

114TH CONGRESS
1ST SESSION

S. 1708

To improve certain provisions relating to charter schools.

IN THE SENATE OF THE UNITED STATES

JULY 7, 2015

Mr. BROWN introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To improve certain provisions relating to charter schools.

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 “Charter School Ac-
5 countability Act of 2015”.

6 **SEC. 2. GENERAL PROVISIONS.**

7 Title V of the Elementary and Secondary Education
8 Act of 1965 (20 U.S.C. 7201 et seq.) is amended—

9 (1) by striking the title heading and inserting
10 “**EMPOWERING PARENTS AND EX-**
11 **PANDING OPPORTUNITY THROUGH IN-**
12 **NOVATION**”;

1 (2) by striking part A;

2 (3) by striking subparts 2 and 3 of part B;

3 (4) by redesignating parts B and C as parts A
4 and B, respectively;

5 (5) in part A, as redesignated by paragraph
6 (4), by striking “**Subpart 1—Charter School**
7 **Programs**”;

8 (6) by redesignating sections 5201 through
9 5211 as sections 5101 through 5111, respectively;

10 (7) by redesignating sections 5301 through
11 5307 as sections 5201 through 5207, respectively;

12 (8) by striking sections 5308 and 5310; and

13 (9) by redesignating sections 5309 and 5311 as
14 sections 5208 and 5209, respectively.

15 **SEC. 3. PUBLIC CHARTER SCHOOLS.**

16 Part A of title V of the Elementary and Secondary
17 Education Act of 1965 (20 U.S.C. 7221 et seq.), as reded-
18 igned by section 2(4), is amended by striking sections
19 5101 through 5105, as redesignated by section 2(6), and
20 inserting the following:

21 **“SEC. 5101. PURPOSE.**

22 “It is the purpose of this part to—

23 “(1) provide authorization and support for pub-
24 lic charter schools providing elementary or secondary
25 education as a means to test and learn from innova-

1 tions aimed at improving the education of all stu-
2 dents and strengthening public education;

3 “(2) evaluate the impact of such schools on stu-
4 dent achievement, families, and communities, and
5 share best practices among charter schools and other
6 public schools;

7 “(3) expand opportunities for children with dis-
8 abilities, students who are English learners, and
9 other traditionally underserved students to attend
10 charter schools and meet the challenging State aca-
11 demic standards under section 1111(b)(1); and

12 “(4) support efforts to strengthen the charter
13 school authorizing process to improve performance
14 management, including transparency, monitoring, in-
15 cluding financial audits, and evaluation of such
16 schools.

17 **“SEC. 5102. PROGRAM AUTHORIZED.**

18 “(a) IN GENERAL.—The Secretary may award grants
19 to eligible State educational agencies having applications
20 approved pursuant to section 5103(f) to enable such agen-
21 cies to conduct a charter school grant program in accord-
22 ance with this part, by—

23 “(1) supporting the startup of charter schools
24 that are evaluated by the charter school authorizer
25 for quality and local impact;

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

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

6 “(4) carrying out national activities to sup-
7 port—

8 “(A) the dissemination of best and prom-
9 ising practices between and among magnet, tra-
10 ditional district, and charter schools;

11 “(B) the evaluation of the impacts of the
12 charter school program under this part on edu-
13 cational quality and equity for students, and
14 the overall strength of public education in local
15 communities; and

16 “(C) stronger charter school authorizing.

17 “(b) FUNDING ALLOTMENT.—From the amount
18 made available under section 5113 for a fiscal year, the
19 Secretary shall—

20 “(1) reserve 12.5 percent to support charter
21 school facilities assistance under section 5104;

22 “(2) reserve not more than 25 percent to carry
23 out sections 5103A and 5105; and

1 “(3) use the remaining amount after the res-
 2 ervations under paragraphs (1) and (2) to carry out
 3 section 5103.

4 “(c) PRIOR GRANTS AND SUBGRANTS.—The recipi-
 5 ent of a grant or subgrant under this part (as such part
 6 was in effect on the day before the date of enactment of
 7 the Charter School Accountability Act of 2015) shall con-
 8 tinue to receive funds in accordance with the terms and
 9 conditions of such grant or subgrant.

10 **“SEC. 5103. GRANTS TO SUPPORT HIGH-QUALITY CHARTER**
 11 **SCHOOLS.**

12 “(a) PROGRAM AUTHORIZED.—From the amount
 13 available under section 5102(b)(3), the Secretary shall
 14 award, on a competitive basis, grants to eligible State edu-
 15 cational agencies having applications approved under sub-
 16 section (f) to enable such eligible State educational agen-
 17 cies to—

18 “(1) award subgrants to eligible applicants to
 19 enable such eligible applicants to—

20 “(A) support the startup of charter schools
 21 that are thoroughly vetted by the authorizer for
 22 quality and local impact;

23 “(B) replicate or expand high-quality char-
 24 ter schools, which may include—

1 “(i) supporting the acquisition, expansion,
2 or preparation of a charter school
3 building to meet increasing enrollment
4 needs, including financing the development
5 of a new building and ensuring that a
6 school building complies with applicable
7 statutes and regulations;

8 “(ii) paying costs associated with hiring
9 additional teachers to serve additional
10 students;

11 “(iii) providing transportation to students
12 to and from the charter school;

13 “(iv) providing instructional materials,
14 implementing teacher and principal or
15 other school leader professional development
16 programs, and hiring additional non-
17 teaching staff;

18 “(v) supporting any necessary activities
19 that assist the charter school in carrying
20 out this section; and

21 “(vi) providing early childhood education
22 programs for children, including direct
23 support to, and coordination with,
24 school or community based early childhood
25 education programs; or

1 “(C) in the case of the closure or dissolu-
 2 tion of a charter school, transfer students and
 3 student records to another school in the school
 4 district in which the charter school is located;
 5 and

6 “(2) provide technical assistance to eligible ap-
 7 plicants and charter school authorizers in carrying
 8 out the activities described in paragraph (1), and
 9 work with charter school authorizers in the State to
 10 improve authorizing quality, including developing ca-
 11 pacity for and conducting fiscal oversight and audit-
 12 ing of charter schools.

13 “(b) ELIGIBLE STATE EDUCATIONAL AGENCY DE-
 14 FINED.—For purposes of this section, the term ‘eligible
 15 State educational agencies’ are State educational agencies
 16 with all of the following student, family, community and
 17 taxpayer protection laws and policies in place:

18 “(1) STATE LAW AUTHORIZING THE CREATION
 19 OF CHARTER SCHOOLS.—The State must have a law
 20 in force that authorizes the creation and operation
 21 of charter schools.

22 “(2) FIDUCIARY DUTIES AND CONFLICT OF IN-
 23 TEREST RULES.—The State must have legally bind-
 24 ing rules establishing fiduciary duties for officers, di-
 25 rectors, managers, and employees of charter schools

1 and prohibitions against conflicts of interest among
2 officers, directors, managers, and employees of char-
3 ter schools, education management organizations,
4 and related entities. Specifically, the State must
5 have legally binding rules—

6 “(A) providing that charter school officers,
7 directors, managers, and employees occupy po-
8 sitions of trust when they handle the money or
9 property of the charter school;

10 “(B) prohibiting charter school officers, di-
11 rectors, managers, and employees from dealing
12 with the charter school as an adverse party or
13 acting on behalf of an adverse party in any
14 matter connected with the duties of such offi-
15 cer, director, manager, or employee;

16 “(C) prohibiting charter school officers, di-
17 rectors, managers, and employees from holding
18 or acquiring any pecuniary or personal interest
19 that conflicts with the interests of the charter
20 school;

21 “(D) prohibiting education management
22 organizations from entering into any trans-
23 action with a related party, including—

24 “(i) any related entity formed for the
25 purpose of managing or providing support

1 to a charter school or group of related
2 charter schools;

3 “(ii) any direct or indirect wholly
4 owned subsidiary of any such entity, if the
5 transaction benefits the education manage-
6 ment organization, the related party, or
7 both; or

8 “(iii) any other related party; and

9 “(E) providing civil remedies and criminal
10 penalties, as applicable, that will apply to a
11 breach of fiduciary duties and prohibited ac-
12 tions described in this paragraph in the same
13 manner that such remedies or penalties apply to
14 a breach of fiduciary duties or an action similar
15 to a prohibited action under this paragraph in
16 the case of officers, directors, managers, and
17 employees of an entity that is not a charter
18 school.

19 “(3) PUBLIC REMOVAL OF CHARTER SCHOOL
20 GOVERNING BOARD MEMBERS.—The State charter
21 school law shall ensure that a State agency or char-
22 ter school authorizer has the authority to remove a
23 member of a charter school’s governing board if the
24 member has violated the member’s fiduciary respon-
25 sibilities or the applicable conflict of interest rules.

1 “(4) INDEPENDENT FINANCIAL AUDIT RE-
2 QUIREMENTS WITH PUBLIC DISCLOSURE.—The
3 State must require that all charter schools, and all
4 education management organizations that enter into
5 management services contracts with charter
6 schools—

7 “(A) conduct annual, independent audits
8 of their financial statements and submit these
9 required audit reports to the eligible State edu-
10 cational agency; and

11 “(B) make the required audit reports, in-
12 cluding any management letters, publicly avail-
13 able via disclosure by the eligible State edu-
14 cational agency.

15 “(5) CHARTER SCHOOL ACCESS TO BOOKS AND
16 RECORDS OF EDUCATION MANAGEMENT ORGANIZA-
17 TIONS.—The State must require that a charter
18 school’s governing board have access to all the books
19 and records—

20 “(A) of any education management organi-
21 zation with which the board has contracted to
22 manage the school; and

23 “(B) that are applicable to that charter
24 school.

1 “(6) OPEN MEETINGS AND OPEN RECORDS RE-
2 QUIREMENTS FOR CHARTER SCHOOLS.—The State
3 must provide that charter schools are covered by the
4 State’s open meetings and open records laws to the
5 same extent that public schools and school boards
6 are covered by such laws.

7 “(7) CHARTER SCHOOL AUTHORIZER AUTHOR-
8 ITY.—The State must have policies in force that
9 provide charter school authorizers with the authority
10 to—

11 “(A) inspect and obtain copies of any
12 books and records of the charter schools they
13 authorize, including all contracts entered into
14 by the charter schools; and

15 “(B) conduct a review or audit of edu-
16 cational performance and financial operations of
17 the charter schools they authorize.

18 “(8) CHARTER SCHOOL AUTHORIZER ACCOUNT-
19 ABILITY.—The State must have policies holding
20 charter school authorizers responsible for monitoring
21 the educational performance and financial operations
22 of all charter schools that the charter school author-
23 izer has authorized. Such policies must include all of
24 the following:

1 “(A) Performance standards for charter
2 school authorizers.

3 “(B) A standardized and public charter
4 school authorizer performance reporting system
5 that discloses, for each authorizer in each
6 school year—

7 “(i) the number of applications re-
8 ceived;

9 “(ii) the number of applications ap-
10 proved;

11 “(iii) the name, location, and status of
12 each authorized school; and

13 “(iv) all charter school closures, deci-
14 sions to deny renewal of charters, or deci-
15 sions to cancel charters, including reasons
16 for the closures, nonrenewal decisions, or
17 cancellation decisions.

18 “(C) The provision of technical assistance
19 to help authorizers meet performance stand-
20 ards.

21 “(D) Authority on the part of an agency or
22 instrumentality of the State to suspend or re-
23 voke an authorizer’s ability to authorize charter
24 schools on the basis of poor performance, and
25 policies relating to that authority, including—

1 “(i) published criteria for such sus-
2 pensions or revocations based on the edu-
3 cational or financial performance of the
4 schools that are authorized by the charter
5 school authorizer; and

6 “(ii) a protocol or policy for reas-
7 signing authorizer responsibilities for each
8 such school to another appropriate author-
9 izer and assisting with the necessary tran-
10 sition (except in the case of a State that
11 has only one charter school authorizer).

12 “(E) A policy regarding how charter
13 schools are monitored and held accountable
14 for—

15 “(i) meeting the requirements de-
16 scribed in section 5110(1); and

17 “(ii) providing equitable access and
18 effectively serving the needs of all stu-
19 dents, including students with disabilities
20 and English learners.

21 “(F) A policy regarding how the charter
22 school authorizer will ensure that the local edu-
23 cational agency that serves a charter school
24 that such charter school authorizer has author-
25 ized will comply with subsections (a)(5) and

1 (e)(1)(B) of section 613 of the Individuals with
2 Disabilities Education Act.

3 “(9) FOR-PROFIT CHARTER SCHOOLS.—The
4 State must have laws in effect that require for-profit
5 charter schools to—

6 “(A) ensure that the charter school’s edu-
7 cational responsibilities take primacy over other
8 purposes, such as generating financial returns
9 for investors, contributing to a related or parent
10 organization, or supporting external interests;
11 and

12 “(B) include board members who have no
13 significant administrative position and no own-
14 ership interest in the charter school or a related
15 party, as described in section 5103(b)(2)(D).

16 “(10) DISTRICTWIDE MULTI-YEAR SCHOOL
17 PLAN.—The State must require local educational
18 agencies, charter school authorizers, and charter
19 schools to jointly develop and regularly update a dis-
20 trictwide multi-year school plan, which shall be co-
21 ordinated by the charter school authorizer.

22 “(11) IMPACT STATEMENT.—The State must
23 require that before any new charter school applica-
24 tion is approved, the local educational agency that
25 serves the charter school or is in the geographic area

1 of the charter school, in accordance with the district-
2 wide multi-year school plan, shall—

3 “(A) prepare an impact statement—

4 “(i) assessing the proposed charter
5 school’s impact on the districtwide multi-
6 year school plan; and

7 “(ii) identifying the role that the char-
8 ter school intends to fill within the local
9 educational agency;

10 “(B) make such impact statement available
11 to community members prior to the hearing de-
12 scribed in subparagraph (C); and

13 “(C) hold a community input hearing prior
14 to the determination about the approval or dis-
15 approval of a pending charter school applica-
16 tion.

17 “(12) IMPACT REPORT.—The State educational
18 agency must prepare, and publish on the State edu-
19 cational agency website, an annual assessment of the
20 impact of charter schools on local educational agen-
21 cies in the State, including—

22 “(A) a review of the flow of funding be-
23 tween sectors, student enrollment trends, and
24 educational outcomes;

1 “(B) identification of noteworthy innova-
2 tive or promising practices carried out by char-
3 ter schools in the State; and

4 “(C) documentation of efforts that lead to
5 two-way cross sector sharing of promising prac-
6 tices.

7 “(13) CHARTER SCHOOL DISCLOSURES.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B), the State must require each charter
10 school to publicly disclose, on the school’s
11 website, the following:

12 “(i) The school’s charter documents.

13 “(ii) Any performance agreements in
14 effect between the charter school and the
15 charter school’s authorizer.

16 “(iii) A description of the school’s
17 program, including courses and programs
18 offered.

19 “(iv) Whether or not transportation
20 services are provided, and any fees for
21 transportation.

22 “(v) Whether or not meals and snacks
23 are served at school and whether or not
24 free or reduced-price meals are available
25 (and, if so, to which students).

1 “(vi) Annual student attrition rates by
2 grade level.

3 “(vii) Student behavior or discipline
4 codes, policies, and processes, including
5 parent appeal options.

6 “(viii) Annual teacher attrition rates.

7 “(ix) The amounts of non-public fund-
8 ing sources, including the duration of phil-
9 anthropic funding commitments.

10 “(x) The names of legal title holders
11 of land and buildings that the charter
12 school utilizes, along with a description of
13 any public subsidies used directly or indi-
14 rectly to purchase or lease charter school
15 property.

16 “(xi) Fees related to incidentals of at-
17 tendance, and whether any of those fees
18 are waived for certain students (such as
19 for students who are eligible to receive a
20 free or reduced price lunch).

21 “(xii) Information related to financial
22 and in-kind contributions of support, which
23 shall be—

24 “(I) the amount and duration of
25 any Federal, State, local, and private

1 financial and in-kind contributions of
2 support, and how such funding and
3 in-kind contributions are spent or
4 used;

5 “(II) the information required to
6 be submitted to the Office for Civil
7 Rights for the Civil Rights Data Col-
8 lection; or

9 “(III) in the case of an organiza-
10 tion described in section 501(c)(3) of
11 the Internal Revenue Code that is ex-
12 empt from taxation under section
13 501(a) of that Code, the information
14 required to be submitted on any re-
15 turn to be filed under section 6033 of
16 that Code.

17 “(B) PERSONALLY IDENTIFIABLE INFOR-
18 MATION.—Notwithstanding the requirements
19 under subparagraph (A), a charter school shall
20 not provide any information under this para-
21 graph that would reveal personally identifiable
22 information about an individual.

23 “(c) ELIGIBLE STATE EDUCATIONAL AGENCY USES
24 OF FUNDS.—

1 “(1) IN GENERAL.—An eligible State edu-
2 cational agency receiving a grant under this section
3 shall—

4 “(A) use not less than 90 percent of the
5 grant funds to award subgrants to eligible ap-
6 plicants, in accordance with the quality charter
7 school program described in the eligible State
8 educational agency’s application pursuant to
9 subsection (f), for the purposes described in
10 subsection (a)(1);

11 “(B) reserve not less than 5 percent of
12 such funds to carry out the activities described
13 in subsection (a)(2);

14 “(C) reserve not more than 3 percent of
15 such funds for administrative costs, which may
16 include the administrative costs of providing
17 technical assistance; and

18 “(D) reserve not less than 2 percent of
19 such funds for the oversight of charter school
20 use of Federal, State, and local public funds
21 and private funds, including the investigation of
22 fraud, waste, mismanagement and misconduct
23 and ensuring compliance with paragraphs (2),
24 (4), and (13) of subsection (b), which may be
25 used by—

1 “(i) the State for oversight of each
2 charter school in the State;

3 “(ii) local educational agencies for
4 oversight of public charter schools served
5 by the local educational agency; and

6 “(iii) charter school authorizers for—
7 “(I) oversight of each charter
8 school that is authorized by such au-
9 thorizer; and

10 “(II) coordination of the district-
11 wide multi-year school plan, as de-
12 scribed in subsection (b)(10).

13 “(2) RULES OF CONSTRUCTION.—Nothing in
14 this part shall prohibit the Secretary from awarding
15 grants to eligible State educational agencies, or eligi-
16 ble State educational agencies from awarding sub-
17 grants to eligible applicants, that use a weighted lot-
18 tery, or an equivalent lottery mechanism, to give bet-
19 ter chances for school admission to all or a subset
20 of educationally disadvantaged students if—

21 “(A) the use of a weighted lottery in favor
22 of such students is not prohibited by State law;
23 and

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

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

6 “(1) PROGRAM PERIODS.—

7 “(A) GRANTS.—A grant awarded by the
8 Secretary to an eligible State educational agency
9 under this section shall be for a period of not
10 more than 3 years, and may be renewed by the
11 Secretary for one additional 2-year period.

12 “(B) SUBGRANTS.—A subgrant awarded
13 by an eligible State educational agency under
14 this section—

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

19 “(ii) may be renewed by the eligible
20 State educational agency for one additional
21 2-year period.

22 “(2) PEER REVIEW.—The Secretary, and each
23 eligible State educational agency awarding subgrants
24 under this section, shall use a peer-review process to
25 review applications for assistance under this section.

1 “(3) DISTRIBUTION OF SUBGRANTS.—Each eli-
2 gible State educational agency awarding subgrants
3 under this section shall award subgrants in a man-
4 ner that, to the extent practicable and applicable,
5 ensures that such subgrants—

6 “(A) prioritize eligible applicants that plan
7 to serve a significant number of students from
8 low-income families;

9 “(B) are distributed throughout different
10 areas, including urban, suburban, and rural
11 areas; and

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

14 “(4) WAIVERS.—The Secretary may waive any
15 statutory or regulatory requirement over which the
16 Secretary exercises administrative authority under
17 this Act with respect to charter schools supported
18 under this part, except any such requirement relat-
19 ing to the elements of a charter school, if—

20 “(A) the waiver is requested in an ap-
21 proved application; and

22 “(B) the Secretary determines that grant-
23 ing such waiver will promote the purposes of
24 this part.

25 “(e) LIMITATIONS.—

1 “(1) GRANTS.—An eligible State educational
2 agency may not receive more than 1 grant under
3 this section at a time.

4 “(2) SUBGRANTS.—An eligible applicant may
5 not receive more than 1 subgrant under this section
6 for each individual charter school for each grant pe-
7 riod or renewal period, unless the eligible applicant
8 demonstrates to the eligible State educational agency
9 that such individual charter school has demonstrated
10 a strong track record of positive results over the
11 course of the grant period regarding the elements
12 described in subparagraphs (A) and (D) of section
13 5110(8).

14 “(f) APPLICATIONS.—

15 “(1) IN GENERAL.—An eligible State edu-
16 cational agency desiring to receive a grant under
17 this section shall submit an application to the Sec-
18 retary at such time and in such manner as the Sec-
19 retary may require.

20 “(2) CONTENTS.—The application shall, in ad-
21 dition to citing the applicable policies necessary to
22 satisfy the grant eligibility criteria set forth in sub-
23 section (b), provide a description of the eligible State
24 educational agency’s objectives in running a quality
25 charter school program under this section and how

1 the objectives of the program will be carried out, in-
2 cluding a description of the following:

3 “(A) How the eligible State educational
4 agency will—

5 “(i) support the opening of new char-
6 ter schools and, if applicable, the replica-
7 tion or expansion of high-quality charter
8 schools, and the proposed number of char-
9 ter schools to be opened, replicated, or ex-
10 panded under the eligible State educational
11 agency’s program;

12 “(ii) inform eligible charter schools,
13 developers, and charter school authorizers
14 of the availability of funds under the pro-
15 gram;

16 “(iii) work with eligible applicants to
17 ensure that the eligible applicants access
18 all Federal funds that such applicants are
19 eligible to receive, and help the charter
20 schools supported by the applicants and
21 the students attending those charter
22 schools—

23 “(I) participate in the Federal
24 programs in which the schools and

1 students are eligible to participate;
2 and

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

7 “(iv) ensure each eligible applicant
8 that receives a subgrant under the eligible
9 State educational agency’s program—

10 “(I) is opening or expanding
11 schools that meet the definition of a
12 charter school under section 5110;
13 and

14 “(II) is prepared to continue to
15 operate such charter schools once the
16 subgrant funds under this section are
17 no longer available;

18 “(v) support charter schools in local
19 educational agencies with schools that have
20 been identified by the State under section
21 1116(b);

22 “(vi) work with charter schools to pro-
23 mote inclusion of all students and support
24 all students upon enrollment in order to

1 promote retention of students in the
2 school;

3 “(vii) work with charter schools on re-
4 cruitment practices, including efforts to en-
5 gage groups that may otherwise have lim-
6 ited opportunities to attend charter
7 schools;

8 “(viii) promote the sharing of best
9 and promising practices among and across
10 their charter, magnet, and traditional
11 school sectors;

12 “(ix) ensure that charter schools re-
13 ceiving funds under the eligible State edu-
14 cational agency’s program meet the edu-
15 cational needs of their students, including
16 students with disabilities and students who
17 are English learners;

18 “(x) support efforts to increase char-
19 ter school quality initiatives, including
20 meeting quality authorizing elements in
21 this part;

22 “(xi) hold charter schools within such
23 eligible State educational agency’s jurisdic-
24 tion accountable if such schools do not
25 meet the objectives specified in the per-

1 formance contract described in section
2 5110(1), including by closing unsuccessful
3 schools; and

4 “(xii) ensure that local educational
5 agencies within such eligible State edu-
6 cational agency’s jurisdiction comply with
7 subsections (a)(5) and (e)(1)(B) of section
8 613 of the Individuals with Disabilities
9 Education Act.

10 “(B) The eligible State educational agen-
11 cy’s authorizer accountability policies and oper-
12 ations, and plans pursuant to section
13 5103(b)(8).

14 “(C) How the eligible State educational
15 agency will ensure that each eligible applicant
16 will solicit and consider input from parents and
17 other members of the community on the imple-
18 mentation and operation of each charter school
19 that will receive funds under the eligible State
20 educational agency’s program.

21 “(D) How the eligible State educational
22 agency will allow for an impartial appeals proc-
23 ess for a denial by a charter school authorizer
24 of a developer’s application for a charter school.

1 “(E) How the eligible State educational
2 agency will award subgrants, on a competitive
3 basis, to eligible applicants, on the basis of ap-
4 plications that include—

5 “(i) the name and address of the pub-
6 lic charter school and its mission, purpose,
7 and any specialized innovation of the char-
8 ter school;

9 “(ii) a description of the roles and re-
10 sponsibilities of eligible applicants, and of
11 any education management organizations
12 or other organizations with which the eligi-
13 ble applicant will partner to open charter
14 schools, including the administrative and
15 contractual roles and responsibilities of
16 such partners;

17 “(iii) the proposed governance struc-
18 ture of the school, developed with public
19 input and including, at a minimum, a list
20 of members of the governing board with
21 each member’s qualifications, terms, and
22 full financial disclosure of any potential
23 conflicts of interest, including relationships
24 with education management organizations,

1 vendors, or other business dealings with
2 the school or other charter schools;

3 “(iv) for a traditional public school
4 applying to convert to a charter school,
5 demonstrated support of two-thirds of the
6 families of children attending the school
7 and two-thirds of the school staff for the
8 conversion;

9 “(v) any contract between the charter
10 school and an education management orga-
11 nization;

12 “(vi) student recruitment, admission,
13 and retention policies and practices, includ-
14 ing a description of how the school pro-
15 vides equitable access and effectively serves
16 the needs of all students, including stu-
17 dents with disabilities and English learn-
18 ers, and implements outreach and recruit-
19 ment practices that include the families of
20 all students;

21 “(vii) the ages and grades of students
22 and an estimate of the total enrollment of
23 the school to be served by the charter
24 school;

1 “(viii) the number of staff and school
2 leadership positions, including full-time
3 and part-time employees, and qualifica-
4 tions of employees;

5 “(ix) a description of the educational
6 program, methodology, and services to be
7 offered to students, including students who
8 are English learners and students with dis-
9 abilities;

10 “(x) information about the school’s
11 daily hours of operation and number of
12 days in the school year;

13 “(xi) a description of how the school
14 will engage parents as partners in the edu-
15 cation of their children;

16 “(xii) a description of transportation
17 services provided to and from school for
18 students;

19 “(xiii) a statement that the school will
20 not discriminate on the basis of race, na-
21 tional origin, gender, sexual orientation
22 and gender identity, ethnicity, disability,
23 academic achievement, or home language
24 and that the school will comply with Fed-
25 eral and State civil rights laws applicable

1 to other publicly funded elementary and
2 secondary schools;

3 “(xiv) evidence of adequate commu-
4 nity support for and interest in the charter
5 school sufficient to allow the school to
6 reach its anticipated enrollment, and an
7 assessment of the projected programmatic
8 and fiscal impact of the school on other
9 public and nonpublic schools in the area;

10 “(xv) a description of the health and
11 food services to be provided to students at-
12 tending the school, including whether the
13 school participates in any free or reduced
14 price lunch programs;

15 “(xvi) methods and strategies for
16 serving students with disabilities, students
17 who are English learners, and students
18 who are homeless, including compliance
19 with all applicable Federal laws;

20 “(xvii) a description of the procedures
21 to be followed in the case of the closure or
22 dissolution of the charter school, includ-
23 ing—

24 “(I) provisions for the transfer of
25 students and student records to the

1 school district in which the charter
2 school is located, which transfer ac-
3 tivities may be carried out using funds
4 under this part;

5 “(II) the amount of funds that
6 will be held in escrow annually to fund
7 closure or dissolution related costs;
8 and

9 “(III) unless State law requires
10 otherwise, procedures for the dispo-
11 sition of the charter school’s assets to
12 the local educational agency that
13 serves the charter school or is in the
14 geographic area of the charter school;

15 “(xviii) the hiring and personnel poli-
16 cies and procedures of the school;

17 “(xix) a description of the manner by
18 which employees of the charter school will
19 be covered by the State teachers’ retire-
20 ment system, the public employees’ retire-
21 ment system, or other pension or retire-
22 ment plan as well as compensation, health,
23 and other benefits provided to the school’s
24 employees;

1 “(xx) for the purposes of a traditional
2 public school that seeks to convert to a
3 public charter school, how the charter
4 school will comply with the same public
5 sector labor relations laws and regulations
6 as required of traditional public schools,
7 including collective bargaining rights of the
8 employees of the charter school, as applica-
9 ble under State law;

10 “(xxi) a statement that the public
11 charter school will conduct or arrange for
12 the performance of annual independent fi-
13 nancial audits and submit the audits to the
14 eligible State educational agency;

15 “(xxii) a 3-year plan to sustain the
16 maintenance, operation, and fiscal stability
17 of the school;

18 “(xxiii) a statement that the school
19 will maintain a public online site with in-
20 formation as required in this section, and
21 as otherwise provided in Federal, State,
22 and local requirements applicable to other
23 public schools, and a statement that the
24 public charter school will participate in an
25 independent evaluation, and any other

1 evaluations or assessments, in the time and
2 manner determined by the eligible State
3 educational agency; and

4 “(xxiv) a description of the quality
5 controls agreed to between the eligible ap-
6 plicant and the authorizer, such as a con-
7 tract or a performance agreement or finan-
8 cial audits to ensure adequate fiscal over-
9 sight.

10 “(F) In the case of an eligible State edu-
11 cational agency that partners with an outside
12 organization to carry out the entity’s quality
13 charter school program, in whole or in part, a
14 description of the roles and responsibilities of
15 the partner.

16 “(G) How the eligible State educational
17 agency will help the charter schools receiving
18 funds under the eligible State educational agen-
19 cy’s program address the transportation needs
20 of the schools’ students.

21 “(3) ASSURANCES.—The application shall, in
22 addition to the information described in paragraph
23 (2), include assurances that the eligible State edu-
24 cational agency will ensure that the charter school
25 authorizer of any charter school that receives funds

1 under the eligible State educational agency’s pro-
2 gram—

3 “(A) ensures that the charter school under
4 the authority of such agency is meeting the re-
5 quirements of this Act, part B of the Individ-
6 uals with Disabilities Education Act, title VI of
7 the Civil Rights Act of 1964, and section 504
8 of the Rehabilitation Act of 1973;

9 “(B) adequately monitors and provides
10 adequate technical assistance to each charter
11 school under the authority of such agency in re-
12 cruiting, enrolling, retaining, and meeting the
13 needs of all students, including children with
14 disabilities and students who are English learn-
15 ers; and

16 “(C) ensures that each such charter school
17 solicits and considers input from parents and
18 other members of the community on the imple-
19 mentation and operation of the school.

20 “(g) PARENT INFORMATION AND RIGHTS.—

21 “(1) As a condition for eligibility for funding
22 under this part, eligible State educational agencies
23 shall—

24 “(A) ensure that each charter school in the
25 State provides the information described in

1 paragraph (2) to the parents of the students
2 who attend the charter school in a manner that
3 is—

4 “(i) concise;

5 “(ii) presented in an understandable
6 and uniform format and, to the extent
7 practicable, in a language that parents can
8 understand; and

9 “(iii) widely accessible to the public;
10 and

11 “(B) make such information available on a
12 single webpage of the State educational agen-
13 cy’s website.

14 “(2) Such information shall include, at a min-
15 imum, each of the following:

16 “(A) Information about the charter
17 school’s mission, educational programs, and
18 services.

19 “(B) The charter application and the ap-
20 proved charter document for the school, as well
21 as any performance or other agreements in ef-
22 fect between the charter school and its author-
23 izer.

24 “(C) Rules and policies regarding student
25 behavior and student disciplinary policies and

1 practices, including suspension and expulsion
2 policies.

3 “(D) Information about the provision of
4 meals and snacks, including—

5 “(i) the number and type of meals
6 and snacks served each day;

7 “(ii) whether such meals and snacks
8 are fully or partially subsidized; and

9 “(iii) information about student eligi-
10 bility for free and reduced price lunch pro-
11 grams.

12 “(E) Information about transportation to
13 and from the school, including any transpor-
14 tation that is free or subsidized to students and
15 the eligibility requirements for free or sub-
16 sidized transportation.

17 “(F) Recruitment and admission policies
18 and practices used at each charter school site.

19 “(G) Information about the school’s daily,
20 weekly, and school year schedule, including
21 hours of operation and number of days in the
22 school year.

23 “(H) The number of years that the public
24 charter school has operated.

1 “(I) The maximum number of students in
2 each classroom by grade.

3 “(J) Staff qualifications (including school
4 leadership) and languages spoken by staff.

5 “(K) Fees related to incidentals of attend-
6 ance (other than tuition), and whether any of
7 those fees are waived for certain students (such
8 as for students who are eligible to receive a free
9 or reduced price lunch).

10 “(L) Data on attendance and the number
11 of suspensions and expulsions by school year, in
12 total and disaggregated by each of the cat-
13 egories of students described in section
14 1111(b)(2)(C)(v).

15 “(M) Annual student attrition rates by
16 grade level.

17 “(N) Annual teacher attrition rates and
18 numbers, disaggregated by grade level and
19 teaching subject matter, years of experience,
20 and credential.

21 “(O) Procedures for parents, students, and
22 school employees to appeal school decisions and
23 the procedures and processes for such appeals.

1 “(P) Other information that would assist a
2 parent in making a decision to enroll a child in
3 the public charter school.

4 “(3) Notwithstanding the requirements under
5 paragraph (2), a charter school shall not provide any
6 information under this subsection that would reveal
7 personally identifiable information about an indi-
8 vidual.

9 “(h) SELECTION CRITERIA; PRIORITY.—The Sec-
10 retary shall award grants to eligible State educational
11 agencies under this section on the basis of—

12 “(1) the quality of the applications submitted;

13 “(2) the performance record of the charter sec-
14 tor in the applicant State, including in the areas of
15 promoting high student achievement and growth,
16 identification and use of instructional and other edu-
17 cational program innovations to strengthen public
18 education, financial management, student safety,
19 and compliance with applicable policies; and

20 “(3) the eligible State educational agency’s plan
21 to solicit and consider input from parents and other
22 members of the community on the implementation
23 and operation of the charter schools in the State.

24 “(i) STATE EVALUATION AND REPORT.—

1 “(1) IN GENERAL.—Beginning not later than 2
2 years after the date of enactment of the Charter
3 School Accountability Act of 2015, each eligible
4 State educational agency receiving a grant under
5 this section shall enter into a contract for an inde-
6 pendent evaluation of the charter schools in the
7 State, which shall be carried out on an annual basis.
8 The State educational agency may use grant funds
9 under this section to pay the cost of the independent
10 evaluation and related reporting.

11 “(2) SUBMISSION TO THE SECRETARY; PUBLIC
12 AVAILABILITY.—Each such independent evaluation
13 shall be submitted to the Secretary and shall also be
14 made publicly available on the website of the agency.

15 “(3) CONTENTS.—The independent evaluation
16 described in paragraph (1) shall include an evalua-
17 tion of the following:

18 “(A) An assessment of the cumulative im-
19 pact of charter schools on local educational
20 agencies within the State, including on the
21 flows of funding between sectors, student enroll-
22 ment trends, staffing, and educational out-
23 comes, along with recommendations for any
24 changes to laws, regulations, or policies to ad-
25 dress identified problems.

1 “(B) A compilation of profiles of public
2 charter school and other charter schools in the
3 State relating to demographic information on
4 student enrollment and retention.

5 “(C) Staff and leadership qualifications,
6 demographic information and retention infor-
7 mation regarding staff, and academic and non-
8 academic programs provided, in charter schools
9 in the State.

10 “(D) The academic achievement of stu-
11 dents in each public charter school in the State,
12 as compared to students enrolled in other public
13 charter schools within the same local edu-
14 cational agency and as compared to other stu-
15 dents enrolled in all public schools in the local
16 educational agency, accounting for differences
17 in student populations served, programs and
18 services provided, and public and nonpublic
19 funding available in the schools students are at-
20 tending.

21 “(E) Adequacy of funding and resource
22 distribution among public charter schools and
23 noncharter public schools in the State, account-
24 ing for differences in student populations served
25 and programs and services provided.

1 “(F) Recommendations for any changes to
2 laws, regulations, or policies that would facili-
3 tate improvement of student outcomes in public
4 charter schools in the State.

5 “(G) Recommendations for improvements
6 in equity, transparency, and accountability of
7 public charter schools in the State to the public
8 and the parents and staff at such public charter
9 schools.

10 “(H) Identification of best and promising
11 practices within the sectors of public schools,
12 private schools, and charter schools, in the
13 State and the extent to which these are being
14 shared to improve educational outcomes as a
15 whole, barriers to effective sharing, and rec-
16 ommendations for how to reduce such barriers,
17 in the State.

18 “(I) How the eligible State educational
19 agency has worked with charter schools receiv-
20 ing funds under the State educational agency’s
21 program to foster community involvement in
22 the planning for and opening of such schools.

1 **“SEC. 5103A. GRANTS FOR THE REPLICATION AND EXPAN-**
2 **SION OF HIGH-QUALITY CHARTER SCHOOLS.**

3 “(a) IN GENERAL.—From amounts reserved under
4 section 5102(b)(2), the Secretary shall make grants, on
5 a competitive basis, to eligible entities having applications
6 approved under this section to enable such eligible entities
7 to replicate a high-quality charter school or expand a high-
8 quality charter school.

9 “(b) ELIGIBLE ENTITY DEFINED.—For purposes of
10 this section, the term ‘eligible entity’ means an entity
11 that—

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

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

18 “(2)(A) operates in a State that meets the re-
19 quirements of section 5103(b); or

20 “(B) if the entity does not operate in such a
21 State, the Secretary has certified that the eligible
22 entity has policies and controls in place that are in
23 compliance with section 5103(b) and the Secretary
24 has determined that awarding a grant under this
25 section to the entity will promote the purposes of
26 this part.

1 “(c) APPLICATION REQUIREMENTS.—An eligible en-
2 tity desiring to receive a grant under this section shall sub-
3 mit an application to the Secretary at such time and in
4 such manner as the Secretary may require. The applica-
5 tion shall include the following:

6 “(1) Each item that is required for an applica-
7 tion as described in clauses (i) through (xxiv) of sec-
8 tion 5103(f)(2)(E), except that the term ‘eligible en-
9 tity’ shall be substituted for the term ‘eligible appli-
10 cant’.

11 “(2) A description of the eligible entity’s objec-
12 tives for implementing a high-quality charter school
13 program with funding under this section, including
14 a description of the proposed number of high-quality
15 charter schools to be replicated or expanded with
16 funding under this section.

17 “(3) A description of the educational program
18 that the eligible entity will implement in the charter
19 schools that the eligible entity proposes to replicate
20 or expand, including information on how the pro-
21 gram will enable all students to meet the challenging
22 State academic standards under section 1111(b)(1),
23 the grade levels or ages of students that will be
24 served, and the instructional practices that will be
25 used.

1 “(4) A multi-year financial and operating model
2 for the eligible entity, including a description of how
3 the operation of the charter schools to be replicated
4 or expanded will be sustained after the grant under
5 this section has ended.

6 “(5) A description of how the eligible entity will
7 inform all students in the community, including chil-
8 dren with disabilities, students who are English
9 learners, and other educationally disadvantaged stu-
10 dents, about the charter schools to be replicated or
11 expanded with funding under this section.

12 “(6) For each charter school currently operated
13 or managed by the eligible entity—

14 “(A) student assessment results for all stu-
15 dents and for each category of students de-
16 scribed in section 1111(b)(2)(C)(v); and

17 “(B) attendance and student retention
18 rates for the most recently completed school
19 year and, if applicable, the most recent avail-
20 able 4-year adjusted cohort graduate rate and
21 extended-year adjusted cohort graduation rate
22 (as such rates were calculated on the day before
23 enactment of the Charter School Accountability
24 Act of 2015).

1 “(7) Information on any significant compliance
2 issues encountered, within the last 3 years, by any
3 school operated or managed by the eligible entity, in-
4 cluding in the areas of student safety and financial
5 management.

6 “(8) An assurance that the eligibly entity will
7 comply with the requirements of—

8 “(A) section 5103(f)(3); and

9 “(B) section 5103(g).

10 “(d) SELECTION CRITERIA.—The Secretary shall se-
11 lect eligible entities to receive grants under this section,
12 on the basis of the quality of—

13 “(1) the selection criteria described in section
14 5103(h);

15 “(2) the eligible entity’s financial and operating
16 model, including the quality of the eligible entity’s
17 plan for sustaining the operation of the charter
18 schools to be replicated or expanded after the grant
19 under this section has ended;

20 “(3) a determination that the eligible entity has
21 not operated or managed a significant proportion of
22 charter schools that—

23 “(A) have been closed;

1 “(B) have had a school charter revoked
2 due to problems with statutory or regulatory
3 compliance; or

4 “(C) have had the school’s affiliation with
5 the eligible entity revoked; and

6 “(4) a determination that the eligible entity has
7 not experienced significant problems with statutory
8 or regulatory compliance that could lead to the rev-
9 ocation of a school’s charter.

10 “(e) PRIORITY.—In awarding grants under this sec-
11 tion, the Secretary shall give priority to eligible entities
12 that operate or manage charter schools that, in the aggre-
13 gate, serve students at least 60 percent of whom are eligi-
14 ble for a free or reduced price lunch under the Richard
15 B. Russell National School Lunch Act.

16 “(f) TERMS AND CONDITIONS.—Except as otherwise
17 provided in this section, grants awarded under this section
18 shall have the same terms and conditions as grants award-
19 ed to eligible State educational agencies under section
20 5103.

21 **“SEC. 5104. FACILITIES FINANCING ASSISTANCE.**

22 “(a) GRANTS TO ELIGIBLE ENTITIES.—

23 “(1) IN GENERAL.—From the amount reserved
24 under section 5102(b)(1), the Secretary shall use
25 not less than 50 percent to award not less than 3

1 grants, on a competitive basis, to eligible entities
2 that have the highest quality applications approved
3 under subsection (d) to demonstrate innovative
4 methods of helping charter schools to address the
5 cost of acquiring, constructing, and renovating facili-
6 ties by enhancing the availability of loans or bond fi-
7 nancing.

8 “(2) ELIGIBLE ENTITY DEFINED.—For the
9 purposes of this section, the term ‘eligible entity’
10 means an entity with at least an upper medium
11 grade credit rating, which shall be—

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.—An eligible entity desiring
3 to receive a grant under this section shall submit an
4 application to the Secretary 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 that the eligible entity proposes to carry out
10 with funds received under subsection (a), in-
11 cluding how the eligible entity will determine
12 which charter schools will receive assistance,
13 and how much and what types of assistance
14 charter schools will receive;

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

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

20 “(D) a description of how the proposed ac-
21 tivities will leverage the maximum amount of
22 private-sector financing capital relative to the
23 amount of government funding used and other-
24 wise enhance credit available to charter schools,
25 including how the entity will offer a combina-

1 tion of rates and terms more favorable than the
2 rates and terms that a charter school could re-
3 ceive without assistance from the entity under
4 this section;

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

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

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

23 “(1) The acquisition (by purchase, lease, dona-
24 tion, or otherwise) of an interest (including an inter-
25 est held by a third party for the benefit of a charter

1 school) in improved or unimproved real property
2 that is necessary to commence or continue the oper-
3 ation of a charter school.

4 “(2) The construction of new facilities, includ-
5 ing predevelopment costs, or the renovation, repair,
6 or alteration of existing facilities, necessary to com-
7 mence or continue the operation of a charter school.

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

12 “(f) RESERVE ACCOUNT.—

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

1 “(A) Guaranteeing, insuring, and rein-
2 suring bonds, notes, evidences of debt, loans,
3 and interests therein, the proceeds of which are
4 used for an objective described in subsection
5 (e).

6 “(B) Guaranteeing and insuring leases of
7 personal and real property for an objective de-
8 scribed in such subsection.

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

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

22 “(2) INVESTMENT.—Funds received under this
23 section and deposited in the reserve account estab-
24 lished under paragraph (1) shall be invested in obli-

1 gations issued or guaranteed by the United States or
2 a State, or in other similarly low-risk securities.

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

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

13 “(h) AUDITS AND REPORTS.—

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

20 “(2) REPORTS.—

21 “(A) GRANTEE ANNUAL REPORTS.—Each
22 eligible entity receiving a grant under sub-
23 section (a) annually shall submit to the Sec-
24 retary a report of the entity’s operations and
25 activities 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 carried
6 out by the eligible entity under this section
7 (excluding subsection (k)) during the re-
8 porting 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 such subsection.

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 shall apply to the recovery of funds under
4 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.

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

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

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

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

19 “(2) GRANTS.—

20 “(A) IN GENERAL.—From the amount re-
21 served under section 5102(b)(1) and remaining
22 after the Secretary makes grants under sub-
23 section (a), the Secretary shall make grants, on
24 a competitive basis, to States to pay for the
25 Federal share of the cost of establishing or en-

1 hancing, and administering, per-pupil facilities
2 aid programs.

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

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

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

13 “(ii) 80 percent for the second such
14 year;

15 “(iii) 60 percent for the third such
16 year;

17 “(iv) 40 percent for the fourth such
18 year; and

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

21 “(D) STATE SHARE.—A State receiving a
22 grant under this subsection may partner with 1
23 or more organizations, and such organizations
24 may provide not more than 50 percent of the
25 State share of the cost of establishing or en-

1 hancing, and administering, the per-pupil facili-
2 ties 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 grant
6 funds provided to charter schools increases with
7 each 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, operations
2 financing programs, or other programs, for
3 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.—To be eligible to
10 receive a grant under this subsection, a
11 State shall establish or enhance, and ad-
12 minister, a per-pupil facilities aid program
13 for charter schools in the State, that—

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

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

18 “(ii) SPECIAL RULE.—A State that is
19 required under State law to provide its
20 charter schools with access to adequate fa-
21 cility space may be eligible to receive a
22 grant under this subsection if the State
23 agrees to use the funds to develop a per-
24 pupil facilities aid program consistent with
25 the requirements of this subsection.

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

6 **“SEC. 5105. NATIONAL ACTIVITIES.**

7 “(a) IN GENERAL.—From amounts reserved under
8 section 5102(b)(2) the Secretary shall use such funds to—

9 “(1) disseminate technical assistance to eligible
10 State educational agencies in awarding grants under
11 section 5103;

12 “(2) disseminate best and promising practices
13 regarding charter schools;

14 “(3) evaluate the impact of the charter school
15 program carried out under this part on all students
16 in charter and traditional public schools and on local
17 communities and the overall strength and perform-
18 ance of their public schools; and

19 “(4) award grants, on a competitive basis, for
20 the purpose of carrying out the activities described
21 in section 5103(1)(b), to eligible applicants that de-
22 sire to open a charter school, replicate a high-quality
23 charter school, or expand a high-quality charter
24 school in—

1 “(A) a State that did not apply for a grant
2 under section 5103; or

3 “(B) a State that did not receive a grant
4 under section 5103.

5 “(b) REPORT BY THE SECRETARY.—Not later than
6 6 months after the date of enactment of the Charter
7 School Accountability Act of 2015, the Secretary shall pre-
8 pare and submit to the Committee on Health, Education,
9 Labor, and Pensions of the Senate, the Committee on
10 Education and the Workforce of the House of Representa-
11 tives, and the relevant appropriations committees of Con-
12 gress, and to the public via the Department’s website, a
13 report—

14 “(1) responding to the March 9, 2010, final
15 management information report of the Office of the
16 Inspector General of the Department of Education,
17 which expressed concern about findings of inad-
18 equate oversight by local educational agencies and
19 charter school authorizers to ensure Federal funds
20 are properly used and accounted for;

21 “(2) responding to the September 2012 report
22 of the Office of the Inspector General of the Depart-
23 ment of Education entitled ‘The Office of Innovation
24 and Improvement’s Oversight and Monitoring of the
25 Charter Schools Program’s Planning and Implemen-

1 tation Grants Final Audit Report’ finding that none
2 of the 3 States whose charter schools programs that
3 Office investigated adequately monitored the public
4 charter schools that the States funded; and

5 “(3) describing actions the Department has
6 taken to address the concerns described in such
7 memorandum and final audit report.”.

8 **SEC. 4. FORMULA ALLOCATION.**

9 Section 5106 of the Elementary and Secondary Edu-
10 cation Act of 1965 (20 U.S.C. 7221e), as redesignated by
11 section 2(6), is amended by adding at the end the fol-
12 lowing:

13 “(c) NEW OR SIGNIFICANTLY EXPANDING CHARTER
14 SCHOOLS.—For purposes of implementing the hold harm-
15 less protections in sections 1122(c) and 1125A(g)(3) for
16 a newly opened or significantly expanded charter school
17 under subsection (a), a State educational agency shall cal-
18 culate a hold harmless base for the prior year that, as
19 applicable, reflects the new or significantly expanded en-
20 rollment of the charter school.”.

21 **SEC. 5. RECORDS TRANSFER.**

22 Section 5108 of the Elementary and Secondary Edu-
23 cation Act of 1965 (20 U.S.C. 7221g), as redesignated
24 by section 2(6), is amended by inserting “as quickly as
25 possible and” before “to the extent practicable”.

1 **SEC. 6. PAPERWORK REDUCTION.**

2 Section 5109 of the Elementary and Secondary Edu-
 3 cation Act of 1965 (20 U.S.C. 7221f), as redesignated by
 4 section 2(6), is amended by striking “authorized public
 5 chartering agency shall ensure that implementation of this
 6 subpart” and inserting “charter school authorizer shall
 7 ensure that implementation of this part”.

8 **SEC. 7. DEFINITIONS; TRANSITION; CAPS; AUTHORIZATION**
 9 **OF APPROPRIATIONS.**

10 Title V of the Elementary and Secondary Education
 11 Act of 1965 (20 U.S.C. 7201 et seq.) is further amended
 12 by striking sections 5110 and 5111 (20 U.S.C. 7221i;
 13 7221j), as redesignated by section 2(6) and inserting the
 14 following:

15 **“SEC. 5110. DEFINITIONS.**

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

18 “(A) is afforded autonomy to test innova-
 19 tive educational approaches, consistent with the
 20 provisions of this Act, which local educational
 21 agencies consider promising;

22 “(B) complies with the data collection, re-
 23 porting, auditing, and disclosure provisions of
 24 this Act as well as those applicable to other
 25 public schools through other Federal, State,
 26 and local laws, regulations and policies;

1 “(C) admits students on the basis of a lot-
2 tery, if more students apply for admission that
3 can be accommodated;

4 “(D) in the case of a school that has an
5 affiliated charter school (such as a school that
6 is part of the same network of schools), auto-
7 matically enrolls students who are enrolled in
8 the immediate prior grade level of the affiliated
9 charter school and, for any additional student
10 openings or student openings created through
11 regular attrition in student enrollment in the
12 affiliated charter school and the enrolling
13 school, admits students on the basis of a lottery
14 as described in subparagraph (C);

15 “(E) complies with the Age Discrimination
16 Act of 1975 (42 U.S.C. 6101 et seq.), title VI
17 of the Civil Rights Act of 1964 (42 U.S.C.
18 2000d et seq.), title IX of the Education
19 Amendments of 1972 (20 U.S.C. 1681 et seq.),
20 section 504 of the Rehabilitation Act of 1973
21 (29 U.S.C. 794), the Americans with Disabil-
22 ities Act of 1990 (42 U.S.C. 12101 et seq.),
23 section 444 of the General Education Provi-
24 sions Act (20 U.S.C. 1232g) (commonly re-
25 ferred to as the ‘Family Educational Rights

1 and Privacy Act of 1974'), and part B of the
2 Individuals with Disabilities Education Act (20
3 U.S.C. 1411 et seq.);

4 “(F) meets all applicable Federal, State,
5 and local health and safety requirements;

6 “(G) operates in accordance with State
7 law;

8 “(H) has a written performance contract
9 with a charter school authorizer that includes—

10 “(i) a description of how student per-
11 formance will be measured on the basis
12 of—

13 “(I) State assessments that are
14 required of other public schools; and

15 “(II) any other assessments that
16 are mutually agreeable to the charter
17 school authorizer and the charter
18 school;

19 “(ii) a requirement that student aca-
20 demic achievement and growth, for the stu-
21 dents enrolled at the school as a whole and
22 for each of the categories of students de-
23 scribed in section 1111(b)(2)(C)(v) (except
24 in a case in which the number of students
25 in a group is insufficient to yield statis-

1 tically reliable information or the results
2 would reveal personally identifiable infor-
3 mation about an individual student) will be
4 used as a primary factor in decisions about
5 the renewal or revocation of the charter, in
6 addition to other criteria, as appropriate;

7 “(iii) the student academic achieve-
8 ment and growth and student retention
9 goals, and, in the case of a high school,
10 graduation rate goals for the students en-
11 rolled at the school as a whole and for each
12 of the categories of students described in
13 section 1111(b)(2)(C)(v) (except in a case
14 in which the number of students in a
15 group is insufficient to yield statistically
16 reliable information or the results would
17 reveal personally identifiable information
18 about an individual student), and any
19 other goals to be achieved by the end of
20 the contract period; and

21 “(iv) the obligations and responsibil-
22 ities of the charter school and the charter
23 school authorizer;

24 “(I) does not charge tuition;

1 “(J) 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 “(K) 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 “(L) operates in pursuit of a specific set of
10 educational objectives determined by the
11 school’s developer and agreed to by the charter
12 school authorizer;

13 “(M) provides 1 or more programs of ele-
14 mentary education, secondary education, or
15 both, including early childhood education, and
16 may also provide adult education, in accordance
17 with State law; and

18 “(N) is governed by a separate and inde-
19 pendent board that exercises authority over 1 or
20 more schools, including authority in the areas
21 of governance, personnel, budget, schedule, and
22 instructional program.

23 “(2) CHARTER MANAGEMENT ORGANIZATION.—
24 The term ‘charter management organization’ means
25 a nonprofit organization that operates or manages

1 multiple charter schools by centralizing or sharing
2 certain functions or resources.

3 “(3) CHARTER SCHOOL AUTHORIZER.—The
4 term ‘charter school authorizer’ means a local edu-
5 cational agency or other public entity that has au-
6 thority pursuant to State law and has been approved
7 by the Secretary to authorize and approve a charter
8 school, and that shall—

9 “(A) develop and update regularly a dis-
10 trictwide multi-year school plan;

11 “(B) monitor and assist charter schools in
12 complying with applicable requirements, includ-
13 ing data collection and public disclosure re-
14 quirements and participation in the develop-
15 ment of the districtwide multi-year school plan;

16 “(C) establish criteria and processes that
17 the charter school authorizer will use in moni-
18 toring the performance of each charter school
19 authorized by the charter school authorizer, in-
20 cluding interventions and any actions leading
21 up to the revocation of a school’s charter if the
22 charter school authorizer finds that such a rev-
23 ocation is necessary to protect the public inter-
24 est;

1 “(D) review the application and hold
2 meaningful public hearings to gather input
3 from the public and parents on applications to
4 establish a charter school or convert another
5 school to a public charter school;

6 “(E) provide a statement on the impact of
7 the charter school within the local educational
8 agency; and

9 “(F) in the case of a State with a cap on
10 the number of public charter schools in the
11 State—

12 “(i) review and render a decision with-
13 in 120 days of receipt of the application
14 for a charter school (whether a new school
15 or a conversion); and

16 “(ii) submit to the State educational
17 agency the charter school authorizer’s rec-
18 ommendation regarding approval of char-
19 ter school applicants, in order to allow the
20 State educational agency to conduct an ex-
21 pedited review to determine if the approval
22 described in clause (i) will violate the cap
23 on the number of public charter schools in
24 operation in the State.

1 “(4) DEVELOPER.—The term ‘developer’ means
2 an individual or group of individuals (including a
3 public or private nonprofit organization), which may
4 include teachers, administrators and other school
5 staff, parents, or other members of the local commu-
6 nity in which a charter school project will be carried
7 out.

8 “(5) DISTRICTWIDE MULTI-YEAR SCHOOL
9 PLAN.—The term ‘districtwide multi-year school
10 plan’ means a plan that—

11 “(A) is developed and regularly updated,
12 with meaningful public input from across the
13 local educational agency; and

14 “(B) takes into consideration projected de-
15 mographic changes, criteria for new school
16 openings or closings, and equitable geographic
17 distribution of schools and students to ensure
18 that all students have access to schools in their
19 communities and a range of specialized pro-
20 grams.

21 “(6) EDUCATION MANAGEMENT ORGANIZA-
22 TION.—The term ‘education management organiza-
23 tion’ means a for-profit or nonprofit organization
24 that operates or manages multiple charter schools by

1 centralizing or sharing certain functions or re-
2 sources.

3 “(7) ELIGIBLE APPLICANT.—The term ‘eligible
4 applicant’ means a developer that has—

5 “(A) applied to a charter school authorizer
6 to operate a charter school; and

7 “(B) provided adequate and timely notice
8 to that charter school authorizer.

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

12 “(A) shows evidence of strong academic re-
13 sults, which may include strong student aca-
14 demic growth, as determined by a State;

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

18 “(C) has demonstrated success in signifi-
19 cantly increasing student academic achieve-
20 ment, including—

21 “(i) graduation rates, where applica-
22 ble, for all students served by the charter
23 school; and

24 “(ii) graduation rates, where applica-
25 ble, for each of the categories of students

1 described in section 1111(b)(2)(C)(v), ex-
2 cept that such demonstration is not re-
3 quired in a case in which the number of
4 students in a group is insufficient to yield
5 statistically reliable information or the re-
6 sults would reveal personally identifiable
7 information about an individual student;

8 “(D) has demonstrated community involve-
9 ment during the development and operation of
10 the school; and

11 “(E) has had 3 successful consecutive an-
12 nual audits that have not indicated fiscal dif-
13 ficulties, as determined by typical accounting
14 standards.

15 **“SEC. 5111. TRANSITION ARRANGEMENTS.**

16 “No new Federal grants under this part shall be
17 awarded for a period of one year following the date of en-
18 actment of the Charter School Accountability Act of 2015,
19 at which time the definition of eligible State educational
20 agency under this part shall take effect.

21 **“SEC. 5112. CAPS.**

22 “In awarding grants under this part, the Secretary
23 may neither disadvantage nor advantage eligible State
24 educational agency applicants based on whether the
25 State—

1 “(1) has a cap on the number of charter schools
2 in the State; or

3 “(2) expresses an intention to adopt such State
4 charter school caps.

5 **“SEC. 5113. AUTHORIZATION OF APPROPRIATIONS.**

6 “‘There are authorized to be appropriated to carry out
7 this part such sums as may be necessary for fiscal year
8 2016 and for each of the 5 succeeding fiscal years.’”.

○