amount of such grant
21 funds provided to charter schools increases with
22 each successive grant.

23 “(3) USE OF FUNDS.—

24 “(A) IN GENERAL.—A State that receives
25 a grant under this subsection shall use the

1 funds made available through the grant to es-
2 tablish or enhance, and administer, a per-pupil
3 facilities aid program for charter schools in the
4 State.

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

12 “(C) SUPPLEMENT, NOT SUPPLANT.—
13 Funds made available under this subsection
14 shall be used to supplement, and not supplant,
15 State and local public funds expended to pro-
16 vide per-pupil facilities aid programs, operations
17 financing programs, or other programs, for
18 charter schools.

19 “(4) REQUIREMENTS.—

20 “(A) VOLUNTARY PARTICIPATION.—No
21 State may be required to participate in a pro-
22 gram carried out under this subsection.

23 “(B) STATE LAW.—

24 “(i) IN GENERAL.—To be eligible to
25 receive a grant under this subsection, a

1 State shall establish or enhance, and ad-
2 minister, a per-pupil facilities aid program
3 for charter schools in the State, that—

4 “(I) is specified in State law; and

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

8 “(ii) SPECIAL RULE.—A State that is
9 required under State law to provide char-
10 ter schools in the State with access to ade-
11 quate facility space may be eligible to re-
12 ceive a grant under this subsection if the
13 State agrees to use the funds to develop a
14 per-pupil facilities aid program consistent
15 with the requirements of this subsection.

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

21 **SEC. 7. NATIONAL ACTIVITIES.**

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

1 **“SEC. 5205. NATIONAL ACTIVITIES.**

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

4 “(1) use not less than 80 percent of such funds
5 to award grants in accordance with subsection (b);
6 and

7 “(2) use the remainder of such funds to—

8 “(A) disseminate technical assistance to
9 State entities in awarding subgrants under sec-
10 tion 5203(b)(1)(A);

11 “(B) disseminate best practices regarding
12 public charter schools;

13 “(C) evaluate the impact of the charter
14 school program carried out under this subpart,
15 including the impact on student achievement;
16 and

17 “(D) make grants, on a competitive basis,
18 for the purpose of carrying out the activities de-
19 scribed in section 5203(h), to eligible applicants
20 that desire to open a charter school, replicate a
21 high-quality charter school, or expand a high-
22 quality charter school in—

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

25 “(ii) a State that did not receive a
26 grant under section 5203.

1 “(b) GRANTS FOR THE REPLICATION AND EXPAN-
2 SION OF HIGH-QUALITY CHARTER SCHOOLS.—

3 “(1) GRANTS AUTHORIZED.—The Secretary
4 shall make grants, on a competitive basis, to eligible
5 entities having applications approved under para-
6 graph (3) to enable such entities to carry out the
7 replication of a high-quality charter school or the ex-
8 pansion of a high-quality charter school.

9 “(2) DEFINITION OF ELIGIBLE ENTITY.—For
10 purposes of this subsection, the term ‘eligible entity’
11 means—

12 “(A) a charter management organization
13 that, at the time of the application, operates or
14 manages one or more high-quality charter
15 schools; or

16 “(B) a nonprofit organization that oversees
17 and coordinates the activities of a group of such
18 charter management organizations.

19 “(3) APPLICATION REQUIREMENTS.—An eligi-
20 ble entity desiring to receive a grant under this sub-
21 section shall submit an application to the Secretary
22 at such time and in such manner as the Secretary
23 may require. The application shall include the fol-
24 lowing:

1 “(A) A description of the eligible entity’s
2 objectives for implementing a high-quality char-
3 ter school program with funding under this sub-
4 section, including a description of the proposed
5 number of high-quality charter schools to be
6 replicated or expanded with funding under this
7 subsection.

8 “(B) A description of the educational pro-
9 gram that the eligible entity will implement in
10 the charter schools that the eligible entity pro-
11 poses to replicate or expand, including informa-
12 tion on how the program will enable all stu-
13 dents to meet challenging State academic
14 standards, the grade levels or ages of students
15 that will be served, and the instructional prac-
16 tices that will be used.

17 “(C) A multi-year financial and operating
18 model for the eligible entity, including a de-
19 scription of how the operation of the charter
20 schools to be replicated or expanded will be sus-
21 tained after the grant under this subsection has
22 ended.

23 “(D) A description of how the eligible enti-
24 ty will inform all students in the community, in-
25 cluding students who are children with disabil-

1 ities, students who are limited English pro-
2 ficient, and other educationally disadvantaged
3 students, about the charter schools to be rep-
4 licated or expanded with funding under this
5 subsection.

6 “(E) For each charter school currently op-
7 erated or managed by the eligible entity—

8 “(i) student assessment results for all
9 students and for the subgroups of students
10 described in section 1111(b)(2)(C)(v)(II);
11 and

12 “(ii) attendance and student retention
13 rates for the most recently completed
14 school year and, if applicable, the most re-
15 cent available 4-year adjusted cohort high
16 school graduation rate (as defined in sec-
17 tion 200.19(b)(1)(i)(A) of title 34, Code of
18 Federal Regulations, or a successor regula-
19 tion).

20 “(F) Information on any significant com-
21 pliance issues encountered, within the last 3
22 years, by any school operated or managed by
23 the eligible entity, including in the areas of stu-
24 dent safety and financial management.

1 “(G) A request and justification for any
2 waivers of Federal statutory or regulatory re-
3 quirements that the eligible entity believes are
4 necessary for the successful operation of the
5 charter schools to be opened or expanded with
6 funding under this subsection.

7 “(4) SELECTION CRITERIA.—The Secretary
8 shall select eligible entities to receive grants under
9 this subsection, on the basis of the quality of the ap-
10 plications submitted under paragraph (3), after tak-
11 ing into consideration such factors as—

12 “(A) the degree to which the eligible entity
13 has demonstrated success in increasing aca-
14 demic achievement and attainment for all stu-
15 dents attending the charter schools the eligible
16 entity operates or manages;

17 “(B) the degree to which the eligible entity
18 has demonstrated success in increasing aca-
19 demic achievement and attainment for the sub-
20 groups of students described in section
21 1111(b)(2)(C)(v)(II);

22 “(C) the quality of the eligible entity’s fi-
23 nancial and operating model as described under
24 paragraph (3)(C), including the quality of the
25 eligible entity’s plan for sustaining the oper-

1 ation of the charter schools to be replicated or
2 expanded after the grant under this subsection
3 has ended;

4 “(D) a determination that the eligible enti-
5 ty has not operated or managed a significant
6 proportion of charter schools that—

7 “(i) have been closed;

8 “(ii) have had a school charter re-
9 voked due to problems with statutory or
10 regulatory compliance; or

11 “(iii) have had the school’s affiliation
12 with the eligible entity revoked; and

13 “(E) a determination that the eligible enti-
14 ty has not experienced significant problems with
15 statutory or regulatory compliance that could
16 lead to the revocation of a school’s charter.

17 “(5) PRIORITY.—In awarding grants under this
18 section, the Secretary shall give priority to eligible
19 entities that operate or manage charter schools that,
20 in the aggregate, serve students at least 60 percent
21 of whom are eligible for a free or reduced price
22 lunch under the Richard B. Russell National School
23 Lunch Act.

24 “(6) TERMS AND CONDITIONS.—Except as oth-
25 erwise provided in this subsection, grants awarded

1 under subsection (a)(2)(D) and subsection (b) shall
2 have the same terms and conditions as grants
3 awarded to State entities under section 5203.”.

4 **SEC. 8. RECORDS TRANSFER.**

5 Section 5208 (20 U.S.C. 7221g) is amended by in-
6 serting “as quickly as possible and” before “to the extent
7 practicable”.

8 **SEC. 9. DEFINITIONS.**

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

10 (1) by redesignating paragraphs (1), (2), and
11 (3) as paragraphs (2), (5), and (6), respectively;

12 (2) by redesignating paragraph (4) as para-
13 graph (1), and moving such paragraph so as to pre-
14 cede paragraph (2), as redesignated by paragraph
15 (1) of this section;

16 (3) in paragraph (2), as redesignated by para-
17 graph (1)—

18 (A) in subparagraph (G), by striking “,
19 and part B” and inserting “, the Americans
20 with Disabilities Act of 1990 (42 U.S.C. 12101
21 et seq.), section 444 of the General Education
22 Provisions Act (20 U.S.C. 1232g) (commonly
23 referred to as the ‘Family Educational Rights
24 and Privacy Act of 1974’), and part B”;

1 (B) by striking subparagraph (H) and in-
2 serting the following:

3 “(H) is a school to which parents choose to
4 send their children, and which—

5 “(i) admits students on the basis of a
6 lottery, if more students apply for admis-
7 sion than can be accommodated; or

8 “(ii) in the case of a school that has
9 an affiliated charter school (such as a
10 school that is part of the same network of
11 schools), automatically enrolls students
12 who are enrolled in the immediate prior
13 grade level of the affiliated charter school
14 and, for any additional student openings or
15 student openings created through regular
16 attrition in student enrollment in the affili-
17 ated charter school and the enrolling
18 school, admits students on the basis of a
19 lottery as described in clause (i);”;

20 (C) by striking subparagraph (I) and in-
21 serting the following:

22 “(I) agrees to comply with the same Fed-
23 eral and State audit requirements as do other
24 elementary schools and secondary schools in the

1 State, unless such State audit requirements are
2 waived by the State;”;

3 (D) in subparagraph (K), by striking
4 “and” at the end;

5 (E) in subparagraph (L), by striking the
6 period at the end and inserting “; and”; and

7 (F) by adding at the end the following:

8 “(M) may serve prekindergarten or post-
9 secondary students.”;

10 (4) by inserting after paragraph (2), as redesign-
11 nated by paragraph (1), the following:

12 “(3) CHARTER MANAGEMENT ORGANIZATION.—
13 The term ‘charter management organization’ means
14 a nonprofit organization that operates or manages
15 multiple charter schools by centralizing or sharing
16 certain functions or resources.

17 “(4) CHARTER SCHOOL SUPPORT ORGANIZA-
18 TION.—The term ‘charter school support organiza-
19 tion’ means a nonprofit, nongovernmental entity that
20 is not an authorized public chartering agency and
21 provides on a statewide basis—

22 “(A) assistance to developers during the
23 planning, program design, and initial implemen-
24 tation of a charter school; and

1 “(B) technical assistance to operating
2 charter schools.”;

3 (5) in paragraph (6)(B), as redesignated by
4 paragraph (1), by striking “under section
5 5203(d)(3)”; and

6 (6) by adding at the end the following:

7 “(7) EXPANSION OF A HIGH-QUALITY CHARTER
8 SCHOOL.—The term ‘expansion of a high-quality
9 charter school’ means increasing the enrollment at a
10 high-quality charter school by not less than 50 per-
11 cent or adding 2 or more grades to a high-quality
12 charter school.

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

16 “(A) shows evidence of strong academic re-
17 sults, which may include strong academic
18 growth, as determined by a State;

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

22 “(C) has demonstrated success in signifi-
23 cantly increasing student academic achieve-
24 ment, including graduation rates where applica-

1 ble, for all students served by the charter
2 school; and

3 “(D) has demonstrated success in increas-
4 ing student academic achievement, including
5 graduation rates where applicable, for the sub-
6 groups of students described in section
7 1111(b)(2)(C)(v)(II), except that such dem-
8 onstration is not required in a case in which the
9 number of students in a group is insufficient to
10 yield statistically reliable information or the re-
11 sults would reveal personally identifiable infor-
12 mation about an individual student.

13 “(9) REPLICATION OF A HIGH-QUALITY CHAR-
14 TER SCHOOL.—The term ‘replication of a high-qual-
15 ity charter school’ means the opening of a charter
16 school—

17 “(A) under an existing charter or an addi-
18 tional charter, if permitted by State law;

19 “(B) based on the model of a high-quality
20 charter school; and

21 “(C) that will be operated or managed by
22 the same nonprofit organization that operates
23 or manages such high-quality charter school
24 under an existing charter.”.

1 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

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

4 **“SEC. 5211. AUTHORIZATION OF APPROPRIATIONS.**

5 “There are authorized to be appropriated to carry out
6 this subpart \$300,000,000 for fiscal year 2016 and such
7 sums as may be necessary for each of the 5 succeeding
8 fiscal years.”.

9 **SEC. 11. CONFORMING AMENDMENTS.**

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

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

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

“SUBPART 1—CHARTER SCHOOL PROGRAM”;

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

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

18 and

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

“Sec. 5204. Facilities financing assistance.”.

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

○