

116TH CONGRESS
2D SESSION

H. R. 5984

To amend the Elementary and Secondary Education Act of 1965 to improve oversight of private charter management organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2020

Ms. TLAIB (for herself, Mr. BLUMENAUER, Mr. CICILLINE, Mr. CLAY, Mr. DEFAZIO, Ms. DELAURO, Mrs. DINGELL, Mr. GARCÍA of Illinois, Ms. GARCIA of Texas, Ms. HAALAND, Mrs. HAYES, Ms. JAYAPAL, Ms. KELLY of Illinois, Mr. KHANNA, Mr. KILDEE, Mrs. LAWRENCE, Mr. LEVIN of Michigan, Mr. MCNERNEY, Ms. MOORE, Ms. OCASIO-CORTEZ, Ms. OMAR, Mr. POCAN, Ms. PORTER, Ms. PRESSLEY, Mr. RASKIN, Mr. RYAN, Ms. SCHAKOWSKY, Ms. SEWELL of Alabama, Ms. SHALALA, Ms. SLOTKIN, Ms. STEVENS, Mr. VELA, Ms. VELÁZQUEZ, Ms. WILD, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Elementary and Secondary Education Act of 1965 to improve oversight of private charter management organizations, and for other purposes.

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 Oversight, Ac-
5 countability, and Transparency Act” or the “COAT Act”.

1 **SEC. 2. OVERSIGHT OF PRIVATE CHARTER MANAGEMENT**
2 **ORGANIZATIONS.**

3 (a) STATE PLAN ASSURANCE.—Section 1111(g) of
4 the Elementary and Secondary Education Act of 1965 (20
5 U.S.C. 6311(g)) is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (M), by striking
8 “and” at the end;

9 (B) in subparagraph (N), by striking the
10 period at the end and inserting “; and”; and

11 (C) by adding at the end the following new
12 subparagraph:

13 “(O) the State educational agency will en-
14 sure that each contract between a charter
15 school located in the State and a private char-
16 ter management organization for the operation
17 or management of the charter school satisfies
18 the requirements described in paragraph (5).”;
19 and

20 (2) by adding at the end the following new
21 paragraph:

22 “(5) PRIVATE CHARTER MANAGEMENT ORGANI-
23 ZATION OVERSIGHT.—

24 “(A) IN GENERAL.—A contract described
25 in paragraph (2)(O) shall require a private

1 charter management organization to comply,
2 while under contract, with the following:

3 “(i) ANNUAL DISCLOSURES.—The pri-
4 vate charter management organization
5 shall disclose annually to the Secretary, for
6 the most recently completed fiscal year, the
7 following information:

8 “(I) The identity of each charter
9 school operated or managed by the
10 private charter management organiza-
11 tion.

12 “(II) The identity of each execu-
13 tive, including the chief executive offi-
14 cer, chief operating officer, chief fi-
15 nancial officer, and general counsel, of
16 the private charter management orga-
17 nization (with updates provided to the
18 Secretary not later than one month
19 after a change with respect to any
20 such executive).

21 “(III) The salary of each such
22 executive.

23 “(IV) The amount earned in ex-
24 cess of salary by each such executive.

1 “(V) The amount expended by
2 the private charter management orga-
3 nization on the following:

4 “(aa) The operations of each
5 charter school that is served by
6 the private charter management
7 organization.

8 “(bb) The administration of
9 the private charter management
10 organization, excluding amounts
11 accounted for under item (aa).

12 “(VI) An audited income state-
13 ment and balance sheet demonstrating
14 revenue, costs, and profit margin
15 (prepared in accordance with gen-
16 erally accepted accounting principles).

17 “(VII) The amount expended by
18 the private charter management orga-
19 nization, and the percentage of the
20 annual budget of the private charter
21 management organization that each
22 such amount comprises, for the fol-
23 lowing:

24 “(aa) Administrative costs.

1 “(bb) Costs of advertising
2 and marketing.

3 “(cc) Salary and benefits for
4 teachers, support staff, school
5 leaders (including the principal
6 and vice principal), and special
7 education instructional support
8 staff.

9 “(dd) Costs of instructional
10 supplies, including books, writing
11 material, and curriculum mate-
12 rial.

13 “(ee) Any other cost exceed-
14 ing one percent of the annual
15 budget of the private charter
16 management organization.

17 “(VIII) Whether the private
18 charter management organization is a
19 for-profit or nonprofit organization.

20 “(IX) The identity of any entity
21 that has entered into a contract with
22 the private charter management orga-
23 nization and with respect to which the
24 private charter management organiza-
25 tion—

1 “(aa) owns a security;
2 “(bb) extends credit;
3 “(cc) is a parent, subsidiary,
4 or sibling company; or
5 “(dd) is under common con-
6 trol.

7 “(ii) BOARD MEETINGS.—The private
8 charter management organization shall—

9 “(I) hold board meetings that are
10 open to the public;

11 “(II) one week prior to the date
12 of a board meeting, issue a public no-
13 tice of the meeting; and

14 “(III) ensure that board meet-
15 ings are reasonably accessible to the
16 community by holding the meetings
17 during a time of day that is reason-
18 ably convenient for the parents of
19 children enrolled in a charter school
20 served by the private charter manage-
21 ment organization.

22 “(B) PRIVATE CHARTER MANAGEMENT OR-
23 GANIZATION DEFINED.—For purposes of this
24 subsection, the term ‘private charter manage-
25 ment organization’ means a private organiza-

1 tion that operates or manages a charter school
2 or a network of charter schools linked by cen-
3 tralized support, operations, and oversight,
4 without regard to whether such organization is
5 a for-profit or nonprofit organization.”.

6 (b) PUBLIC AVAILABILITY AND REPORT TO CON-
7 GRESS.—Not later than six months after receiving infor-
8 mation disclosed pursuant to section 1111(g)(5) of the El-
9 ementary and Secondary Education Act of 1965, as added
10 by subsection (a), the Secretary of Education shall—

11 (1) make available the information on a public
12 website of the Department of Education; and

13 (2) submit to the Committee on Education and
14 Labor of the House of Representatives and the Com-
15 mittee on Health, Education, Labor, and Pensions
16 of the Senate a report containing the information.

17 (c) EFFECTIVE DATE.—The amendment made in
18 subsection (a) shall apply with respect to contracts entered
19 into, renewed, or modified on or after the date of the en-
20 actment of this Act.

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