

title IV, § 4301(1), Dec. 10, 2015, 129 Stat. 1806, 1993, effective Dec. 10, 2015, except with respect to certain noncompetitive programs and competitive programs.

A prior section 4302 of Pub. L. 89-10 was renumbered section 8572, and is classified to section 7972 of this title.

#### **Statutory Notes and Related Subsidiaries**

##### **EFFECTIVE DATE**

Section effective Dec. 10, 2015, except with respect to certain noncompetitive programs and competitive programs, see section 5 of Pub. L. 114-95, set out as an Effective Date of 2015 Amendment note under section 6301 of this title.

### **§ 7221b. Grants to support high-quality charter schools**

#### **(a) State entity defined**

For purposes of this section, the term “State entity” means—

- (1) a State educational agency;
- (2) a State charter school board;
- (3) a Governor of a State; or
- (4) a charter school support organization.

#### **(b) Program authorized**

From the amount available under section 7221a(b)(3) of this title, the Secretary shall award, on a competitive basis, grants to State entities having applications approved under subsection (f) to enable such entities to—

- (1) award subgrants to eligible applicants to enable eligible applicants to—
  - (A) open and prepare for the operation of new charter schools;
  - (B) open and prepare for the operation of replicated high-quality charter schools; or
  - (C) expand high-quality charter schools; and
- (2) provide technical assistance to eligible applicants and authorized public chartering agencies in carrying out the activities described in paragraph (1), and work with authorized public chartering agencies in the State to improve authorizing quality, including developing capacity for, and conducting, fiscal oversight and auditing of charter schools.

#### **(c) State entity uses of funds**

##### **(1) In general**

A State entity receiving a grant under this section shall—

- (A) use not less than 90 percent of the grant funds to award subgrants to eligible applicants, in accordance with the quality charter school program described in the State entity’s application pursuant to subsection (f), for the purposes described in subsection (b)(1);
- (B) reserve not less than 7 percent of such funds to carry out the activities described in subsection (b)(2); and
- (C) reserve not more than 3 percent of such funds for administrative costs, which may include technical assistance.

##### **(2) Contracts and grants**

A State entity may use a grant received under this section to carry out the activities described in subsection (b)(2) directly or

through grants, contracts, or cooperative agreements.

### **(3) Rule of construction**

#### **(A) Use of lottery**

Nothing in this chapter shall prohibit the Secretary from awarding grants to State entities, or prohibit State entities from awarding subgrants to eligible applicants, that use a weighted lottery to give slightly better chances for admission to all, or a subset of, educationally disadvantaged students if—

- (i) the use of weighted lotteries in favor of such students is not prohibited by State law, and such State law is consistent with laws described in section 7221i(2)(G) of this title; and
- (ii) such weighted lotteries are not used for the purpose of creating schools exclusively to serve a particular subset of students.

#### **(B) Students with special needs**

Nothing in this paragraph shall be construed to prohibit schools from specializing in providing specific services for students with a demonstrated need for such services, such as students who need specialized instruction in reading, spelling, or writing.

### **(d) Program periods; peer review; distribution of subgrants; waivers**

#### **(1) Program periods**

##### **(A) Grants**

A grant awarded by the Secretary to a State entity under this section shall be for a period of not more than 5 years.

##### **(B) Subgrants**

A subgrant awarded by a State entity under this section shall be for a period of not more than 5 years, of which an eligible applicant may use not more than 18 months for planning and program design.

#### **(2) Peer review**

The Secretary, and each State entity awarding subgrants under this section, shall use a peer-review process to review applications for assistance under this section.

#### **(3) Grant awards**

##### **(A) In general**

The Secretary—

- (i) shall for each fiscal year for which funds are appropriated under section 7221j of this title—

- (I) award not less than 3 grants under this section; and
- (II) fully obligate the first 2 years of funds appropriated for the purpose of awarding grants under this section in the first fiscal year for which such grants are awarded; and

- (ii) prior to the start of the third year of the grant period and each succeeding year of each grant awarded under this section to a State entity—

- (I) shall review—

- (aa) whether the State entity is using the grant funds for the agreed upon uses of funds; and

(bb) whether the full amount of the grant will be needed for the remainder of the grant period; and

(II) may, as determined necessary based on that review, terminate or reduce the amount of the grant and reallocate the remaining grant funds to other State entities—

(aa) by using such funds to award grants under this section to other State entities; or

(bb) in a fiscal year in which the amount of such remaining funds is insufficient to award grants under item (aa), in accordance with subparagraph (B).

#### **(B) Remaining funding**

For a fiscal year for which there are remaining grant funds under this paragraph, but the amount of such funds is insufficient to award a grant to a State entity under this section, the Secretary shall use such remaining grants funds—

(i) to supplement funding for grants under section 7221d(a)(2) of this title, but not to supplant—

(I) the funds reserved under section 7221d(a)(2) of this title; and

(II) funds otherwise reserved under section 7221a(b)(2) of this title to carry out national activities under section 7221d of this title;

(ii) to award grants to State entities to carry out the activities described in subsection (b)(1) for the next fiscal year; or

(iii) to award one year of a grant under subsection (b)(1) to a high-scoring State entity, in an amount at or above the minimum amount the State entity needs to be successful for such year.

#### **(4) Diversity of projects**

Each State entity awarding subgrants under this section shall award subgrants in a manner that, to the extent practicable and applicable, ensures that such subgrants—

(A) are distributed throughout different areas, including urban, suburban, and rural areas; and

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

#### **(5) Waivers**

The Secretary may waive any statutory or regulatory requirement over which the Secretary exercises administrative authority, except any such requirement relating to the elements of a charter school described in section 7221i(2) of this title, if—

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

(B) the Secretary determines that granting such waiver will promote the purpose of this part.

#### **(e) Limitations**

##### **(1) Grants**

No State entity may receive a grant under this section for use in a State in which a State entity is currently using a grant received under this section.

##### **(2) Subgrants**

An eligible applicant may not receive more than 1 subgrant under this section for each individual charter school for a 5-year period, unless the eligible applicant demonstrates to the State entity that such individual charter school has at least 3 years of improved educational results for students enrolled in such charter school with respect to the elements described in subparagraphs (A) and (D) of section 7221i(8) of this title.

##### **(f) Applications**

A State entity desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require. The application shall include the following:

##### **(1) Description of program**

A description of the State entity's objectives in running a quality charter school program under this section and how the objectives of the program will be carried out, including—

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

(i) support the opening of charter schools through the startup of new charter schools and, if applicable, the replication of high-quality charter schools, and the expansion of high-quality charter schools (including the proposed number of new charter schools to be opened, high-quality charter schools to be opened as a result of the replication of a high-quality charter school, or high-quality charter schools to be expanded under the State entity's program);

(ii) inform eligible charter schools, developers, and authorized public chartering agencies of the availability of funds under the program;

(iii) work with eligible applicants to ensure that the eligible applicants access all Federal funds that such applicants are eligible to receive, and help the charter schools supported by the applicants and the students attending those charter schools—

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

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

(III) meet the needs of students served under such programs, including students with disabilities and English learners;

(iv) ensure that authorized public chartering agencies, in collaboration with surrounding local educational agencies where applicable, establish clear plans and procedures to assist students enrolled in a charter school that closes or loses its charter to attend other high-quality schools;

(v) in the case of a State entity that is not a State educational agency—

(I) work with the State educational agency and charter schools in the State to maximize charter school participation in Federal and State programs for which charter schools are eligible; and

(II) work with the State educational agency to operate the State entity's program under this section, if applicable;

(vi) ensure that each eligible applicant that receives a subgrant under the State entity's program—

(I) is using funds provided under this section for one of the activities described in subsection (b)(1); and

(II) is prepared to continue to operate charter schools funded under this section in a manner consistent with the eligible applicant's application for such subgrant once the subgrant funds under this section are no longer available;

(vii) support—

(I) charter schools in local educational agencies with a significant number of schools identified by the State for comprehensive support and improvement under section 6311(c)(4)(D)(i) of this title; and

(II) the use of charter schools to improve struggling schools, or to turn around struggling schools;

(viii) work with charter schools on—

(I) recruitment and enrollment practices to promote inclusion of all students, including by eliminating any barriers to enrollment for educationally disadvantaged students (who include foster youth and unaccompanied homeless youth); and

(II) supporting all students once they are enrolled to promote retention, including by reducing the overuse of discipline practices that remove students from the classroom;

(ix) share best and promising practices between charter schools and other public schools;

(x) ensure that charter schools receiving funds under the State entity's program meet the educational needs of their students, including children with disabilities and English learners;

(xi) support efforts to increase charter school quality initiatives, including meeting the quality authorizing elements described in paragraph (2)(D);

(xii)(I) in the case of a State entity not described in subclause (II), a description of how the State entity will provide oversight of authorizing activity, including how the State will help ensure better authorizing, such as by establishing authorizing standards that may include approving, monitoring, and re-approving or revoking the authority of an authorized public chartering agency based on the performance of the charter schools authorized by such agency in the areas of student achievement, student safety, financial and operational management, and compliance with all applicable statutes and regulations; and

(II) in the case of a State entity described in subsection (a)(4), a description of how the State entity will work with the

State to support the State's system of technical assistance and oversight, as described in subclause (I), of the authorizing activity of authorized public chartering agencies; and

(xiii) work with eligible applicants receiving a subgrant under the State entity's program to support the opening of new charter schools or charter school models described in clause (i) that are high schools;

(B) a description of the extent to which the State entity—

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

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

(iii) is working to develop or strengthen a cohesive strategy to encourage collaboration between charter schools and local educational agencies on the sharing of best practices;

(C) a description of how the State entity will award subgrants, on a competitive basis, including—

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

(I) a description of the roles and responsibilities of eligible applicants, partner organizations, and charter management organizations, including the administrative and contractual roles and responsibilities of such partners;

(II) a description of the quality controls agreed to between the eligible applicant and the authorized public chartering agency involved, such as a contract or performance agreement, how a school's performance in the State's accountability system and impact on student achievement (which may include student academic growth) will be one of the most important factors for renewal or revocation of the school's charter, and how the State entity and the authorized public chartering agency involved will reserve the right to revoke or not renew a school's charter based on financial, structural, or operational factors involving the management of the school;

(III) a description of how the autonomy and flexibility granted to a charter school is consistent with the definition of a charter school in section 7221i of this title;

(IV) a description of how the eligible applicant will solicit and consider input from parents and other members of the community on the implementation and operation of each charter school that will receive funds under the State entity's program;

(V) a description of the eligible applicant's planned activities and expendi-

tures of subgrant funds to support the activities described in subsection (b)(1), and how the eligible applicant will maintain financial sustainability after the end of the subgrant period; and

(VI) a description of how the eligible applicant will support the use of effective parent, family, and community engagement strategies to operate each charter school that will receive funds under the State entity's program; and

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

(D) in the case of a State entity that partners with an outside organization to carry out the State entity's quality charter school program, in whole or in part, a description of the roles and responsibilities of the partner;

(E) a description of how the State entity will ensure that each charter school receiving funds under the State entity's program has considered and planned for the transportation needs of the school's students;

(F) a description of how the State in which the State entity is located addresses charter schools in the State's open meetings and open records laws; and

(G) a description of how the State entity will support diverse charter school models, including models that serve rural communities.

## **(2) Assurances**

Assurances that—

(A) each charter school receiving funds through the State entity's program will have a high degree of autonomy over budget and operations, including autonomy over personnel decisions;

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

(C) the State entity will ensure that the authorized public chartering agency of any charter school that receives funds under the State entity's program adequately monitors each charter school under the authority of such agency in recruiting, enrolling, retaining, and meeting the needs of all students, including children with disabilities and English learners;

(D) the State entity will provide adequate technical assistance to eligible applicants to meet the objectives described in clause (viii) of paragraph (1)(A) and subparagraph (B) of this paragraph;

(E) the State entity will promote quality authorizing, consistent with State law, such as through providing technical assistance to support each authorized public chartering agency in the State to improve such agency's ability to monitor the charter schools authorized by the agency, including by—

(i) assessing annual performance data of the schools, including, as appropriate, graduation rates, student academic growth, and rates of student attrition;

(ii) reviewing the schools' independent, annual audits of financial statements pre-

pared in accordance with generally accepted accounting principles, and ensuring that any such audits are publically reported; and

(iii) holding charter schools accountable to the academic, financial, and operational quality controls agreed to between the charter school and the authorized public chartering agency involved, such as through renewal, non-renewal, or revocation of the school's charter;

(F) the State entity will work to ensure that charter schools are included with the traditional public schools in decisionmaking about the public school system in the State; and

(G) the State entity will ensure that each charter school receiving funds under the State entity's program makes publicly available, consistent with the dissemination requirements of the annual State report card under section 6311(h) of this title, including on the website of the school, information to help parents make informed decisions about the education options available to their children, including—

(i) information on the educational program;

(ii) student support services;

(iii) parent contract requirements (as applicable), including any financial obligations or fees;

(iv) enrollment criteria (as applicable); and

(v) annual performance and enrollment data for each of the subgroups of students, as defined in section 6311(c)(2) of this title, except that such disaggregation of performance and enrollment data shall not be required in a case in which the number of students in a group is insufficient to yield statically reliable information or the results would reveal personally identifiable information about an individual student.

## **(3) Requests for waivers**

Information about waivers, including—

(A) a request and justification for waivers of any Federal statutory or regulatory provisions that the State entity believes are necessary for the successful operation of the charter schools that will receive funds under the State entity's program under this section or, in the case of a State entity defined in subsection (a)(4), a description of how the State entity will work with the State to request such necessary waivers, where applicable; and

(B) a description of any State or local rules, generally applicable to public schools, that will be waived, or otherwise not apply to such schools.

## **(g) Selection criteria; priority**

### **(1) Selection criteria**

The Secretary shall award grants to State entities under this section on the basis of the quality of the applications submitted under subsection (f), after taking into consideration—

(A) the degree of flexibility afforded by the State's charter school law and how the State

entity will work to maximize the flexibility provided to charter schools under such law;

(B) the ambitiousness of the State entity's objectives for the quality charter school program carried out under this section;

(C) the likelihood that the eligible applicants receiving subgrants under the program will meet those objectives and improve educational results for students;

(D) the State entity's plan to—

(i) adequately monitor the eligible applicants receiving subgrants under the State entity's program;

(ii) work with the authorized public chartering agencies involved to avoid duplication of work for the charter schools and authorized public chartering agencies; and

(iii) provide technical assistance and support for—

(I) the eligible applicants receiving subgrants under the State entity's program; and

(II) quality authorizing efforts in the State; and

(E) the State entity's plan to solicit and consider input from parents and other members of the community on the implementation and operation of charter schools in the State.

## **(2) Priority**

In awarding grants under this section, the Secretary shall give priority to a State entity to the extent that the entity meets the following criteria:

(A) The State entity is located in a State that—

(i) allows at least one entity that is not a local educational agency to be an authorized public chartering agency for developers seeking to open a charter school in the State; or

(ii) in the case of a State in which local educational agencies are the only authorized public chartering agencies, the State has an appeals process for the denial of an application for a charter school.

(B) The State entity is located in a State that ensures equitable financing, as compared to traditional public schools, for charter schools and students in a prompt manner.

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

(i) Funding for facilities.

(ii) Assistance with facilities acquisition.

(iii) Access to public facilities.

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

(v) The right of first refusal to purchase public school buildings.

(vi) Low- or no-cost leasing privileges.

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

(E) The State entity supports charter schools that serve at-risk students through

activities such as dropout prevention, dropout recovery, or comprehensive career counseling services.

(F) The State entity has taken steps to ensure that all authorizing public chartering agencies implement best practices for charter school authorizing.

## **(h) Local uses of funds**

An eligible applicant receiving a subgrant under this section shall use such funds to support the activities described in subsection (b)(1), which shall include one or more of the following activities:

(1) Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with—

(A) providing professional development; and

(B) hiring and compensating, during the eligible applicant's planning period specified in the application for subgrant funds that is required under this section, one or more of the following:

(i) Teachers.

(ii) School leaders.

(iii) Specialized instructional support personnel.

(2) Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials).

(3) Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).

(4) Providing one-time, startup costs associated with providing transportation to students to and from the charter school.

(5) Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.

(6) Providing for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) when such costs cannot be met from other sources.

## **(i) Reporting requirements**

Each State entity receiving a grant under this section shall submit to the Secretary, at the end of the third year of the 5-year grant period (or at the end of the second year of the grant period if the grant is less than 5 years), and at the end of such grant period, a report that includes the following:

(1) The number of students served by each subgrant awarded under this section and, if applicable, the number of new students served during each year of the period of the subgrant.

(2) A description of how the State entity met the objectives of the quality charter school program described in the State entity's application under subsection (f), including—

(A) how the State entity met the objective of sharing best and promising practices described in subsection (f)(1)(A)(ix) in areas such as instruction, professional development, curricula development, and operations between charter schools and other public schools; and

(B) if known, the extent to which such practices were adopted and implemented by such other public schools.

(3) The number and amount of subgrants awarded under this section to carry out activities described in each of subparagraphs (A) through (C) of subsection (b)(1).

(4) A description of—

(A) how the State entity complied with, and ensured that eligible applicants complied with, the assurances included in the State entity's application; and

(B) how the State entity worked with authorized public chartering agencies, and how the agencies worked with the management company or leadership of the schools that received subgrant funds under this section, if applicable.

(Pub. L. 89–10, title IV, § 4303, as added Pub. L. 114–95, title IV, § 4301(1), Dec. 10, 2015, 129 Stat. 1995.)

#### Editorial Notes

##### PRIOR PROVISIONS

A prior section 7221b, Pub. L. 89–10, title IV, § 4303, formerly title V, § 5203, as added Pub. L. 107–110, title V, § 501, Jan. 8, 2002, 115 Stat. 1790; renumbered title IV, § 4303, Pub. L. 114–95, title IV, § 4001(b)(2)(A), (B), (D)(iii), Dec. 10, 2015, 129 Stat. 1967, related to applications from State agencies, prior to repeal by Pub. L. 114–95, § 5, title IV, § 4301(1), Dec. 10, 2015, 129 Stat. 1806, 1993, effective Dec. 10, 2015, except with respect to certain noncompetitive programs and competitive programs.

A prior section 4303 of Pub. L. 89–10 was renumbered section 8573, and is classified to section 7973 of this title.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE

Section effective Dec. 10, 2015, except with respect to certain noncompetitive programs and competitive programs, see section 5 of Pub. L. 114–95, set out as an Effective Date of 2015 Amendment note under section 6301 of this title.

### § 7221c. Facilities financing assistance

#### (a) Grants to eligible entities

##### (1) In general

From the amount reserved under section 7221a(b)(1) of this title, the Secretary shall use not less than 50 percent to award, on a competitive basis, not less than 3 grants to eligible entities that have the highest-quality applications approved under subsection (d), after considering the diversity of such applications, to demonstrate innovative methods of helping charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

##### (2) Eligible entity defined

For the purposes of this section, the term “eligible entity” means—

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

(B) a private nonprofit entity; or

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

#### (b) Grantee selection

The Secretary shall evaluate each application submitted under subsection (d), and shall determine whether the application is sufficient to merit approval.

#### (c) Grant characteristics

Grants under subsection (a) shall be of sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

#### (d) Applications

##### (1) In general

An eligible entity desiring to receive a grant under this section shall submit an application to the Secretary in such form as the Secretary may reasonably require.

##### (2) Contents

An application submitted under paragraph (1) shall contain—

(A) a statement identifying the activities that the eligible entity proposes to carry out with funds received under subsection (a), including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

(B) a description of the involvement of charter schools in the application's development and the design of the proposed activities;

(C) a description of the eligible entity's expertise in capital market financing;

(D) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of government funding used and otherwise enhance credit available to charter schools, including how the eligible entity will offer a combination of rates and terms more favorable than the rates and terms that a charter school could receive without assistance from the eligible entity under this section;

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

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

#### (e) Charter school objectives

An eligible entity receiving a grant under subsection (a) shall use the funds deposited in the reserve account established under subsection (f) to assist one or more charter schools to access private-sector capital to accomplish one or more of the following objectives:

(1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.