

# Union Calendar No. 312

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 10

[Report No. 113-423]

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2014

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

APRIL 29, 2014

Additional sponsors: Mr. HINOJOSA, Mr. HUNTER, Mr. MESSER, Mr. PETERS of California, Mr. POLIS, Mr. ROE of Tennessee, Mr. ROKITA, Mr. BUCSHON, Mr. DESJARLAIS, Mr. WALBERG, Mr. DUFFY, Mr. PETRI, Mr. WOMACK, Mr. WEBSTER of Florida, Mrs. BROOKS of Indiana, Mr. BYRNE, Mr. FARENTHOLD, Mr. GUTHRIE, Mr. HECK of Nevada, Mr. HUDSON, and Mr. WILSON of South Carolina

APRIL 29, 2014

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on April 1, 2014]

# **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8 *this Act a section or other provision is amended or repealed,*  
9 *such amendment or repeal shall be considered to be made*  
10 *to that section or other provision of the Elementary and*  
11 *Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).*

12 **SEC. 3. SUBPART HEADING; PURPOSE.**

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

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

18 **“SEC. 5201. PURPOSE.**

19 *“It is the purpose of this subpart to—*

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

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

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

6           “(4) evaluate the impact of such schools on stu-  
7           dent achievement, families, and communities, and  
8           share best practices between charter schools and other  
9           public schools;

10          “(5) encourage States to provide support to char-  
11          ter schools for facilities financing in an amount more  
12          nearly commensurate to the amount the States have  
13          typically provided for traditional public schools;

14          “(6) improve student services to increase oppor-  
15          tunities for students with disabilities, limited English  
16          proficient students, and other traditionally under-  
17          served students to attend charter schools and meet  
18          challenging State academic achievement standards;

19          “(7) support efforts to strengthen the charter  
20          school authorizing process to improve performance  
21          management, including transparency, oversight, mon-  
22          itoring, and evaluation of such schools; and

23          “(8) support quality accountability and trans-  
24          parency in the operational performance of all author-  
25          ized public chartering agencies, which include State

1        *educational agencies, local educational agencies, and*  
2        *other authorizing entities.”.*

3        **SEC. 4. PROGRAM AUTHORIZED.**

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

6        **“SEC. 5202. PROGRAM AUTHORIZED.**

7        *“(a) IN GENERAL.—This subpart authorizes the Sec-*  
8        *retary to carry out a charter school program that supports*  
9        *charter schools that serve elementary school and secondary*  
10       *school students by—*

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

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

16                *“(3) carrying out national activities to sup-*  
17                *port—*

18                        *“(A) charter school development;*

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

21                        *“(C) the evaluation of the impact of the pro-*  
22                        *gram on schools participating in the program;*  
23                        *and*

24                        *“(D) stronger charter school authorizing.*

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

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

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

8               “(3) *use the remaining amount after the Sec-*  
 9 *retary reserves funds under paragraphs (1) and (2) to*  
 10 *carry out section 5203.*

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

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

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

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

24       “(a) *IN GENERAL.*—*From the amount reserved under*  
 25 *section 5202(b)(3), the Secretary shall award grants to*

1 *State entities having applications approved pursuant to*  
2 *subsection (f) to enable such entities to—*

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

5                   “(A) *new charter schools;*

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

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

10           “(2) *provide technical assistance to eligible ap-*  
11 *plicants and authorized public chartering agencies in*  
12 *carrying out the activities described in paragraph (1)*  
13 *and work with authorized public chartering agencies*  
14 *in the State to improve authorizing quality.*

15           “(b) *STATE USES OF FUNDS.—*

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

18                           “(A) *use not less than 90 percent of the*  
19 *grant funds to award subgrants to eligible appli-*  
20 *cants, in accordance with the quality charter*  
21 *school program described in the State entity’s*  
22 *application approved pursuant to subsection (f),*  
23 *for the purposes described in subparagraphs (A)*  
24 *through (C) of subsection (a)(1);*

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

4           “(C) reserve not more than 3 percent of such  
5           funds for administrative costs which may in-  
6           clude technical assistance.

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

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

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

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

24          “(c) *PROGRAM PERIODS; PEER REVIEW; GRANT NUM-*  
25          *BER AND AMOUNT; DIVERSITY OF PROJECTS; WAIVERS.*—



1           “(1) *PROGRAM PERIODS.*—

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

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

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

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

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

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

19                           “(ii) *wholly fund each grant awarded*  
20                           *under this section, without making continu-*  
21                           *ation awards; and*

22                           “(iii) *fully obligate the funds appro-*  
23                           *priated for the purpose of awarding grants*  
24                           *under this section in the fiscal year for*  
25                           *which such grants are awarded; and*

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

10           “(4) DIVERSITY OF PROJECTS.—Each State enti-  
11 ty receiving a grant under this section shall award  
12 subgrants under this section in a manner that, to the  
13 extent possible, ensures that such subgrants—

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

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

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

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

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

4           “(d) LIMITATIONS.—

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

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

16          “(e) APPLICATIONS.—A State entity desiring to receive  
17          a grant under this section shall submit an application to  
18          the Secretary at such time and in such manner as the Sec-  
19          retary may require. The application shall include the fol-  
20          lowing:

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

25                          “(A) of how the State entity—

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

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

12           “(iii) will work with eligible appli-  
13 cants to ensure that the eligible applicants  
14 access all Federal funds that they are eligi-  
15 ble to receive, and help the charter schools  
16 supported by the applicants and the stu-  
17 dents attending the charter schools—

18           “(I) participate in the Federal  
19 programs in which the schools and stu-  
20 dents are eligible to participate;

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

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

5                   “(iv) will have clear plans and proce-  
6                   dures to assist students enrolled in a charter  
7                   school that closes or loses its charter to at-  
8                   tend other high-quality schools;

9                   “(v) in the case in which the State en-  
10                  tity is not a State educational agency—

11                  “(I) will work with the State edu-  
12                  cational agency and the charter schools  
13                  in the State to maximize charter school  
14                  participation in Federal and State  
15                  programs for charter schools; and

16                  “(II) will work with the State  
17                  educational agency to adequately oper-  
18                  ate the State entity’s program under  
19                  this section, where applicable;

20                  “(vi) will ensure each eligible appli-  
21                  cant that receives a subgrant under the  
22                  State entity’s program to open and prepare  
23                  to operate a new charter school, a rep-  
24                  licated, high-quality charter school model,

1           *or an expanded, high-quality charter*  
2           *school—*

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

6                     *“(II) is prepared to continue to*  
7                     *operate such school or model, in a*  
8                     *manner consistent with the eligible ap-*  
9                     *plicant’s application, after the*  
10                    *subgrant funds have expired;*

11                    *“(vii) will support charter schools in*  
12                    *local educational agencies with large num-*  
13                    *bers of schools identified by the State for*  
14                    *improvement;*

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

19                    *“(ix) will work with charter schools on*  
20                    *recruitment practices, including efforts to*  
21                    *engage groups that may otherwise have lim-*  
22                    *ited opportunities to participate in charter*  
23                    *schools, and to ensure such schools do not*  
24                    *have in effect policies or procedures that*  
25                    *may create barriers to enrollment of stu-*

1           *dents, including educationally disadvan-*  
2           *tagged students, and are in compliance with*  
3           *all Federal and State laws on enrollment*  
4           *practices;*

5           *“(x) will share best and promising*  
6           *practices between charter schools and other*  
7           *public schools, including, where appro-*  
8           *priate, instruction and professional develop-*  
9           *ment in core academic subjects, and science,*  
10          *technology, engineering, and math edu-*  
11          *cation, including computer science;*

12          *“(xi) will ensure the charter schools re-*  
13          *ceiving funds under the State entity’s pro-*  
14          *gram meet the educational needs of their*  
15          *students, including students with disabil-*  
16          *ities and English learners;*

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

21          *“(xiii) in the case of a State entity not*  
22          *described in clause (xiv), will provide over-*  
23          *sight of authorizing activity, including how*  
24          *the State will approve, actively monitor,*  
25          *and re-approve or revoke the authority of*

1           *an authorized public chartering agency*  
2           *based on the performance of the charter*  
3           *schools authorized by such agency in the*  
4           *areas of student achievement, student safety,*  
5           *financial management, and compliance*  
6           *with all applicable statutes and regulations;*  
7           *and*

8           *“(xiv) in the case of a State entity de-*  
9           *finied in subsection (i)(4), will work with*  
10          *the State to provide assistance to and over-*  
11          *sight of authorized public chartering agen-*  
12          *cies for authorizing activity described in*  
13          *clause (xiii);*

14          *“(B) of the extent to which the State enti-*  
15          *ty—*

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

18                 *“(ii) is working to develop or strength-*  
19                 *en a cohesive statewide system to support*  
20                 *the opening of new charter schools, rep-*  
21                 *licated, high-quality charter school models,*  
22                 *or expanded, high-quality charter schools;*

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



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

4                   “(I) a description of the roles and  
5 responsibilities of eligible applicants,  
6 partner organizations, and manage-  
7 ment organizations, including the ad-  
8 ministrative and contractual roles and  
9 responsibilities;

10                   “(II) a description of the quality  
11 controls agreed to between the eligible  
12 applicant and the authorized public  
13 chartering agency involved, such as a  
14 contract or performance agreement,  
15 how a school’s performance in the  
16 State’s academic accountability system  
17 will be a primary factor for renewal or  
18 revocation of the school’s charter, and  
19 how the State entity and the author-  
20 ized public chartering agency involved  
21 will reserve the right to revoke or not  
22 renew a school’s charter based on fi-  
23 nancial, structural, or operational fac-  
24 tors involving the management of the  
25 school;

1                   “(III) a description of how the eli-  
2                   gible applicant will solicit and con-  
3                   sider input from parents and other  
4                   members of the community on the im-  
5                   plementation and operation of each  
6                   charter school receiving funds under  
7                   the State entity’s program; and

8                   “(IV) a description of the planned  
9                   activities and expenditures for the  
10                  subgrant funds for purposes of opening  
11                  and preparing to operate a new char-  
12                  ter school, a replicated, high-quality  
13                  charter school model, or an expanded,  
14                  high-quality charter school, and how  
15                  the school or model will maintain fi-  
16                  nancial sustainability after the end of  
17                  the subgrant period; and

18                  “(ii) a description of how the State en-  
19                  tity will review applications;

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

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

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

8           “(2) ASSURANCES.—Assurances, including a de-  
9 scription of how the assurances will be met, that—

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

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

17           “(C) the State entity will ensure that the  
18 authorized public chartering agency of any char-  
19 ter school that receives funds under the State en-  
20 tity’s program—

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

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

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

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

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

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

20           “(i) assessing annual performance data  
21           of the schools, including, as appropriate,  
22           graduation rates and student academic  
23           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 public*  
9            *chartering agency involved, such as through*  
10           *renewal, non-renewal, or revocation of the*  
11           *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 are*  
6           *necessary for the successful operation of the charter*  
7           *schools that will receive funds under the State entity’s*  
8           *program under this section, and a description of any*  
9           *State or local rules, generally applicable to public*  
10           *schools, that will be waived, or otherwise not apply to*  
11           *such schools or, in the case of a State entity defined*  
12           *in subsection (i)(4), a description of how the State en-*  
13           *tity will work with the State to request necessary*  
14           *waivers where applicable.*

15           “(f) *SELECTION CRITERIA; PRIORITY.—*

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

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

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

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

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

10          “(E) the State entity’s plan to—

11           “(i) adequately monitor the eligible ap-  
12 plicants receiving subgrants under the State  
13 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 op-  
4           eration of the charter schools in the State.

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

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

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

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

23          “(D) The State entity is located in a State  
24          that uses charter schools and best practices from



1           *charter schools to help improve struggling schools*  
2           *and local educational agencies.*

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

8           “(F) *The State entity supports charter*  
9           *schools that support at-risk students through ac-*  
10          *tivities such as dropout prevention or dropout*  
11          *recovery.*

12          “(G) *The State entity authorizes all charter*  
13          *schools in the State to serve as school food au-*  
14          *thorities.*

15          “(H) *The State entity has taken steps to en-*  
16          *sure that all authorizing public chartering agen-*  
17          *cies implement best practices for charter school*  
18          *authorizing.*

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

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

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

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

7           “(h) *REPORTING REQUIREMENTS.*—Each State entity  
8           receiving a grant under this section shall submit to the Sec-  
9           retary, at the end of the third year of the 5-year grant pe-  
10          riod and at the end of such grant period, a report on—

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

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

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

21          “(4) how the State entity complied with, and en-  
22          sured that eligible applicants complied with, the as-  
23          surances described in the State entity’s application;

24          “(5) how the State entity worked with authorized  
25          public chartering agencies, including how the agencies

1       *worked with the management company or leadership*  
 2       *of the schools that received subgrants under this sec-*  
 3       *tion; and*

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

6                       “(A) *The opening of new charter schools.*

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

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

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

13                       “(1) *a State educational agency;*

14                       “(2) *a State charter school board;*

15                       “(3) *a Governor of a State; or*

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

17       **SEC. 6. FACILITIES FINANCING ASSISTANCE.**

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

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

21               “(a) *GRANTS TO ELIGIBLE ENTITIES.—*

22                       “(1) *IN GENERAL.—From the amount reserved*  
 23       *under section 5202(b)(1), the Secretary shall not use*  
 24       *less than 50 percent to award grants to eligible enti-*  
 25       *ties that have the highest-quality applications ap-*

1       proved under subsection (d), after considering the di-  
2       versity of such applications, to demonstrate innova-  
3       tive methods of assisting charter schools to address the  
4       cost of acquiring, constructing, and renovating facili-  
5       ties by enhancing the availability of loans or bond fi-  
6       nancing.

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

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

11                     “(B) a private nonprofit entity; or

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

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

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

23               “(d) *APPLICATIONS.*—

24                     “(1) *IN GENERAL.*—To receive a grant under  
25       subsection (a), an eligible entity shall submit to the

1        *Secretary an application in such form as the Sec-*  
2        *retary may reasonably require.*

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

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

11           “(B) *a description of the involvement of*  
12       *charter schools in the application’s development*  
13       *and the design of the proposed activities;*

14           “(C) *a description of the eligible entity’s ex-*  
15       *pertise in capital market financing;*

16           “(D) *a description of how the proposed ac-*  
17       *tivities will leverage the maximum amount of*  
18       *private-sector financing capital relative to the*  
19       *amount of public funding used and otherwise en-*  
20       *hance credit available to charter schools, includ-*  
21       *ing how the eligible entity will offer a combina-*  
22       *tion of rates and terms more favorable than the*  
23       *rates and terms that a charter school could re-*  
24       *ceive without assistance from the eligible entity*  
25       *under this section;*

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

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

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

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

24                 “(2) The construction of new facilities, or the  
25                 renovation, repair, or alteration of existing facilities,

1       *necessary to commence or continue the operation of a*  
2       *charter school.*

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

7       “(f) *RESERVE ACCOUNT.—*

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

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

1           “(B) *Guaranteeing and insuring leases of*  
2           *personal and real property for an objective de-*  
3           *scribed in subsection (e).*

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

9           “(D) *Facilitating the issuance of bonds by*  
10           *charter schools, or by other public entities for the*  
11           *benefit of charter schools, by providing technical,*  
12           *administrative, and other appropriate assistance*  
13           *(including the recruitment of bond counsel, un-*  
14           *derwriters, and potential investors and the con-*  
15           *solidation of multiple charter school projects*  
16           *within a single bond issue).*

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

22           “(3) *REINVESTMENT OF EARNINGS.—Any earn-*  
23           *ings on funds received under subsection (a) shall be*  
24           *deposited in the reserve account established under*



1       *paragraph (1) and used in accordance with such*  
2       *paragraph.*

3       “(g) *LIMITATION ON ADMINISTRATIVE COSTS.—An eli-*  
4       *gible entity may use not more than 2.5 percent of the funds*  
5       *received under subsection (a) for the administrative costs*  
6       *of carrying out its responsibilities under this section (ex-*  
7       *cluding subsection (k)).*

8       “(h) *AUDITS AND REPORTS.—*

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

15               “(2) *REPORTS.—*

16                       “(A) *GRANTEE ANNUAL REPORTS.—Each el-*  
17       *igible entity receiving a grant under subsection*  
18       *(a) annually shall submit to the Secretary a re-*  
19       *port of its operations and activities under this*  
20       *section.*

21                       “(B) *CONTENTS.—Each annual report sub-*  
22       *mitted under subparagraph (A) shall include—*

23                               “(i) *a copy of the most recent financial*  
24       *statements, and any accompanying opinion*  
25       *on such statements, prepared by the inde-*

1            *pendent public accountant reviewing the fi-*  
2            *nancial records of the eligible entity;*

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

7            *“(iii) an evaluation by the eligible en-*  
8            *tity of the effectiveness of its use of the Fed-*  
9            *eral funds provided under subsection (a) in*  
10           *leveraging private funds;*

11           *“(iv) a listing and description of the*  
12           *charter schools served during the reporting*  
13           *period, including the amount of funds used*  
14           *by each school, the type of project facilitated*  
15           *by the grant, and the type of assistance pro-*  
16           *vided to the charter schools;*

17           *“(v) a description of the activities car-*  
18           *ried out by the eligible entity to assist char-*  
19           *ter schools in meeting the objectives set forth*  
20           *in subsection (e); and*

21           *“(vi) a description of the characteris-*  
22           *tics of lenders and other financial institu-*  
23           *tions participating in the activities under-*  
24           *taken by the eligible entity under this sec-*

1                   tion (excluding subsection (k)) during the  
2                   reporting period.

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

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

18                  “(j) *RECOVERY OF FUNDS.*—

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

22                  “(A) all of the funds in a reserve account es-  
23                  tablished by an eligible entity under subsection  
24                  (f)(1) if the Secretary determines, not earlier  
25                  than 2 years after the date on which the eligible

1           entity first received funds under this section (ex-  
2           cluding subsection (k)), that the eligible entity  
3           has failed to make substantial progress in car-  
4           rying out the purposes described in subsection  
5           (f)(1); or

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

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

18                   “(3) *PROCEDURES.*—The provisions of sections  
19          451, 452, and 458 of the General Education Provi-  
20          sions Act 20 U.S.C. 124, 1234a, 1234g shall apply to  
21          the recovery of funds under paragraph (1).

22                   “(4) *CONSTRUCTION.*—This subsection shall not  
23          be construed to impair or affect the authority of the  
24          Secretary to recover funds under part D of the Gen-

1 *eral Education Provisions Act (20 U.S.C. 1234 et*  
2 *seq.).*

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

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

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

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

13 *“(2) GRANTS.—*

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

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

24 *“(C) FEDERAL SHARE.—The Federal share*  
25 *of the cost described in subparagraph (A) for a*

1           *per-pupil facilities aid program shall be not*  
2           *more than—*

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

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

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

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

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

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

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

24                    “(3) *USE OF FUNDS.*—

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

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

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

20           “(4) *REQUIREMENTS.*—

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

24           “(B) *STATE LAW.*—

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

7                     “(I) *is specified in State law; and*

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

11           “(ii) *SPECIAL RULE.*—*Notwith-*  
12           *standing clause (i), a State that is required*  
13           *under State law to provide its charter*  
14           *schools with access to adequate facility*  
15           *space, but which does not have a per-pupil*  
16           *facilities aid program for charter schools*  
17           *specified in State law, may be eligible to re-*  
18           *ceive a grant under this subsection if the*  
19           *State agrees to use the funds to develop a*  
20           *per-pupil facilities aid program consistent*  
21           *with the requirements of this subsection.*

22           “(5) *APPLICATIONS.*—*To be eligible to receive a*  
23           *grant under this subsection, a State shall submit an*  
24           *application to the Secretary at such time, in such*



1        *manner, and containing such information as the Sec-*  
2        *retary may require.”.*

3        **SEC. 7. NATIONAL ACTIVITIES.**

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

6        **“SEC. 5205. NATIONAL ACTIVITIES.**

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

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

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

14                      *“(A) provide technical assistance to State*  
15                      *entities in awarding subgrants under section*  
16                      *5203, and eligible entities and States receiving*  
17                      *grants under section 5204;*

18                      *“(B) disseminate best practices; and*

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

22        *“(b) GRANTS.—*

23                      *“(1) IN GENERAL.—The Secretary shall make*  
24                      *grants, on a competitive basis, to eligible applicants*  
25                      *for the purpose of carrying out the activities described*

1 *in section 5202(a)(1), subparagraphs (A) through (C)*  
2 *of section 5203(a)(1), and section 5203(g).*

3 “(2) *TERMS AND CONDITIONS.—Except as other-*  
4 *wise provided in this subsection, grants awarded*  
5 *under this subsection shall have the same terms and*  
6 *conditions as grants awarded to State entities under*  
7 *section 5203.*

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

10 “(A) *use not less than 75 percent of the*  
11 *funds described in subsection (a)(1) to make*  
12 *grants, on a competitive basis, to eligible appli-*  
13 *cants described in paragraph (4)(C); and*

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

16 “(i) *award grants to eligible appli-*  
17 *cants on the basis of the quality of the ap-*  
18 *plications submitted under this subsection;*  
19 *and*

20 “(ii) *in awarding grants to eligible ap-*  
21 *plicants described in paragraph (4)(C), give*  
22 *priority to each such eligible applicant*  
23 *that—*

24 “(I) *demonstrates a high propor-*  
25 *tion of high-quality charter schools*

1                   *within the network of the eligible ap-*  
2                   *plicant;*

3                   *“(II) demonstrates success in serv-*  
4                   *ing students who are educationally dis-*  
5                   *advantaged;*

6                   *“(III) does not have a significant*  
7                   *proportion of charter schools that have*  
8                   *been closed, had their charter revoked*  
9                   *for compliance issues, or had their af-*  
10                  *filiation with such eligible applicant*  
11                  *revoked;*

12                  *“(IV) has sufficient procedures in*  
13                  *effect to ensure timely closure of low-*  
14                  *performing or financially-mismanaged*  
15                  *charter schools and clear plans and*  
16                  *procedures in effect for the students in*  
17                  *such schools to attend other high-qual-*  
18                  *ity schools; and*

19                  *“(V) demonstrates success in*  
20                  *working with schools identified for im-*  
21                  *provement by the State.*

22                  *“(4) ELIGIBLE APPLICANT DEFINED.—For pur-*  
23                  *poses of this subsection, the term ‘eligible applicant’*  
24                  *means an eligible applicant (as defined in section*  
25                  *5210) that—*

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

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

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

6           “(B) is a charter management organization.

7           “(c) *CONTRACTS AND GRANTS.*—The Secretary may  
8 carry out any of the activities described in this section di-  
9 rectly or through grants, contracts, or cooperative agree-  
10 ments.”.

11 **SEC. 8. RECORDS TRANSFER.**

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

13                   (1) by inserting “as quickly as possible and” be-  
14 fore “to the extent practicable”; and

15                   (2) by striking “section 602” and inserting “sec-  
16 tion 602(14)”.

17 **SEC. 9. DEFINITIONS.**

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

19                   (1) by amending paragraph (1) to read as fol-  
20 lows:

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

23                           “(A) in accordance with a specific State  
24 statute authorizing the granting of charters to  
25 schools, is exempt from significant State or local

1           *rules that inhibit the flexible operation and man-*  
2           *agement of public schools, but not from any rules*  
3           *relating to the other requirements of this para-*  
4           *graph;*

5           *“(B) is created by a developer as a public*  
6           *school, or is adapted by a developer from an ex-*  
7           *isting public school, and is operated under pub-*  
8           *lic supervision and direction;*

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

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

15          *“(E) is nonsectarian in its programs, ad-*  
16          *missions policies, employment practices, and all*  
17          *other operations, and is not affiliated with a sec-*  
18          *tarian school or religious institution;*

19          *“(F) does not charge tuition;*

20          *“(G) complies with the Age Discrimination*  
21          *Act of 1975, title VI of the Civil Rights Act of*  
22          *1964, title IX of the Education Amendments of*  
23          *1972, section 504 of the Rehabilitation Act of*  
24          *1973, part B of the Individuals with Disabilities*  
25          *Education Act, the Americans with Disabilities*

1           *Act of 1990 (42 U.S.C. 12101 et seq.), and sec-*  
2           *tion 444 of the General Education Provisions*  
3           *Act (20 U.S.C. 1232(g)) (commonly known as*  
4           *the ‘Family Education Rights and Privacy Act*  
5           *of 1974’);*

6           “(H) is a school to which parents choose to  
7           send their children, and admits students on the  
8           basis of a lottery if more students apply for ad-  
9           mission than can be accommodated, except that  
10          in cases in which students who are enrolled in  
11          a charter school affiliated (such as by sharing a  
12          network) with another charter school, those stu-  
13          dents may be automatically enrolled in the next  
14          grade level at such other charter school, so long  
15          as a lottery is used to fill seats created through  
16          regular attrition in student enrollment;

17          “(I) agrees to comply with the same Federal  
18          and State audit requirements as do other elemen-  
19          tary schools and secondary schools in the State,  
20          unless such State audit requirements are waived  
21          by the State;

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

24          “(K) operates in accordance with State law;

1           “(L) has a written performance contract  
2           with the authorized public chartering agency in  
3           the State that includes a description of how stu-  
4           dent performance will be measured in charter  
5           schools pursuant to State assessments that are  
6           required of other schools and pursuant to any  
7           other assessments mutually agreeable to the au-  
8           thorized public chartering agency and the char-  
9           ter school; and

10           “(M) may serve prekindergarten or postsec-  
11           ondary students.”;

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

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

16           “(2) *CHARTER MANAGEMENT ORGANIZATION.*—  
17           The term ‘charter management organization’ means a  
18           not-for-profit organization that manages a network of  
19           charter schools linked by centralized support, oper-  
20           ations, and oversight.

21           “(3) *CHARTER SCHOOL SUPPORT ORGANIZA-*  
22           *TION.*—The term ‘charter school support organization’  
23           means a nonprofit, nongovernmental entity that is  
24           not an authorized public chartering agency, which  
25           provides on a statewide basis—

1           “(A) assistance to developers during the  
2           planning, program design, and initial imple-  
3           mentation of a charter school; and

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

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

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

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

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

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

20                 “(B) has no significant issues in the areas  
21                 of student safety, operational and financial man-  
22                 agement, or statutory or regulatory compliance;

23                 “(C) has demonstrated success in signifi-  
24                 cantly increasing student academic achievement,  
25                 including graduation rates where applicable,



1           *consistent with the requirements under title I, for*  
2           *all students served by the charter school; and*

3           “(D) *has demonstrated success in increasing*  
4           *student academic achievement, including grad-*  
5           *uation rates where applicable, for the groups of*  
6           *students described in section*  
7           *1111(b)(2)(C)(v)(II), except that such demonstra-*  
8           *tion is not required in a case in which the num-*  
9           *ber of students in a group is insufficient to yield*  
10           *statistically reliable information or the results*  
11           *would reveal personally identifiable information*  
12           *about an individual student.*

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

19 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

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

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

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

1 **SEC. 11. CONFORMING AMENDMENTS.**

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

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

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

“Subpart 1—Charter School Program”;

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

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

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

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

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



Union Calendar No. 312

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 10**

[Report No. 113-423]

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## **A BILL**

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

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APRIL 29, 2014

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed