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(Original Signature of Member)

113TH CONGRESS
2D SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. KLINE (for himself and Mr. GEORGE MILLER of California) introduced the following bill; which was referred to the Committee on

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 “Success and 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-

1 pealed, such amendment or repeal shall be considered to
2 be made to that section or other provision of the Elemen-
3 tary and Secondary Education Act of 1965 (20 U.S.C.
4 6301 et seq.).

5 **SEC. 3. PURPOSE.**

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

8 **“SEC. 5201. PURPOSE.**

9 “It is the purpose of this subpart to—

10 “(1) improve the United States education sys-
11 tem and education opportunities for all Americans
12 by supporting innovation in public education in pub-
13 lic school settings that prepare students to compete
14 and contribute to the global economy;

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

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

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

24 “(5) encourage States to provide support to
25 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) improve student services to increase oppor-
4 tunities for students with disabilities, limited
5 English proficient students, and other traditionally
6 underserved students to attend charter schools and
7 meet challenging State academic achievement stand-
8 ards;

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

13 “(8) support quality accountability and trans-
14 parency in the operational performance of all au-
15 thorized public chartering agencies, which include
16 State educational agencies, local educational agen-
17 cies, and other authorizing entities.”.

18 **SEC. 4. PROGRAM AUTHORIZED.**

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

21 **“SEC. 5202. PROGRAM AUTHORIZED.**

22 “(a) IN GENERAL.—This subpart authorizes the Sec-
23 retary to carry out a charter school program that supports
24 charter schools that serve elementary school and sec-
25 ondary school students by—

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

4 “(2) assisting charter schools in accessing cred-
5 it to acquire and renovate facilities for school use;
6 and

7 “(3) carrying out national activities to sup-
8 port—

9 “(A) charter school development;

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

12 “(C) the evaluation of the impact of the
13 program on schools participating in the pro-
14 gram; and

15 “(D) stronger charter school authorizing.

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

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

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

23 “(3) use the remaining amount after the Sec-
24 retary reserves funds under paragraphs (1) and (2)
25 to carry out section 5203.

1 “(c) PRIOR GRANTS AND SUBGRANTS.—The recipi-
2 ent of a grant or subgrant under this subpart or subpart
3 2, as such subpart was in effect on the day before the
4 date of enactment of the Success and Opportunity through
5 Quality Charter Schools Act, shall continue to receive
6 funds in accordance with the terms and conditions of such
7 grant or subgrant.”.

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

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

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

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

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

20 “(A) new charter schools;

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

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

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

6 “(b) STATE USES OF FUNDS.—

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

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

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

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

22 “(2) CONTRACTS AND GRANTS.—A State entity
23 may use a grant received under this section to carry
24 out the activities described in subparagraphs (A)

1 and (B) of paragraph (1) directly or through grants,
2 contracts, or cooperative agreements.

3 “(3) RULE OF CONSTRUCTION.—Nothing in
4 this Act shall prohibit the Secretary from awarding
5 grants to States that use a weighted lottery to give
6 slightly better chances for admission to all or a sub-
7 set of educationally disadvantaged students if the
8 use of weighted lotteries in favor of such students is
9 not prohibited by State law, and such State law is
10 consistent with laws described in section 5210(1)(G).

11 “(c) PROGRAM PERIODS; PEER REVIEW; GRANT
12 NUMBER AND AMOUNT; DIVERSITY OF PROJECTS; WAIV-
13 ERS.—

14 “(1) PROGRAM PERIODS.—

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

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

23 “(2) PEER REVIEW.—The Secretary, and each
24 State entity receiving a grant under this section,

1 shall use a peer review process to review applications
2 for assistance under this section.

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

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

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

8 “(ii) wholly fund each grant awarded
9 under this section, without making con-
10 tinuation awards; and

11 “(iii) fully obligate the funds appro-
12 priated for the purpose of awarding grants
13 under this section in the fiscal year for
14 which such grants are awarded; and

15 “(B) midway through the grant period of
16 each grant awarded under this section to a
17 State entity, review the grant to determine
18 whether the State entity will meet the agreed
19 upon uses of funds in the State entity’s applica-
20 tion, and if not, reallocate the grant funds that will
21 not be used to other State entities during the
22 succeeding grant competition under this section.

23 “(4) DIVERSITY OF PROJECTS.—Each State en-
24 tity receiving a grant under this section shall award

1 subgrants under this section in a manner that, to
2 the extent possible, ensures that such subgrants—

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

6 “(B) will assist charter schools rep-
7 resenting a variety of educational approaches.

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

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

15 “(B) the Secretary determines that grant-
16 ing such a waiver will promote the purpose of
17 this subpart.

18 “(d) LIMITATIONS.—

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

22 “(2) SUBGRANTS.—An eligible applicant may
23 not receive more than 1 subgrant under this section
24 per individual charter school for a 5-year period, un-
25 less the eligible applicant demonstrates to the State

1 entity not less than 3 years of improved educational
2 results in the areas described in subparagraphs (A)
3 and (D) of section 5210(6) for students enrolled in
4 such charter school.

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

10 “(1) DESCRIPTION OF PROGRAM.—A descrip-
11 tion of the State entity’s objectives under this sec-
12 tion and how the objectives of the program will be
13 carried out, including a description—

14 “(A) of how the State entity—

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

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

1 “(iii) will work with eligible applicants
2 to ensure that the eligible applicants access
3 all Federal funds that they are eligible to
4 receive, and help the charter schools sup-
5 ported by the applicants and the students
6 attending the charter schools—

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

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

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

18 “(iv) in the case in which the State
19 entity is not a State educational agency—

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

1 “(II) will work with the State
2 educational agency to adequately op-
3 erate the State entity’s program
4 under this section, where applicable;

5 “(v) will ensure each eligible applicant
6 that receives a subgrant under the State
7 entity’s program to open and prepare to
8 operate a new charter school, a replicated,
9 high-quality charter school model, or an
10 expanded, high-quality charter school is
11 prepared to continue to operate such
12 school or model, in a manner consistent
13 with the eligible applicant’s application,
14 after the subgrant funds have expired;

15 “(vi) will support charter schools in
16 local educational agencies with large num-
17 bers of schools identified by the State for
18 improvement;

19 “(vii) will work with charter schools to
20 promote inclusion of all students and sup-
21 port all students once they are enrolled to
22 promote retention;

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

1 limited opportunities to participate in char-
2 ter schools;

3 “(ix) will share best and promising
4 practices between charter schools and
5 other public schools, including, where ap-
6 propriate, instruction and professional de-
7 velopment in science, math, technology,
8 and engineering education;

9 “(x) will ensure the charter schools
10 receiving funds under the State entity’s
11 program meet the educational needs of
12 their students, including students with dis-
13 abilities and English learners;

14 “(xi) will support efforts to increase
15 quality initiatives, including meeting the
16 quality authorizing elements described in
17 paragraph (2)(E);

18 “(xii) will provide oversight of author-
19 izing activity, including how the State will
20 approve, actively monitor, and re-approve
21 or revoke the authority of an authorized
22 public chartering agency based on the per-
23 formance of the charter schools authorized
24 by such agency in the areas of student
25 achievement, student safety, financial man-

1 agement, and compliance with all applica-
2 ble statutes and regulations; and

3 “ (xiii) in the case of a State entity de-
4 fined in subsection (i)(4), will work with
5 the State to provide assistance to and over-
6 sight of authorized public chartering agen-
7 cies for authorizing activity described in
8 clause (xii);

9 “(B) of the extent to which the State enti-
10 ty—

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

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

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

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

24 “(I) a description of the roles
25 and responsibilities of eligible appli-

1 cants, partner organizations, and
2 management organizations, including
3 the administrative and contractual
4 roles and responsibilities;

5 “(II) a description of the quality
6 controls agreed to between the eligible
7 applicant and the authorized public
8 chartering agency involved, such as a
9 contract or performance agreement,
10 how a school’s performance in the
11 State’s academic accountability sys-
12 tem will be a primary factor for re-
13 newal or revocation of the school’s
14 charter, and how the State entity and
15 the authorized public chartering agen-
16 cy involved will reserve the right to re-
17 voke or not renew a school’s charter
18 based on financial, structural, or oper-
19 ational factors involving the manage-
20 ment of the school;

21 “(III) a description of how the el-
22 igible applicant will solicit and con-
23 sider input from parents and other
24 members of the community on the im-
25 plementation and operation of each

1 charter school receiving funds under
2 the State entity's program; and

3 “(IV) a description of the
4 planned activities and expenditures
5 for the subgrant funds for purposes of
6 opening and preparing to operate a
7 new charter school, a replicated, high-
8 quality charter school model, or an ex-
9 panded, high-quality charter school,
10 and how the school or model will
11 maintain financial sustainability after
12 the end of the subgrant period; and

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

15 “(D) in the case of an entity that partners
16 with an outside organization to carry out the
17 State entity's quality charter school program, in
18 whole or in part, of the roles and responsibil-
19 ities of this partner;

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

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

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

7 “(A) each charter school receiving funds
8 under the State entity’s program will have a
9 high degree of autonomy over budget and oper-
10 ations;

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

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

19 “(i) adequately monitors each charter
20 school in recruiting, enrolling, and meeting
21 the needs of all students, including stu-
22 dents with disabilities and English learn-
23 ers; and

24 “(ii) ensures that each charter school
25 solicits and considers input from parents

1 and other members of the community on
2 the implementation and operation of the
3 school;

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

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

9 “(ii) recruit, enroll, and retain tradi-
10 tionally underserved students, including
11 students with disabilities and English
12 learners, at rates similar to traditional
13 public schools;

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

20 “(i) assessing annual performance
21 data of the schools, including, as appro-
22 priate, graduation rates and student aca-
23 demic growth;

24 “(ii) reviewing the schools’ inde-
25 pendent, annual audits of financial state-

1 ments conducted in accordance with gen-
2 erally accepted accounting principles, and
3 ensuring any such audits are publically re-
4 ported; and

5 “(iii) holding charter schools account-
6 able to the academic, financial, and oper-
7 ational quality controls agreed to between
8 the charter school and the authorized pub-
9 lic chartering agency involved, such as
10 through renewal, non-renewal, or revoca-
11 tion of the school’s charter;

12 “(F) the State entity will work to ensure
13 that charter schools are included with the tradi-
14 tional public schools in decision-making about
15 the public school system in the State; and

16 “(G) the State entity will ensure that each
17 charter school in the State make publicly avail-
18 able, consistent with the dissemination require-
19 ments of the annual State report card, informa-
20 tion to help parents make informed decisions
21 about the education options available to their
22 children, including information on the edu-
23 cational program, student support services, and
24 annual performance and enrollment data for the

1 groups of students described in section
2 1111(b)(2)(C)(v)(II).

3 “(3) REQUESTS FOR WAIVERS.—A request and
4 justification for waivers of any Federal statutory or
5 regulatory provisions that the State entity believes
6 are necessary for the successful operation of the
7 charter schools that will receive funds under the
8 State entity’s program under this section, and a de-
9 scription of any State or local rules, generally appli-
10 cable to public schools, that will be waived, or other-
11 wise not apply to such schools or, in the case of a
12 State entity defined in subsection (i)(4), a descrip-
13 tion of how the State entity will work with the State
14 to request necessary waivers where applicable.

15 “(f) SELECTION CRITERIA; PRIORITY.—

16 “(1) SELECTION CRITERIA.—The Secretary
17 shall award grants to State entities under this sec-
18 tion on the basis of the quality of the applications
19 submitted under subsection (e), after taking into
20 consideration—

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

1 “(B) the ambitiousness of the State enti-
2 ty’s objectives for the quality charter school
3 program carried out under this section;

4 “(C) the quality of the strategy for assess-
5 ing achievement of those objectives;

6 “(D) the likelihood that the eligible appli-
7 cants receiving subgrants under the program
8 will meet those objectives and improve edu-
9 cational results for students;

10 “(E) the State entity’s plan to—

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

14 “(ii) work with the authorized public
15 chartering agencies involved to avoid dupli-
16 cation of work for the charter schools and
17 authorized public chartering agencies; and

18 “(iii) provide adequate technical as-
19 sistance and support for—

20 “(I) the charter schools receiving
21 funds under the State entity’s pro-
22 gram; and

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

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

5 “(2) PRIORITY.—In awarding grants under this
6 section, the Secretary shall give priority to State en-
7 tities to the extent that they meet the following cri-
8 teria:

9 “(A) In the case of a State entity located
10 in a State that allows an entity other than a
11 local educational agency to be an authorized
12 public chartering agency, the State has a qual-
13 ity authorized public chartering agency that is
14 an entity other than a local educational agency.

15 “(B) The State entity is located in a State
16 that does not impose any limitation on the
17 number or percentage of charter schools that
18 may exist or the number or percentage of stu-
19 dents that may attend charter schools in the
20 State.

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

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

5 “(E) The State entity partners with an or-
6 ganization that has a demonstrated record of
7 success in developing management organiza-
8 tions to support the development of charter
9 schools in the State.

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

14 “(G) The State entity authorizes all char-
15 ter schools in the State to serve as school food
16 authorities.

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

21 “(g) LOCAL USES OF FUNDS.—An eligible applicant
22 receiving a subgrant under this section shall use such
23 funds to carry out activities related to opening and pre-
24 paring to operate a new charter school, a replicated, high-

1 quality charter school model, or an expanded, high-quality
2 charter school, such as—

3 “(1) preparing teachers and school leaders, in-
4 cluding through professional development;

5 “(2) purchasing instructional materials; and

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

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

12 “(1) the number of students served by each
13 subgrant awarded under this section and, if applica-
14 ble, how many new students were served during each
15 year of the subgrant period;

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

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

22 “(4) how the State entity complied with, and
23 ensured that eligible applicants complied with, the
24 assurances described in the State entity’s applica-
25 tion;

1 “(5) how the State entity worked with author-
2 ized public chartering agencies, including how the
3 agencies worked with the management company or
4 leadership of the schools that received subgrants
5 under this section; and

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

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

9 “(B) The opening of replicated, high-qual-
10 ity charter school models.

11 “(C) The opening of expanded, high-qual-
12 ity charter schools.

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

15 “(1) a State educational agency;

16 “(2) a State charter school board;

17 “(3) a Governor of a State; or

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

19 **SEC. 6. FACILITIES FINANCING ASSISTANCE.**

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

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

23 “(a) GRANTS TO ELIGIBLE ENTITIES.—

24 “(1) IN GENERAL.—From the amount reserved
25 under section 5202(b)(1), the Secretary shall not

1 use less than 50 percent to award grants to eligible
2 entities that have the highest-quality applications
3 approved under subsection (d), after considering the
4 diversity of such applications, to demonstrate inno-
5 vative methods of assisting charter schools to ad-
6 dress the cost of acquiring, constructing, and ren-
7 ovating facilities by enhancing the availability of
8 loans or bond financing.

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

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

14 “(B) a private nonprofit entity; or

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

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

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

1 “(d) APPLICATIONS.—

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

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

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

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

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

19 “(D) a description of how the proposed ac-
20 tivities will leverage the maximum amount of
21 private-sector financing capital relative to the
22 amount of public funding used and otherwise
23 enhance credit available to charter schools, in-
24 cluding how the eligible entity will offer a com-
25 bination of rates and terms more favorable than

1 the rates and terms that a charter school could
2 receive without assistance from the eligible enti-
3 ty under this section;

4 “(E) a description of how the eligible enti-
5 ty possesses sufficient expertise in education to
6 evaluate the likelihood of success of a charter
7 school program for which facilities financing is
8 sought; and

9 “(F) in the case of an application sub-
10 mitted by a State governmental entity, a de-
11 scription of the actions that the entity has
12 taken, or will take, to ensure that charter
13 schools within the State receive the funding the
14 charter schools need to have adequate facilities.

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

21 “(1) The acquisition (by purchase, lease, dona-
22 tion, or otherwise) of an interest (including an inter-
23 est held by a third party for the benefit of a charter
24 school) in improved or unimproved real property

1 that is necessary to commence or continue the oper-
2 ation of a charter school.

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

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

11 “(f) RESERVE ACCOUNT.—

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

24 “(A) Guaranteeing, insuring, and rein-
25 suring bonds, notes, evidences of debt, loans,

1 and interests therein, the proceeds of which are
2 used for an objective described in subsection
3 (e).

4 “(B) Guaranteeing and insuring leases of
5 personal and real property for an objective de-
6 scribed in subsection (e).

7 “(C) Facilitating financing by identifying
8 potential lending sources, encouraging private
9 lending, and other similar activities that di-
10 rectly promote lending to, or for the benefit of,
11 charter schools.

12 “(D) Facilitating the issuance of bonds by
13 charter schools, or by other public entities for
14 the benefit of charter schools, by providing
15 technical, administrative, and other appropriate
16 assistance (including the recruitment of bond
17 counsel, underwriters, and potential investors
18 and the consolidation of multiple charter school
19 projects within a single bond issue).

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

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

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

11 “(h) AUDITS AND REPORTS.—

12 “(1) FINANCIAL RECORD MAINTENANCE AND
13 AUDIT.—The financial records of each eligible entity
14 receiving a grant under subsection (a) shall be main-
15 tained in accordance with generally accepted ac-
16 counting principles and shall be subject to an annual
17 audit by an independent public accountant.

18 “(2) REPORTS.—

19 “(A) GRANTEE ANNUAL REPORTS.—Each
20 eligible entity receiving a grant under sub-
21 section (a) annually shall submit to the Sec-
22 retary a report of its operations and activities
23 under this section.

1 “(B) CONTENTS.—Each annual report
2 submitted under subparagraph (A) shall in-
3 clude—

4 “(i) a copy of the most recent finan-
5 cial statements, and any accompanying
6 opinion on such statements, prepared by
7 the independent public accountant review-
8 ing the financial records of the eligible en-
9 tity;

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

14 “(iii) an evaluation by the eligible en-
15 tity of the effectiveness of its use of the
16 Federal funds provided under subsection
17 (a) in leveraging private funds;

18 “(iv) a listing and description of the
19 charter schools served during the reporting
20 period, including the amount of funds used
21 by each school, the type of project facili-
22 tated by the grant, and the type of assist-
23 ance provided to the charter schools;

24 “(v) a description of the activities car-
25 ried out by the eligible entity to assist

1 charter schools in meeting the objectives
2 set forth in subsection (e); and

3 “(vi) a description of the characteris-
4 ties of lenders and other financial institu-
5 tions participating in the activities under-
6 taken by the eligible entity under this sec-
7 tion (excluding subsection (k)) during the
8 reporting period.

9 “(C) SECRETARIAL REPORT.—The Sec-
10 retary shall review the reports submitted under
11 subparagraph (A) and shall provide a com-
12 prehensive annual report to Congress on the ac-
13 tivities conducted under this section (excluding
14 subsection (k)).

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

25 “(j) RECOVERY OF FUNDS.—

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

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

13 “(B) all or a portion of the funds in a re-
14 serve account established by an eligible entity
15 under subsection (f)(1) if the Secretary deter-
16 mines that the eligible entity has permanently
17 ceased to use all or a portion of the funds in
18 such account to accomplish any purpose de-
19 scribed in subsection (f)(1).

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

1 “(3) PROCEDURES.—The provisions of sections
2 451, 452, and 458 of the General Education Provi-
3 sions Act 20 U.S.C. 124, 1234a, 1234g shall apply
4 to the recovery of funds under paragraph (1).

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

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

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

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

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

20 “(2) GRANTS.—

21 “(A) IN GENERAL.—From the amount
22 under section 5202(b)(1) remaining after the
23 Secretary makes grants under subsection (a),
24 the Secretary shall make grants, on a competi-
25 tive basis, to States to pay for the Federal

1 share of the cost of establishing or enhancing,
2 and administering per-pupil facilities aid pro-
3 grams.

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

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

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

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

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

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

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

21 “(D) STATE SHARE.—A State receiving a
22 grant under this subsection may partner with 1
23 or more organizations to provide up to 50 per-
24 cent of the State share of the cost of estab-

1 lishing or enhancing, and administering the per-
2 pupil facilities aid program.

3 “(E) MULTIPLE GRANTS.—A State may
4 receive more than 1 grant under this sub-
5 section, so long as the amount of such funds
6 provided to charter schools increases with each
7 successive grant.

8 “(3) USE OF FUNDS.—

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

15 “(B) EVALUATIONS; TECHNICAL ASSIST-
16 ANCE; DISSEMINATION.—From the amount
17 made available to a State through a grant
18 under this subsection for a fiscal year, the State
19 may reserve not more than 5 percent to carry
20 out evaluations, to provide technical assistance,
21 and to disseminate information.

22 “(C) SUPPLEMENT, NOT SUPPLANT.—
23 Funds made available under this subsection
24 shall be used to supplement, and not supplant,
25 State and local public funds expended to pro-

1 vide per pupil facilities aid programs, oper-
2 ations financing programs, or other programs,
3 for charter schools.

4 “(4) REQUIREMENTS.—

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

8 “(B) STATE LAW.—

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

15 “(I) is specified in State law; and

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

19 “(ii) SPECIAL RULE.—Notwith-
20 standing clause (i), a State that is required
21 under State law to provide its charter
22 schools with access to adequate facility
23 space, but which does not have a per-pupil
24 facilities aid program for charter schools
25 specified in State law, may be eligible to

1 receive a grant under this subsection if the
2 State agrees to use the funds to develop a
3 per-pupil facilities aid program consistent
4 with the requirements of this subsection.

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

10 **SEC. 7. NATIONAL ACTIVITIES.**

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

13 **“SEC. 5205. NATIONAL ACTIVITIES.**

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

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

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

21 “(A) disseminate technical assistance to
22 State entities in awarding subgrants under sec-
23 tion 5203, and eligible entities and States re-
24 ceiving grants under section 5204;

25 “(B) disseminate best practices; and

1 “(C) evaluate the impact of the charter
2 school program, including the impact on stu-
3 dent achievement, carried out under this sub-
4 part.

5 “(b) GRANTS.—

6 “(1) IN GENERAL.—The Secretary shall make
7 grants, on a competitive basis, to eligible applicants
8 for the purpose of carrying out the activities de-
9 scribed in section 5202(a)(1), subparagraphs (A)
10 through (C) of section 5203(a)(1), and section
11 5203(g).

12 “(2) TERMS AND CONDITIONS.—Except as oth-
13 erwise provided in this subsection, grants awarded
14 under this subsection shall have the same terms and
15 conditions as grants awarded to State entities under
16 section 5203.

17 “(3) CHARTER MANAGEMENT ORGANIZA-
18 TIONS.—The Secretary shall—

19 “(A) use not less than 75 percent of the
20 funds described in subsection (a)(1) to make
21 grants, on a competitive basis, to eligible appli-
22 cants described in paragraph (4)(C); and

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

1 “(i) award grants to eligible appli-
2 cants on the basis of the quality of the ap-
3 plications submitted under this subsection;
4 and

5 “(ii) in awarding grants to eligible ap-
6 plicants described in paragraph (4)(C),
7 give priority to each such eligible applicant
8 that—

9 “(I) demonstrates a high propor-
10 tion of high-quality charter schools
11 within the network of the eligible ap-
12 plicant;

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

16 “(III) does not have a significant
17 proportion of charter schools that
18 have been closed, had the charter re-
19 voked for compliance issues, or the af-
20 filiation with such eligible applicant
21 revoked;

22 “(IV) has sufficient procedures in
23 effect to ensure timely closure of low-
24 performing or financially-mismanaged
25 charter schools and clear plans and

1 procedures in effect for the students
2 in such schools to attend other high-
3 quality schools; and

4 “(V) demonstrates success in
5 working with schools identified for im-
6 provement by the State.

7 “(4) ELIGIBLE APPLICANT DEFINED.—For pur-
8 poses of this subsection, the term ‘eligible applicant’
9 means an eligible applicant (as defined in section
10 5210) that—

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

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

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

16 “(B) is a charter management organiza-
17 tion.

18 “(c) CONTRACTS AND GRANTS.—The Secretary may
19 carry out any of the activities described in this section di-
20 rectly or through grants, contracts, or cooperative agree-
21 ments.”.

22 **SEC. 8. RECORDS TRANSFER.**

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

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

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

3 **SEC. 9. DEFINITIONS.**

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

5 (1) by amending paragraph (1) to read as fol-
6 lows:

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

9 “(A) in accordance with a specific State
10 statute authorizing the granting of charters to
11 schools, is exempt from significant State or
12 local rules that inhibit the flexible operation
13 and management of public schools, but not
14 from any rules relating to the other require-
15 ments of this paragraph;

16 “(B) is created by a developer as a public
17 school, or is adapted by a developer from an ex-
18 isting public school, and is operated under pub-
19 lic supervision and direction;

20 “(C) operates in pursuit of a specific set of
21 educational objectives determined by the
22 school’s developer and agreed to by the author-
23 ized public chartering agency;

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

1 “(E) is nonsectarian in its programs, ad-
2 missions policies, employment practices, and all
3 other operations, and is not affiliated with a
4 sectarian school or religious institution;

5 “(F) does not charge tuition;

6 “(G) complies with the Age Discrimination
7 Act of 1975, title VI of the Civil Rights Act of
8 1964, title IX of the Education Amendments of
9 1972, section 504 of the Rehabilitation Act of
10 1973, part B of the Individuals with Disabil-
11 ities Education Act, the Americans with Dis-
12 abilities Act of 1990 (42 U.S.C. 12101 et seq.),
13 and section 444 of the General Education Pro-
14 visions Act (20 U.S.C. 1232(g)) (commonly
15 known as the ‘Family Education Rights and
16 Privacy Act of 1974’);

17 “(H) is a school to which parents choose to
18 send their children, and admits students on the
19 basis of a lottery if more students apply for ad-
20 mission than can be accommodated, except that
21 in cases in which students who are enrolled in
22 an affiliated charter school (such as one that is
23 part of the same network) in the immediate
24 prior grade level are automatically enrolled,
25 and, in such exceptions, a lottery is used to fill

1 seats created through regular attrition in stu-
2 dent enrollment in the affiliated charter school
3 and the enrolling charter school;

4 “(I) agrees to comply with the same Fed-
5 eral and State audit requirements as do other
6 elementary schools and secondary schools in the
7 State, unless such State audit requirements are
8 waived by the State;

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

11 “(K) operates in accordance with State
12 law;

13 “(L) has a written performance contract
14 with the authorized public chartering agency in
15 the State that includes a description of how
16 student performance will be measured in char-
17 ter schools pursuant to State assessments that
18 are required of other schools and pursuant to
19 any other assessments mutually agreeable to
20 the authorized public chartering agency and the
21 charter school; and

22 “(M) may serve prekindergarten or post-
23 secondary students.”;

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

1 (3) by inserting after paragraph (1), the fol-
2 lowing:

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

8 “(3) CHARTER SCHOOL SUPPORT ORGANIZA-
9 TION.—The term ‘charter school support organiza-
10 tion’ means a nonprofit, nongovernmental entity that
11 is not an authorized public chartering agency, which
12 provides on a statewide basis—

13 “(A) assistance to developers during the
14 planning, program design, and initial implemen-
15 tation of a charter school; and

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

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

20 (5) by adding at the end the following:

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

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

4 “(A) shows evidence of strong academic re-
5 sults, which may include strong academic
6 growth as determined by a State;

7 “(B) has no significant issues in the areas
8 of student safety, operational and financial
9 management, or statutory or regulatory compli-
10 ance;

11 “(C) has demonstrated success in signifi-
12 cantly increasing student academic achieve-
13 ment, including graduation rates where applica-
14 ble, consistent with the requirements under title
15 I, for all students served by the charter school;
16 and

17 “(D) has demonstrated success in increas-
18 ing student academic achievement, including
19 graduation rates where applicable, for the
20 groups of students described in section
21 1111(b)(2)(C)(v)(II), except that such dem-
22 onstration is not required in a case in which the
23 number of students in a group is insufficient to
24 yield statistically reliable information or the re-

1 sults would reveal personally identifiable infor-
2 mation about an individual student.

3 “(7) REPLICATED, HIGH-QUALITY CHARTER
4 SCHOOL MODEL.—The term ‘replicated, high-quality
5 charter school model’ means a high-quality charter
6 school that has opened a new campus under an ex-
7 isting charter.”.

8 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

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

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

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

15 **SEC. 11. CONFORMING AMENDMENTS.**

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

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

20 (1) by striking the item relating to section 5203
21 and inserting the following:

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

22 (2) by striking the item relating to section 5204
23 and inserting the following:

 “Sec. 5204. Facilities Financing Assistance.”; and

24 (3) by striking subpart 2 of part B of title V.