



Thomas_Corwin @ ed.gov

10/17/97 09:39:00 AM

Record Type: Record

To: William R. Kincaid, Jonathan H. Schnur/OVP @ OVP

cc:

Subject: Charter schools analysis

At the request of Sandra, and then Mike, my staff has done a projection of the impact of extending the charter schools grant period (to 5 years) on the ability of the program to support new charter schools.

ASSUMPTIONS

Based on data we received from OESE, we have assumed that the program will spend about \$114,000 annually per charter school. We haven't built in any inflation for the out-years, but that probably wouldn't change the bottom line very much.

We've assumed an appropriation of \$80 million in FY 1998, increasing to \$90M in 1999, \$100M in 2000, and \$110M in 2001. We've also assumed that the Department will reserve \$5 million for National Activities in each year.

PROJECTION UNDER CURRENT LAW

With no changes in the law (that is, the maximum length of time a charter school can receive grant assistance stays at 3 years), our projections show that the program will support 3,036 charter schools by 2001. (This figure includes the approximately 420 schools that we've supported with 1995, 1996, and 1997 funds). Thus, with fairly modest increases in appropriations we should be able to reach the 3,000 school target in five more years.

PROJECTION ASSUMING FIVE-YEAR GRANTS, WITH NO PHASE-OUT

If we instead assume that each school will receive five years of assistance, and that the level of support doesn't drop after year 3 (that is, it stays at an average of \$114,000), then the total number of schools supported by 2001 drops to 2,335 -- 700 fewer than under the current program rules.

PROJECTION ASSUMING FIVE-YEAR GRANTS, WITH A PHASE-OUT

For this projection, we assumed that the level of Federal support would decline to 75 percent of the initial level in year 4 of the

grant and then to 50 percent of the initial level in year 5. (In other words, about \$114,000 in years 1, 2, and 3, and then \$85,000 in year 4 and \$57,000 in year 5). Under this scenario, our projections show that the total number of schools supported would be 2,528.

We would be happy to share the spreadsheets for these projections, should anyone want to see them.

Tom

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS

PHONE: 395-4790 / FAX: 395-3729

TO: BILL KINCAID

DATE:

FROM:

____ CHUCK KIEFFER

____ CHUCK KONIGSBERG

____ LISA KOUNTOUPES

~~____ ALICE SHUFFIELD~~

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Comments:

SAPs are out

FAX #:

PHONE NUMBER:

PAGES:

(includes cover page)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 30, 1997
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2616 - Charter Schools Amendments Act of 1997
(Reps. Riggs (R) CA and Roemer (D) IN)

The Administration supports House passage of H.R. 2616, but has concerns about provisions in the bill that would extend, from three years to five years, the period for which Federal assistance could be provided to individual charter schools.

The Administration understands that the rule for consideration of H.R. 2616 provides that the text of H.R. 2746, the Helping Empower Low-income Parents (HELP) Scholarships Amendments of 1997, be added to H.R. 2616 in the engrossment of the bill. Under H.R. 2746, States and local school districts could provide vouchers for basic instruction in private schools using funds that are otherwise available for the supplementary costs of education reform under Title VI of the Elementary and Secondary Education Act of 1965. If H.R. 2616 is amended to include this bill, the President's senior advisers would recommend that the bill be vetoed. Federal funding of private school vouchers is bad policy because it would divert needed attention and resources from the Nation's public schools, which serve approximately 90 percent of students in kindergarten through twelfth grade.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 30, 1997
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2746 - Helping Empower Low-income Parents (HELP)
Scholarships Amendments of 1997
(Rep. Riggs (R) CA and 11 others)

The Administration strongly opposes H.R. 2746. If the bill were presented to the President, his senior advisers would recommend that the bill be vetoed. Under H.R. 2746, States and local school districts could provide vouchers for basic instruction in private schools, using funds that are otherwise available for the supplementary costs of education reform under Title VI of the Elementary and Secondary Education Act of 1965. Federal funding of private school vouchers is bad policy because it would divert needed attention and resources from the Nation's public schools, which serve approximately 90 percent of students in kindergarten through twelfth grade.

* * * * *

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON SCHOOL REFORM
OCTOBER 17, 1997

Good Morning. This week, Hillary and I have been visiting our neighbors in South America. We've savored the hospitality and uniqueness of each country. But as we've traveled from Caracas to Brasilia to Buenos Aires and places in between, we've also had the chance to see that much more unites the people of the Americas than separates us. We all cherish the same values: Freedom and equality, family and community, peace and democracy.

And we all believe that providing all children with a world-class education is the best way to ensure they fulfill their God-given promise in the 21st century.

Because we reached across party lines this summer, we've already opened the doors of learning wider than ever before, passing a balanced budget that put us firmly on the road toward making sure every eight-year old can read, every 12-year old can log on to the Internet, and every 18-year old can go to college.

But we cannot rest. I know that a vital debate over how best to improve public education will be waiting for me when I get back to Washington. How we resolve this debate will have a tremendous influence on the future of our commitment to our public schools.

Let me make clear what I believe America's education priorities must be. We should do everything we can to boost our public schools, not walk away from them. Every parent should be confident that our public schools are helping their children master the basics and meet the highest academic standards.

That is why we must set national standards of academic achievement and voluntary tests in fourth grade reading and eighth grade math. We must work through American Reads to send an army of volunteer reading tutors into our schools to help every child read independently by the end of third grade.

And we must also bring more choice and competition to public education. The right way to do this is by empowering more parents and students to choose the public schools they attend and bringing more charter schools to more communities. Since I became President the number of public charter schools has grown from one to 700. Parents, educators and community leaders are creating and operating public schools that are freed from bureaucratic red tape, but accountable to the parents and communities that support them. They stay open only if they meet the highest standards of performance.

I endorse bipartisan efforts in the House and Senate to help communities open 3,000 schools in the coming years by giving states incentives to issue more charters, more flexibility to try new reforms and strengthen accountability. That's what I mean when I say that politics must stop at the school house door.

We must also strengthen existing schools. I support a bipartisan proposal that will help low-achieving, low-income schools transform themselves through proven reforms -- everything from intensive reading instruction to after-school tutoring. Virtually every problem facing our schools has been solved by a community somewhere in America. We must bring these solutions to the schools that need them most.

No single magic bullet or gimmick will improve our schools. Instead it will take the dogged determination, faith and resources of all of us working together. Our children are counting on us. Thanks for listening.

DRAFT -- NOT FOR RELEASE

October 15, 1997
(House)

H.R. 2616 - Charter Schools Amendments Act of 1997
(Reps. Riggs (R) CA and Roemer (D) IN)

The Administration supports House passage of H.R. 2616, but has concerns about provisions in the bill that would extend, from three years to five years, the period for which Federal assistance could be provided to individual charter schools.

* * * * *

BIPARTISAN SUPPORT FOR EXPANDING CHOICE IN PUBLIC EDUCATION AND FIXING FAILING SCHOOLS

October 17, 1997

Now I ask you -- and I ask all our nation's governors; I ask parents, teachers, and citizens all across America -- for a new nonpartisan commitment to education -- because education is a critical national security issue for our future, and politics must stop at the schoolhouse door.

President Clinton, State of the Union Address, February 4, 1997

In his weekly radio address today, the President praised two initiatives in Congress where Democrats and Republicans have come together in support of needed improvements in public education. One bill would expand and strengthen President Clinton's public charter schools program, by accelerating progress towards the President's goal of developing 3,000 new charter schools by the year 2000, and encouraging states and local school districts to provide these innovative public schools with more flexibility together with greater accountability. Another measure would help schools implement school-wide reforms based on effective, proven models. These initiatives show how we can improve our schools, and turn around low-performing schools, without abandoning public education: strengthening schools with proven practices or providing students and their families with more high-quality choices in public education.

CHARTER SCHOOLS HAVE EXPERIENCED TREMENDOUS GROWTH UNDER PRESIDENT CLINTON'S LEADERSHIP. As a result of the President's continuing leadership, there has been a dramatic growth in the number of charter schools. When President Clinton took office, there was one charter school in operation nationwide and only two states with a charter law. This year, over 700 charter schools are expected to be in operation. Similarly, the number of states with charter laws continues to grow -- 29 states, and the District of Columbia have passed legislation authorizing the establishment of charter schools.

This growth has been fueled by the President's proposal of a public charter schools program, which was enacted in 1994 as part of the reauthorization of the Elementary and Secondary Education Act. With the President's leadership, the charter school program has grown from \$6 million in FY 1995 to \$51 million in FY 1997. The President has requested \$100 million from Congress in FY 1998 to provide support for 1,000 charter schools.

A BIPARTISAN BILL TO EXPAND CHOICE WITH PUBLIC ACCOUNTABILITY. Recently House Education Committee Democrats and Republicans reached across party lines to approve suggested amendments to the Public Charter Schools Program in a bill co-sponsored by Rep. Riggs (R.-Calif.) and Rep. Roemer (D-Ind.). This bill would give a priority for awarding new charter schools grants to states which are creating larger numbers of charter schools with increased control over financial decision-making and that are clearly held accountable for results. The bill also incorporates the President's goal of increasing the number of charter schools to 3,000 by the year 2000. Similar legislation is expected to be introduced shortly in the Senate by Sen. Coats (R.-Ind.) and Sen. Lieberman (D.-Conn.). The President endorsed these bipartisan efforts, and Administration staff will continue to work with members of both parties as the legislation moves through Congress.

BIPARTISAN SUPPORT FOR REFORMS THAT WORK: To help strengthen all public schools, especially those with high concentrations of poverty, today the President also announced his support for a bipartisan initiative led by Congressman David Obey (D., Wisconsin) and John Porter (R., Illinois). The initiative would help schools adopt research-based models for school-wide improvements that have demonstrated track-records of success at improving student achievement, through proven strategies such as high standards for all students, intensive help in the basic skills in the early grades, strong parental involvement in school decision-making, challenging curriculum often implemented with the effective use of learning technologies, and effective training for teachers. At funding levels included in the House Education Appropriations bill, the initiative would fund \$50,000+ competitive grants to at least 2,000 schools to adopt research-based models of comprehensive school reform, such as those supported by New American Schools.

THESE INITIATIVES SHOW THE KIND OF INNOVATION THAT RESULTS WHEN WE WORK TOGETHER TO IMPROVE -- NOT ABANDON -- OUR PUBLIC SCHOOLS. Charter schools are examples of genuine public education reform -- they provide a mechanism for change with real public accountability for promised results. Likewise, the reform models to be made available through federal grants would provide a proven mechanism for turning failing schools into successful ones. These initiatives would help increase the options for creating and maintaining high-quality schools within the public school systems that the vast majority of American children attend.

Q: What Makes the Charter Schools Bill Such a Good Example of Bipartisan Cooperation?

A: The bill, which amends the ESEA Public Charter Schools Program, was initially sponsored by Rep. Riggs, chairman of the Early Childhood, Youth and Families Subcommittee. Among other provisions the bill incorporates the President's goal of increasing the number of charter schools to 3,000 by the year 2000. Prior to committee action the bill was substantially improved in response to concerns raised by the Department of Education, and Rep. Roemer joined Rep. Riggs as a co-sponsor. The bill was approved last week by the House Education Committee on 24-8 bipartisan vote, including ten Democrats and fourteen Republicans. We think this is a great example of the kind of progress we can make when Democrats and Republicans come together across party lines to help our kids. Administration staff will continue to work with the sponsors to strengthen the legislation.

Q: What About the Obey-Porter Comprehensive School Reform Provisions -- Why Do they Represent a Good Example of Bipartisan Cooperation?

A: These provisions represent strong leadership of Rep. Obey, ranking member of the House Appropriations Committee, working together with Rep. Porter, the subcommittee chairman. They feel strongly that schools across the country have been missing a great opportunity to benefit from research-proven approaches to reforming entire schools that have been developed in recent years. Many of these models have been developed with support from the New American Schools, a non-profit established under the Bush Administration but heavily supported by President Clinton, as well as from the generous gift by Mr. Annenberg. After a strong debate on the House floor, the provisions were amended to address the concerns of some conservative members and the provision was approved as a part of the House Education Appropriations bill. Again, members put aside partisan differences to support an initiative that will make a concrete difference in hundreds, and perhaps thousands of schools across the country.

Draft 10/16/97 5:20 p.m.

**PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON SCHOOL REFORM
OCTOBER 17, 1997**

Good Morning. This week, Hillary and I have been visiting our neighbors in South America. We've savored the hospitality and uniqueness of every country we've visited. But as we've traveled from Caracas to Brasilia to Buenos Aires and places in between, we've also had the chance to see that much more unites the people of the Americas than separates us. All of us cherish the same ideals: Freedom and equality, family and community, peace and democracy.

And we all believe that providing all children with a world-class education is the best way to ensure they fulfill their God-given promise in the 21st century. Because we reached across party lines this summer, we've already opened the doors of learning wider than ever before, passing the single largest increase in education spending since the G.I. Bill fifty years ago.

But we cannot rest. I know that a vital debate over how best to improve public education will be waiting for me when I get back to Washington. How we resolve this debate will have a tremendous influence on the very future of our country's commitment to our public schools.

Let me make clear what I believe America's education priorities must be. We should do everything we can to boost and revitalize our public schools, not walk away from them. Above all, we must set high national standards of academic achievement and voluntary tests in fourth grade reading and eighth grade math.

And we must make sure every child can meet these standards and master the basics. So I am working through American Reads to send an army of volunteer reading tutors into our schools to help every child read independently by the end of third grade.

We must also give students and families more choices within public education. **The right way to promote choice and competition is to expand public school choice and charter schools. The right way to do this is by empowering more parents and students to choose the public schools they attend and helping communities start their own charter schools.** All over America, parents, educators and community leaders are creating and operating public schools freed from red tape, but publicly accountable. If these schools fail to meet the highest standards of performance, their charters are revoked. Since I became President the number of charter schools has grown from one to 700. I endorse bipartisan efforts in the House and Senate to *[boost charter school funding to \$100 million]* help communities **open 3,000 charter schools by early in the next century, giving states clear incentives to expand charter schools, more flexibility to try new reforms, and strengthening accountability.**

Finally, we must also rededicate ourselves to improving existing schools. So I support a bipartisan provision that will help low-achieving, low-income schools transform themselves through proven reforms -- everything from intensive reading instruction to rigorous teacher training to after-school enrichment. Virtually every problem facing our schools has been solved by a community

somewhere in America. This provision will bring these solutions to the schools that need them most.

No single magic bullet or gimmick will improve our schools. Instead it will take the dogged determination, faith and resources of every single American. As we prepare all our children for the challenges of the new economy, politics must stop at the school house door. Our children are counting on us. Thanks for listening.

Draft 10/16/97 noon

PRESIDENT WILLIAM J. CLINTON
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And we all believe that providing all children with a world-class education is the best way to ensure they fulfill their God-given promise in the 21st century. I was struck by how the people of each country had taken this principle to heart. Earlier this week, I saw how government, business and community leaders had worked together to build a school that had become an oasis of hope for children in one of Rio De Janeiro's poorest neighborhoods.

It was a powerful reminder of the transforming effects of education, of how we in the United States must continue to make sure that politics stops at the school house door. Because we worked across party lines this summer, we've already opened the doors of learning wider than ever before for Americans of all ages, passing the single largest increase in education spending since the G.I. Bill fifty years ago.

But we cannot rest. When I return to Washington, I will call on Congress to continue working with me to **on two bipartisan measures** to strengthen our public schools.

The first measure will help start more innovative charter schools in neighborhoods across our country, providing more choices for students and their families within public education. Since I became President the number of charter schools has grown from 1 to 700. This legislation would take us the next step, helping to reach my goal of opening some 3,000 charter schools by early in the next century. Charter schools empower parents, educators and community leaders to create schools that best meet the needs of their children while also meeting the highest levels of public accountability.

We must also rededicate ourselves to improving existing schools, and urgently work to fix those schools that are failing to educate our children. These schools need to revitalize their classrooms, encourage teachers and inspire students. That's why I'm also supporting a bipartisan provision that will help low-achieving, low-income schools transform themselves through proven reforms -- everything from intensive reading instruction to rigorous teacher training to after-school enrichment. I believe virtually every problem facing our schools has been solved by at least one community in America. This bill will help all of us share these solutions with the schools that need them most.

This fall, we have an important opportunity to strengthen and reaffirm our commitment to our public schools and our children. Let us all work together to make sure every child masters the basics and meets the highest standards of academic achievement, that every principal and every teacher is empowered to introduce innovation into the classroom, that every parent can take an active role in his or her child's education, and that every **public** school across America is

I'm doing as much as I can to make sure that every child has a chance to succeed.

② make it clear that we're not just talking about choice, we're talking about providing more choices for parents and students. We should give parents more choice in which school they send their children to.

Let's make sure that every child has a chance to succeed. We should give parents more choice in which school they send their children to.

① by giving kids choice, we can help them succeed. We should give parents more choice in which school they send their children to.

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Draft 10/16/97 noon

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But we cannot rest. When I return to Washington, I will call on Congress to continue working with me to strengthen our public schools. I pledge to do everything I can to make sure two bipartisan school efforts become law. The first will bring more innovative charter schools to more communities across our country, boosting charter school funding to \$100 million so that we can open some 3,000 new schools by the end of the century. Charter schools empower parents, educators and community leaders with the freedom to create the schools that best meet the needs of their children while also meeting the highest levels of public accountability.

But sometimes, charter schools aren't always the best answer to a community's education needs. Often, a school just needs a little extra help to implement the specific reforms they need to revitalize their classrooms, encourage teachers and inspire students. That's why I'm also supporting a bipartisan bill that will help low-achieving, low-income schools transform themselves through proven reforms -- everything from intensive reading programs to teacher training to after-school tutoring. I believe virtually every problem facing our schools has been solved by at least one community in America. This bill will help all of us share these solutions with the schools that need them most.

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OCTOBER 17, 1997

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It was a powerful reminder of the transforming effects of education, of how we in the United States must continue to make sure that politics stops at the school house door. Because we worked across party lines this summer, we've already opened the doors of learning wider than ever before for Americans of all ages, passing the single largest increase in education spending since the G.I. Bill fifty years ago.

When I return to Washington, I will call on Congress to work with me to strengthen our public schools. I pledge to do everything I can to make sure two bipartisan school reform bills become law. The first will bring more innovative charter schools to more communities across our country. Charter schools empower parents, educators and community leaders with the freedom to create the schools that best meet the needs of their children while also meeting the highest levels of public accountability. The legislation I am supporting will boost charter school funding by \$100 million and help establish 3,000 schools by the end of the century.

But sometimes, charter schools aren't always the best answer to meeting a community's education needs. Often, a school just needs a little extra help to implement the specific reforms they need to do better. That's why I'm also supporting a bipartisan bill that will help low-achieving, low-income schools introduce proven reforms -- everything from intensive reading programs to after-school tutoring -- into their classrooms. I believe virtually every problem facing our schools has been solved by at least one community in America. This bill will help all of us share these solutions with the schools that need them most.

This fall, we have an important opportunity to strengthen and reaffirm our commitment to our public schools and our children. Let us all work together to make sure every child masters the basics and meets the highest standards of academic achievement, that every principal and every teacher is empowered to introduce innovation into the classroom, that every parent can take an active role in his or her child's education, and that every school across America is accountable for its performance. Our children are counting on us.

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Draft 10/16/97 noon

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RADIO ADDRESS ON SCHOOL REFORM BILLS
OCTOBER 17, 1997**

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But we cannot rest. When I return to Washington, I will call on Congress to continue working with me to on two bipartisan measures to strengthen our public schools. **Together these bills would help communities fix failing schools and make it easier for families to pick the right public school for their children.**

The first measure will help start more innovative charter schools in neighborhoods across our country, providing more choices for students and their families within public education. Since I became President the number of charter schools has grown from 1 to 700. This legislation would take us the next step, helping to reach my goal of opening some 3,000 charter schools by early in the next century. Charter schools empower parents, educators and community leaders to create schools that best meet the needs of their children while also meeting the highest levels of public accountability.

provision
We must also rededicate ourselves to improving existing schools, and urgently work to fix those schools that are failing to educate our children. These schools need to revitalize their classrooms, encourage teachers and inspire students. That's why I'm also supporting a bipartisan bill that will help low-achieving, low-income schools transform themselves through proven reforms -- everything from intensive reading instruction to rigorous teacher training to after-school enrichment. I believe virtually every problem facing our schools has been solved by at least one community in America. This bill will help all of us share these solutions with the schools that need them most.

person

This fall, we have an important opportunity to strengthen and reaffirm our commitment to our public schools and our children. Let us all work together to make sure every child masters the basics and meets the highest standards of academic achievement, that every principal and

every teacher is empowered to introduce innovation into the classroom, that every parent can take an active role in his or her child's education, and that every **public** school across America is accountable for its performance. Our children are counting on us. Thanks for listening.

PRESIDENT WILLIAM J. CLINTON
RADIO ACTUALITY
OCTOBER 17, 1997

A new study released by the Department of Education today confirms what many of us knew instinctively. Students -- especially low-income students -- who challenge themselves with rigorous math and science courses in high school are much more likely to go on to college.

I have worked hard to make college affordable for all Americans. Our increased Pell Grants and work study positions, the new HOPE Scholarships and other tax credits will truly open the doors of college to all who are willing to work for it.

We have eliminated the economic barriers. Now we must eliminate the academic ones. While the study showed that taking algebra in middle school was essential to preparing for advanced math and science classes, just 25 percent of eighth graders in our country took algebra in 1996. ~~This is unacceptable.~~ That is why I call upon all Americans to support voluntary national tests in fourth grade reading and eighth grade math to ensure that all our children meet high national standards of academic excellence. Our math test will require all our children to master algebra so that they will be ready to take the rigorous level math and science courses that lead to college. I call upon Congress to end the delays. Our children are counting on us.

we must
do
better
than
that

encourage

Communities to
help



Sandra_Cook @ ed.gov

10/14/97 02:10:00 PM

Record Type: Record

To: William R. Kincaid, Jonathan H. Schnur/OVP @ OVP

cc:

Subject: Draft SAP

This is the SAP Paul drafted based on Mike Smith's recommendations this morning. We need to discuss the 5-year issue some more. I am not certain that we want to go down this road, but need your advice.

October 14, 1997

11:30

STATEMENT OF ADMINISTRATION POLICY

H.R.2616 – CHARTER SCHOOLS AMENDMENTS ACT OF 1997

(Sponsors: Riggs (R), California; Roemer (D), Indiana)

The Administration supports House passage of H.R.2616, but urges the House to modify language in the bill that would increase, from three years to five years, the maximum period during which Federal funds would be available for the design and initial implementation of any new public charter school. The bill should require a State that wants to make Federal funds available to schools beyond their third year to show that the State has established mechanisms to provide for the long-term financial stability and continued quality of charter schools that are performing effectively.

* * * * *

Charter Schools Bill Approved by House Education Committee on 24-8 Bipartisan Vote.

On Thursday ten Democrats and fourteen Republicans voted to approve amendments to the ESEA Public Charter Schools Program. The bill would give priority for new grants to states which give charter schools a high degree of autonomy over expenditures, allow the number of charter schools to increase, and periodically review each school to ensure academic performance requirements are met. The bill also incorporates the President's goal of increasing the number of charter schools to 3,000 by the year 2000. Prior to committee action the bill was substantially improved in response to concerns raised by the Department of Education, and Rep. Roemer joined Rep. Riggs as a co-sponsor. One outstanding issue is that the bill would allow subgrants to existing charter schools to be lengthened by two years, potentially reducing start-up funds available to new schools and risking long-term dependence on federal funding. Administration staff will continue to work with the sponsors to strengthen the legislation.

Talking Points:
H.R. 2616 -- Extension of Charter School Grants

- The bill would sharply limit the ability of the program to support the creation of new charter schools -- shifting resources from supporting the start-up of new charter schools to operational support for established ones. The bill would establish, as a Federal policy, the goal of facilitating the creation of 3,000 charter schools by the year 2000. That policy will require an increase in the number of charter schools by almost 2,200 from the present level of approximately 800. Attainment of this goal will require that we concentrate all of the Federal funding on development of new schools. But siphoning off a chunk of each year's appropriation for grants to established schools will leave less money for support of new schools. The provisions that would allow 5-year grants are thus inconsistent with the new purpose of the program.
- Providing start-up funds for charter schools is critical, but providing longer-term operational support to charter schools, simply because they are charter schools, is not an appropriate Federal role. The purpose of the Federal program has always been to support the **design and initial implementation** of charter schools. This objective addresses the what charter school developers have consistently identified as their most critical need: start-up funding for such expenses as planning, curriculum development, hiring and training staff, and with informing the community about the charter school. **But long-term support for charter schools should be the responsibility of States and localities.**
- Changing the length of the grant period from 3 to 5 years may increase the reliance and dependency of charter schools on Federal funds. Once they are up and running, which they can accomplish within a 3-year period, charter schools would use their Federal grants for standard operating costs. It would be a very unfortunate if, because of this legislation, charter schools became more dependent on the Federal Government when they are supposed to become autonomous, flexible, and innovative tools for providing and improving public education.
- If we increase the limit to 5 years now, won't we be back at the table, looking to expand it to 7 or 10 years next time around? All types of schools -- charter schools, magnet schools, regular neighborhood schools -- enjoy having available flexible Federal money that they can use for staff salaries, curriculum, equipment, and other costs. If we change the maximum grant to 5 years, and encourage greater dependence on the Federal funds, the schools will undoubtedly ask us, a few years from now, to increase the maximum again. We'll have the same experience that we had before, when the Congress provided continued funding, for as long as twenty years, for what were supposed to have been short-term demonstration projects.

**Office of U.S. Congressman
Tim Roemer**

2348 Rayburn House Office Building
Washington, D.C. 20515
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Pages (Including Cover Sheet): 24

From: Gina Mahony

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Comments: Substitute Amendment

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**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2616**

OFFERED BY MR. RIGGS *and Mr. Roemer*

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the "Charter Schools
3 Amendments Act of 1997".

4 SEC 2. INNOVATIVE CHARTER SCHOOLS.

5 (a) Title VI of the Elementary and Secondary Edu-
6 cation Act of 1965 (20 U.S.C. 7301 et seq.) is amended—

7 (1) in section 6201(a)—

8 (A) in paragraph (1)(C), by striking "and"
9 after the semicolon;

10 (B) by redesignating paragraph (2) as
11 paragraph (3); and

12 (C) by inserting after paragraph (1) the
13 following:

14 "(2) support for planning, designing, and initial
15 implementation of charter schools as described in
16 part C of title X; and"; and

17 (2) in section 6301(b)—

18 (A) in paragraph (7), by striking "and"
19 after the semicolon;

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1 (B) by redesignating paragraph (8) as
2 paragraph (9); and

3 (C) by inserting after paragraph (7) the
4 following:

5 “(8) planning, designing, and initial implemen-
6 tation of charter schools as described in part C of
7 title X; and”.

8 **SEC. 3. CHARTER SCHOOLS.**

9 Part C of title X of the Elementary and Secondary
10 Education Act of 1965 is amended to read as follows:

11 **“PART C—PUBLIC CHARTER SCHOOLS**

12 **“SEC. 10301. FINDINGS AND PURPOSE.**

13 “(a) FINDINGS.—The Congress finds that—

14 “(1) enhancement of parent and student choices
15 among public schools can assist in promoting com-
16 prehensive educational reform and give more stu-
17 dents opportunitis in meeting and exceeding State
18 content standards and challenging State student
19 performance standards, if sufficiently diverse and
20 high-quality choices, and genuine opportunities to
21 take advantage of such choices, are available to all
22 students;

23 “(2) useful examples of such choices can come
24 from States and communities that experiment with
25 methods of offering teachers and other educators,

1 parents, and other members of the public the oppor-
2 tunity to design and implement new public schools
3 and to transform existing public schools;

4 “(3) charter schools are a mechanism for test-
5 ing a variety of educational approaches and should,
6 therefore, be exempted from restrictive rules and
7 regulations if the leadership of such schools commits
8 to attaining specific and ambitious educational re-
9 sults for educationally disadvantaged students con-
10 sistent with challenging State content standards and
11 challenging State student performance standards for
12 all students;

13 “(4) charter schools, as such schools have been
14 implemented in a few States, can embody the nec-
15 essary mixture of enhanced choice, exemption from
16 restrictive regulations, and a focus on learning
17 gains;

18 “(5) charter schools, including charter schools
19 that are schools-within-schools, can help reduce
20 school size, which can have a significant effect on
21 student achievement;

22 “(6) the Federal Government should test, evalu-
23 ate, and disseminate information on a variety of
24 charter school models in order to help demonstrate

1 the benefits of this promising educational reform;
2 and

3 “(7) there is a strong documented need for
4 cash-flow assistance to charter schools that are
5 starting up, because State and local operating reve-
6 nue streams are not immediately available.

7 “(b) PURPOSES.—The purposes of this part are—

8 “(1) to provide financial assistance for the plan-
9 ning, design, initial implementation of charter
10 schools; and

11 “(2) to facilitate the ability of States and local-
12 ities to increase the number of charter schools in the
13 Nation to not less than 3,000 by the year 2000.

14 **“SEC. 10302. PROGRAM AUTHORIZED.**

15 “(a) IN GENERAL.—The Secretary may award grants
16 to State educational agencies having applications approved
17 pursuant to section 10303 to enable such agencies to con-
18 duct a charter school grant program in accordance with
19 this part.

20 “(b) SPECIAL RULE.—If a State educational agency
21 elects not to participate in the program authorized by this
22 part or does not have an application approved under sec-
23 tion 10303, the Secretary may award a grant to an eligible
24 applicant that serves such State and has an application
25 approved pursuant to section 10303.

1 “(c) PROGRAM PERIODS.—

2 “(1) GRANTS TO STATES.—

3 “(A) BASIC GRANTS.—Grants awarded to
4 State educational agencies under this part for
5 planning, design, or initial implementation of
6 charter schools, shall be awarded for a period of
7 not more than 5 years.

8 “(B) EXTENSION.—Any eligible applicant
9 that has received a grant or subgrant under
10 this part prior to October 1, 1997, shall be eli-
11 gible to receive an additional grant for a period
12 not to exceed 2 years in accordance with this
13 section.

14 “(2) GRANTS TO ELIGIBLE APPLICANTS.—

15 “(A) BASIC GRANTS.—Grants awarded by
16 the Secretary to eligible applicants or subgrants
17 awarded by State educational agencies to eligi-
18 ble applicants under this part shall be awarded
19 for planning, design, or initial implementation
20 of charter schools, for a period not to exceed
21 more than 5 years, of which the eligible appli-
22 cant may use—

23 “(i) not more than 30 months for
24 planning and program design; and

1 “(ii) not more than 4 years for the
2 initial implementation of a charter school.

3 “(B) EXTENSION.—Any eligible applicant
4 that has received a grant or subgrant under
5 this part prior to October 1, 1997, shall be eli-
6 gible to receive an additional grant for a period
7 not to exceed 2 years in accordance with this
8 section.

9 “(d) LIMITATION.—Except as otherwise provided
10 under subsection (c), the Secretary shall not award more
11 than one grant and State educational agencies shall not
12 award more than one subgrant under this part to support
13 a particular charter school.

14 “(e) PRIORITY AND REQUIREMENTS.—

15 “(1) PRIORITY.—

16 “(A) FISCAL YEARS 1998, 1999, AND 2000.—

17 In awarding grants under this part for any of
18 the fiscal years 1998, 1999, and 2000 from
19 funds appropriated under section 10310 that
20 are in excess of \$51,000,000 for the fiscal year,
21 the Secretary shall give priority to State edu-
22 cational agencies in accordance with subpara-
23 graph (C).

24 “(B) SUCCEEDING FISCAL YEARS.—In
25 awarding grants under this part for fiscal year

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1 2001 or any succeeding fiscal year from any
2 funds appropriated under section 10310, the
3 Secretary shall consider the number of charter
4 schools in each State and shall give priority to
5 State educational agencies in accordance with
6 subparagraph (C).

7 “(C) PRIORITY ORDER.—In awarding
8 grants under subparagraphs (A) and (B), the
9 Secretary shall, in the order listed, give priority
10 to a State that—

11 “(i) meets all requirements of para-
12 graph (2);

13 “(ii) meets 2 requirements of para-
14 graph (2); and

15 “(iii) meets 1 requirement of para-
16 graph (2).

17 “(2) REQUIREMENTS.—The requirements re-
18 ferred to in paragraph (1)(C) are as follows:

19 “(A) The State law regarding charter
20 schools ensures that each charter school has a
21 high degree of autonomy over its budgets and
22 expenditures.

23 “(B) The State law regarding charter
24 schools provides that not less than 1 chartering
25 authority in the State allows for an increase in

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1 the number of charter schools from 1 year to
2 the next year; and

3 “(C) The State law regarding charter
4 schools provides for periodic review and evalua-
5 tion by the authorized public chartering agency
6 of each charter school to determine whether the
7 school is meeting or exceeding the academic
8 performance requirements and goals for charter
9 schools as set forth under State law or the
10 school’s charter.

11 **“SEC. 10303. APPLICATIONS.**

12 “(a) APPLICATIONS FROM STATE AGENCIES.—Each
13 State educational agency desiring a grant from the Sec-
14 retary under this part shall submit to the Secretary an
15 application at such time, in such manner, and containing
16 or accompanied by such information as the Secretary may
17 require.

18 “(b) CONTENTS OF A STATE EDUCATIONAL AGENCY
19 APPLICATION.—Each application submitted pursuant to
20 subsection (a) shall—

21 “(1) describe the objectives of the State edu-
22 cational agency’s charter school grant program and
23 a description of how such objectives will be fulfilled,
24 including steps taken by the State educational agen-
25 cy to inform teachers, parents, and communities of

1 the State educational agency's charter school grant
2 program;

3 "(2) describe how the State educational agency
4 will inform each charter school of available Federal
5 programs and funds that each such school is eligible
6 to receive and ensure that each such school receives
7 its appropriate share of Federal education funds al-
8 located by formula; and

9 "(3) contain assurances that the State edu-
10 cational agency will require each eligible applicant
11 desiring to receive a subgrant to submit an applica-
12 tion to the State educational agency containing—

13 "(A) a description of the educational pro-
14 gram to be implemented by the proposed char-
15 ter school, including—

16 "(i) how the program will enable all
17 students to meet challenging State student
18 performance standards;

19 "(ii) the grade levels or ages of chil-
20 dren to be served; and

21 "(iii) the curriculum and instructional
22 practices to be used;

23 "(B) a description of how the charter
24 school will be managed;

25 "(C) a description of—

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1 “(i) the objectives of the charter
2 school; and

3 “(ii) the methods by which the charter
4 school will determine its progress toward
5 achieving those objectives;

6 “(D) a description of the administrative re-
7 lationship between the charter school and the
8 authorized public chartering agency;

9 “(E) a description of how parents and
10 other members of the community will be in-
11 volved in the design and implementation of the
12 charter school;

13 “(F) a description of how the authorized
14 public chartering agency will provide for contin-
15 ued operation of the school once the Federal
16 grant has expired, if such agency determines
17 that the school has met the objectives described
18 in subparagraph (C)(i);

19 “(G) a request and justification for waivers
20 of any Federal statutory or regulatory provi-
21 sions that the applicant believes are necessary
22 for the successful operation of the charter
23 school, and a description of any State or local
24 rules, generally applicable to public schools,

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1 that will be waived for, or otherwise not apply
2 to, the school;

3 “(H) a description of how the subgrant
4 funds or grant funds, as appropriate, will be
5 used, including a description of how such funds
6 will be used in conjunction with other Federal
7 programs administered by the Secretary;

8 “(I) a description of how students in the
9 community will be—

10 “(i) informed about the charter
11 school; and

12 “(ii) given an equal opportunity to at-
13 tend the charter school;

14 “(J) an assurance that the eligible appli-
15 cant will annually provide the Secretary and the
16 State educational agency such information as
17 may be required to determine if the charter
18 school is making satisfactory progress toward
19 achieving the objectives described in subpara-
20 graph (C)(i);

21 “(K) an assurance that the applicant will
22 cooperate with the Secretary and the State edu-
23 cational agency in evaluating the program as-
24 sisted under this part; and

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1 “(L) such other information and assur-
2 ances as the Secretary and the State edu-
3 cational agency may require.

4 “(c) CONTENTS OF ELIGIBLE APPLICANT APPLICA-
5 TION.—Each eligible applicant desiring a grant pursuant
6 to section 10302 shall submit an application to the State
7 educational agency or Secretary, respectively, at such
8 time, in such manner, and accompanied by such informa-
9 tion as the State educational agency or Secretary, respec-
10 tively, may reasonably require.

11 “(d) CONTENTS OF APPLICATION.—Each application
12 submitted pursuant to subsection (c) shall contain—

13 “(1) the information and assurances described
14 in subparagraphs (A) through (L) of subsection
15 (b)(4), except that for purposes of this subsection
16 subparagraphs (J), (K), and (L) of such subsection
17 shall be applied by striking “and the State edu-
18 cational agency” each place such term appears; and

19 “(2) assurances that the State educational
20 agency—

21 “(A) will grant, or will obtain, waivers of
22 State statutory or regulatory requirements; and

23 “(B) will assist each subgrantee in the
24 State in receiving a waiver under section
25 10304(e).

1 "SEC. 10304. ADMINISTRATION.

2 "(a) SELECTION CRITERIA FOR STATE EDU-
3 CATIONAL AGENCIES.—The Secretary shall award grants
4 to State educational agencies under this part on the basis
5 of the quality of the applications submitted under section
6 10303(b), after taking into consideration such factors
7 as—

8 "(1) the contribution that the charter schools
9 grant program will make to assisting educationally
10 disadvantaged and other students to achieving State
11 content standards and State student performance
12 standards and, in general, a State's education im-
13 provement plan;

14 "(2) the degree of flexibility afforded by the
15 State educational agency to charter schools under
16 the State's charter schools law;

17 "(3) the ambitiousness of the objectives for the
18 State charter school grant program;

19 "(4) the quality of the strategy for assessing
20 achievement of those objectives;

21 "(5) the likelihood that the charter school grant
22 program will meet those objectives and improve edu-
23 cational results for students; and

24 "(6) the number of charter schools created
25 under this part in the State.

1 “(b) SELECTION CRITERIA FOR ELIGIBLE APPLI-
2 CANTS.—The Secretary shall award grants to eligible ap-
3 plicants under this part on the basis of the quality of the
4 applications submitted under section 10303(c), after tak-
5 ing into consideration such factors as—

6 (1) the quality of the proposed curriculum and
7 instructional practices;

8 “(2) the degree of flexibility afforded by the
9 State educational agency and, if applicable, the local
10 educational agency to the charter school;

11 “(3) the extent of community support for the
12 application;

13 “(4) the ambitiousness of the objectives for the
14 charter school;

15 “(5) the quality of the strategy for assessing
16 achievement of those objectives; and

17 “(6) the likelihood that the charter school will
18 meet those objectives and improve educational re-
19 sults for students.

20 “(c) PEER REVIEW.—The Secretary, and each State
21 educational agency receiving a grant under this part, shall
22 use a peer review process to review applications for assist-
23 ance under this part.

24 “(d) DIVERSITY OF PROJECTS.—The Secretary and
25 each State educational agency receiving a grant under this

1 part, shall award subgrants under this part in a manner
2 that, to the extent possible, ensures that such grants and
3 subgrants—

4 “(1) are distributed throughout different areas
5 of the Nation and each State, including urban and
6 rural areas; and

7 “(2) will assist charter schools representing a
8 variety of educational approaches, such as ap-
9 proaches designed to reduce school size.

10 “(e) WAIVERS.—The Secretary may waive any statu-
11 tory or regulatory requirement over which the Secretary
12 exercises administrative authority except any such require-
13 ment relating to the elements of a charter school described
14 in section 10309(1), if—

15 “(1) the waiver is requested in an approved ap-
16 plication under this part; and

17 “(2) the Secretary determines that granting
18 such a waiver will promote the purpose of this part.

19 “(f) USE OF FUNDS.—

20 “(1) STATE EDUCATIONAL AGENCIES.—Each
21 State educational agency receiving a grant under
22 this part shall use such grant funds to award sub-
23 grants to one or more eligible applicants in the State
24 to enable such applicant to plan and implement a
25 charter school in accordance with this part.

1 “(2) ELIGIBLE APPLICANTS.—Each eligible ap-
2 plicant receiving funds from the Secretary or a State
3 educational agency shall use such funds to plan and
4 implement a charter school in accordance with this
5 part.

6 “(3) ALLOWABLE ACTIVITIES FOR BASIC
7 GRANTS.—An eligible applicant receiving a basic
8 grant or subgrant under section 10302(c)(2)(A) may
9 use the grant or subgrant funds only for—

10 “(A) post-award planning and design of
11 the educational program, which may include—

12 “(i) refinement of the desired edu-
13 cational results and of the methods for
14 measuring progress toward achieving those
15 results; and

16 “(ii) professional development of
17 teachers and other staff who will work in
18 the charter school; and

19 “(B) initial implementation of the charter
20 school, which may include—

21 “(i) informing the community about
22 the school;

23 “(ii) acquiring necessary equipment
24 and educational materials and supplies;

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1 “(iii) acquiring or developing curricu-
2 lum materials; and

3 “(iv) other initial operational costs
4 that cannot be met from State or local
5 sources.

6 “(4) ADMINISTRATIVE EXPENSES.—Each State
7 educational agency receiving a grant pursuant to
8 this part may reserve not more than 5 percent of
9 such grant funds for administrative expenses associ-
10 ated with the charter school grant program assisted
11 under this part.

12 **“SEC. 10305. NATIONAL ACTIVITIES.**

13 “The Secretary shall reserve for each fiscal year the
14 lesser of 5 percent of the amount appropriated to carry
15 out this part for the fiscal year or \$5,000,000, to carry
16 out, giving highest priority to carrying paragraph (2), the
17 following:

18 “(1) To provide charter schools, either directly
19 or through the State educational agency, with infor-
20 mation regarding available education funds that
21 such school is eligible to receive, and assistance in
22 applying for Federal education funds which are allo-
23 cated by formula, including filing deadlines and sub-
24 mission of applications; and

1 “(2) To provide, through 1 or more contracts
2 using a competitive bidding process—

3 “(i) charter schools with assistance in
4 accessing private capital;

5 “(ii) pilot projects in a variety of States to
6 better understand and improve access to private
7 capital by charter schools; and

8 “(iii) collection on a nationwide basis, of
9 information regarding successful programs that
10 access private capital for charter schools and
11 disseminate any such relevant information and
12 model descriptions to all charter schools.

13 “(3) To provide for the completion of the 4-year
14 national study (which began in 1995) of charter
15 schools and any related evaluations or studies.

16 “(4)(A) To provide information to applicants
17 for assistance under this part;

18 “(B) assistance to applicants for assistance
19 under this part with the preparation of applications
20 under section 10303;

21 “(C) assistance in the planning and startup of
22 charter schools;

23 “(D) ongoing training and technical assistance
24 to existing charter schools; and

1 “(E) for the dissemination of best practices in
2 charter schools to other public schools.

3 **“SEC. 10306. PART A. TITLE I ALLOCATION DURING FIRST**
4 **YEAR AND FOR SUCCESSIVE ENROLLMENT**
5 **EXPANSIONS.**

6 “For purposes of the allocation to schools by the
7 States or their agencies of funds under part A of title I,
8 or of any other Federal educational assistance funds, the
9 Secretary and each State educational agency shall take
10 such measures not later than 6 months after the date of
11 the enactment of this part as are necessary to ensure that
12 every charter school receives the Federal funding for
13 which it is eligible in the calendar year in which it first
14 opens, notwithstanding the fact that the identity and char-
15 acteristics of the students enrolling in that school are not
16 fully and completely determined until that school actually
17 opens. These measures shall similarly ensure that every
18 charter school expanding its enrollment in any subsequent
19 year of operation receives the Federal funding for which
20 it is eligible during the calendar year of such expansion.

21 **“SEC. 10307. RECORDS TRANSFER.**

22 “State and local educational agencies, to the extent
23 practicable, shall ensure that a student's records and if
24 applicable a student's individualized education program as
25 defined in section 602(11) of the Individuals with Disabil-

ities Education Act (20 U.S.C. 1401(11)), are transferred to the charter school upon transfer of a student to a charter school in accordance with applicable State law.

4 **"SEC. 10308. PAPERWORK REDUCTION.**

5 "To the extent practicable, the Secretary and each
6 authorized public chartering agency, shall ensure that im-
7 plementation of this part results in a minimum of paper-
8 work for any eligible applicant or charter school.

9 **"SEC. 10309. DEFINITIONS.**

10 "As used in this part:

11 "(1) The term 'charter school' means a public
12 school that—

13 "(A) in accordance with a specific State
14 charter school statute, is exempted from signifi-
15 cant State or local rules that inhibit the flexible
16 operation and management of public schools,
17 but not from any rules relating to the other re-
18 quirements of this paragraph;

19 "(B) is created by a developer as a public
20 school, or is adapted by a developer from an ex-
21 isting public school, and is operated under pub-
22 lic supervision and direction;

23 "(C) operates in pursuit of a specific set of
24 educational objectives determined by the

1 school's developer and agreed to by the author-
2 ized public chartering agency;

3 "(D) provides a program of elementary or
4 secondary education, or both;

5 "(E) is nonsectarian in its programs, ad-
6 missions policies, employment practices, and all
7 other operations, and is not affiliated with a
8 sectarian school or religious institution;

9 "(F) does not charge tuition;

10 "(G) complies with the Age Discrimination
11 Act of 1975, title VI of the Civil Rights Act of
12 1964, title IX of the Education Amendments of
13 1972, section 504 of the Rehabilitation Act of
14 1973, and part B of the Individuals with Dis-
15 abilities Education Act;

16 "(H) is a school to which parents choose to
17 send their children, and that admits students
18 on the basis of a lottery, if more students apply
19 for admission than can be accommodated;

20 "(I) agrees to comply with the same Fed-
21 eral and State audit requirements as do other
22 elementary and secondary schools in the State,
23 unless such requirements are specifically waived
24 for the purpose of this program;

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

3 “(K) operates in accordance with State
4 law; and

5 “(L) has a written performance contract
6 with the authorized public chartering agency in
7 the State.

8 “(2) The term ‘developer’ means an individual
9 or group of individuals (including a public or private
10 nonprofit organization), which may include teachers,
11 administrators and other school staff, parents, or
12 other members of the local community in which a
13 charter school project will be carried out.

14 “(3) The term ‘eligible applicant’ means an au-
15 thorized public chartering agency participating in a
16 partnership with a developer to establish a charter
17 school in accordance with this part.

18 “(4) The term ‘authorized public chartering
19 agency’ means a State educational agency, local edu-
20 cational agency, or other public entity that has the
21 authority pursuant to State law and approved by the
22 Secretary to authorize or approve a charter school.

23 **“SEC. 10310. AUTHORIZATION OF APPROPRIATIONS.**

24 “For the purpose of carrying out this part, there are
25 authorized to be appropriated \$100,000,000 for fiscal year

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- 1 1998 and such sums as may be necessary for each of the
- 2 four succeeding fiscal years."

Committee on Education and the Workforce

Roll Call# 2 Date 10-09-97
 Bill# _____ Amend# _____ Passed _____ Defeated _____ Voice Vote _____ Withdrawn _____
 Title/Sponsor Favorably Reporting H.R. 2616 "Charter Schools"
Full Committee Amendments Act of 1997

PRESENT	ABSENT	MEMBER	AYE	NAY
		CHAIRMAN GOODLING (25)	✓	
		MR. PETRI	✓	
		MRS. ROUKEMA	✓	
		MR. FAWELL	✓	
		MR. BALLENGER	✓	
		MR. BARRETT	✓	
		MR. HOEKSTRA	✓	
		MR. McKEON		
		MR. CASTLE		
		MR. JOHNSON		
		MR. TALENT	✓	
		MR. GREENWOOD	✓	
		MR. KNOLLENBERG		
		MR. RIGGS	✓	
		MR. GRAHAM		
		MR. SOUDER		
		MR. McINTOSH		
		MR. NORWOOD		
		MR. PAUL		✓
		MR. SCHAFER		
		MR. PETERSON	✓	
		MR. UPTON	✓	
		MR. DEAL	✓	
		MR. HILLEARY	✓	
		MR. SCARBOROUGH		
		MR. CLAY (20)		✓
		MR. MILLER		✓
		MR. KILDEE		✓
		MR. MARTINEZ		✓
		MR. OWENS	✓	
		MR. PAYNE		✓
		MRS. MINK		✓
		MR. ANDREWS	✓	
		MR. ROEMER	✓	
		MR. SCOTT		
		MS. WOOLSEY	✓	
		MR. ROMERO-BARCELÓ	✓	
		MR. FATTAH	✓	
		MR. HINOJOSA		✓
		MRS. McCARTHY	✓	
		MR. TIERNEY		
		MR. KIND	✓	
		MRS. SANCHEZ	✓	
		MR. FORD, Jr.	✓	
		MR. KUCINICH		✓

Mr. Chairman, 24 Members voted AYE and 3 Members voted NAY
 Total 45/Quorum 15/Report 23

Committee on Education and the Workforce*William L. Clay, Ranking Democratic Member***U.S. House of Representatives****2101 Rayburn House Office Building****OFFICE NUMBER- (202) 225-3725****FAX NUMBER- (202) 226-4864****FAX COVER SHEET**DATE: 10/9/97TO: Bill Kincaid FAX NUMBER: _____FROM: Broderick Tolman _____NUMBER OF PAGES (Including cover sheet): 2 _____COMMENTS: Per Charlotte's Request

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Tim Roemer**

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HR 2616 IH**105th CONGRESS****1st Session****To amend titles VI and X of the Elementary and Secondary Education Act of 1965 to improve and expand charter schools.****IN THE HOUSE OF REPRESENTATIVES****October 6, 1997****Mr. RIGGS introduced the following bill; which was referred to the Committee on Education and the Workforce****A BILL****To amend titles VI and X of the Elementary and Secondary Education Act of 1965 to improve and expand charter schools.****[Italic->] Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [~~-Italic~~]****SECTION 1. SHORT TITLE.****This Act may be cited as the 'Charter Schools Amendments Act of 1997'.****SEC 2. INNOVATIVE CHARTER SCHOOLS.****(a) Title VI of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7301 et seq.) is amended--****(1) in section 6201(a)--****(A) in paragraph (1)(C), by striking 'and' after the semicolon;****(B) by redesignating paragraph (2) as paragraph (3); and****(C) by inserting after paragraph (1) the following:****'(2) support for planning, designing, and initial implementation of charter schools as described in part C of title X; and'; and****(2) in section 6301(b)--****(A) in paragraph (7), by striking 'and' after the semicolon;****(B) by redesignating paragraph (8) as paragraph (9); and****(C) by inserting after paragraph (7) the following:****'(8) planning, designing, and initial implementation of charter schools as described in part C of title X; and'.****SEC. 3. CHARTER SCHOOLS.****Part C of title X of the Elementary and Secondary Education Act of 1965 is amended to read as follows:****'PART C--PUBLIC CHARTER SCHOOLS****'SEC. 10301. FINDINGS AND PURPOSE.****'(a) FINDINGS- The Congress finds that--****'(1) enhancement of parent and student choices among public schools can assist in promoting comprehensive educational reform and give more students the opportunity to learn to**

challenging State content standards and challenging State student performance standards, if sufficiently diverse and high-quality choices, and genuine opportunities to take advantage of such choices, are available to all students;

`(2) useful examples of such choices can come from States and communities that experiment with methods of offering teachers and other educators, parents, and other members of the public the opportunity to design and implement new public schools and to transform existing public schools;

`(3) charter schools are a mechanism for testing a variety of educational approaches and should, therefore, be exempted from restrictive rules and regulations if the leadership of such schools commits to attaining specific and ambitious educational results for educationally disadvantaged students consistent with challenging State content standards and challenging State student performance standards for all students;

`(4) charter schools, as such schools have been implemented in a few States, can embody the necessary mixture of enhanced choice, exemption from restrictive regulations, and a focus on learning gains;

`(5) charter schools, including charter schools that are schools-within-schools, can help reduce school size, which reduction can have a significant effect on student achievement;

`(6) the Federal Government should test, evaluate, and disseminate information on a variety of charter school models in order to help demonstrate the benefits of this promising educational reform; and

`(7) there is a strong documented need for cash-flow assistance to charter schools that are starting up, because State and local operating revenue streams are not immediately available.

`(b) PURPOSES- The purposes of this part are--

`(1) to provide financial assistance for the planning, design, initial implementation of charter schools; and

`(2) to facilitate the ability of States and localities to increase the number of charter schools in the Nation to not less than 3,000 by the year 2000.

`SEC. 10302. PROGRAM AUTHORIZED.

`(a) IN GENERAL- The Secretary may award grants to State educational agencies having applications approved pursuant to section 10303 to enable such agencies to conduct a charter school grant program in accordance with this part.

`(b) SPECIAL RULE- If a State educational agency elects not to participate in the program authorized by this part or does not have an application approved under section 10303, the Secretary may

award a grant to an eligible applicant that serves such State and has an application approved pursuant to section 10303.

(c) PROGRAM PERIODS-

(1) GRANTS TO STATES-

(A) INITIAL GRANTS- Grants awarded to State educational agencies under this part for planning, design, or initial implementation of charter schools, shall be awarded for a period of not more than 5 years.

(B) EXTENSION- Any eligible applicant that has received a grant or subgrant under this part prior to October 1, 1997, shall be eligible to receive an additional grant for a period not to exceed 2 years in accordance with this section.

(2) GRANTS TO ELIGIBLE APPLICANTS-

(A) INITIAL GRANTS- Grants awarded by the Secretary to eligible applicants or subgrants awarded by State educational agencies to eligible applicants under this part shall be awarded for planning, design, or initial implementation of charter schools, for a period of not to exceed more than 5 years, of which the eligible applicant may use--

(i) not more than 2.5 years for planning and program design; and

(ii) not more than 4 years for the initial implementation of a charter school.

(B) EXTENSION- Any eligible applicant that has received a grant or subgrant under this part prior to October 1, 1997, shall be eligible to receive an additional grant for a period not to exceed 2 years in accordance with this section.

(d) LIMITATION- The Secretary shall not award more than one grant and State educational agencies shall not award more than one subgrant under this part to support a particular charter school.

(e) PRIORITY AND REQUIREMENTS-

(1) PRIORITY-

(A) FISCAL YEARS 1998, 1999, AND 2000- In awarding grants under this part for any of the fiscal years 1998, 1999, and 2000 from funds appropriated under section 10310 that are in excess of \$51,000,000 for the fiscal year, the Secretary shall give priority to State educational agencies in accordance with subparagraph (C).

(B) SUCCEEDING FISCAL YEARS- In awarding grants under this part for fiscal year 2001 or any succeeding fiscal year from any funds appropriated under section 10310, the Secretary shall consider the number of charter schools in

such State and shall give priority to State educational agencies in accordance with subparagraph (C).

`(C) PRIORITY ORDER- In awarding grants under subparagraphs A and B, the Secretary shall, in the order listed, give priority to a State that--

- `(i) meets all requirements of paragraph (2);
- `(ii) meets 2 requirements of paragraph (2); and
- `(iii) meets 1 requirement of paragraph (2).

`(2) REQUIREMENTS- The requirements referred to in paragraph (1)(C) are as follows:

`(A) The State law regarding charter schools provides that for the purposes of allotting funds by formula for Federal education programs each charter school is treated in a fiscally autonomous manner;

ensuring maximum autonomy over funds

`(B) The State law regarding charter schools provides that not less than 1 chartering authority in the State allows for an increase in

the number of charter schools from 1 year to the next year; and

`(C) The State law regarding charter schools provides for periodic review and evaluation by the authorized public chartering agency of each charter school to determine whether the school is meeting or exceeding the academic performance requirements and goals for charter schools as set forth under State law or the school's charter.

`SEC. 10303. APPLICATIONS.

`(a) APPLICATIONS FROM STATE AGENCIES- Each State educational agency desiring a grant from the Secretary under this part shall submit to the Secretary an application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

`(b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION- Each application submitted pursuant to subsection (a) shall--

`(1) describe the objectives of the State educational agency's charter school grant program and a description of how such objectives will be fulfilled, including steps taken by the State educational agency to inform teachers, parents, and communities of the State educational agency's charter school grant program;

`(2) describe how the State educational agency will inform each charter school of available Federal programs and funds that each such school is eligible to receive and ensure that each such school receives its commensurate share of Federal education funds allocated by formula; and

`(3) contain assurances that the State educational agency will require each eligible applicant desiring to receive a

agency such information as may be required to determine if the charter school is making satisfactory progress toward achieving the objectives described in subparagraph (C)(i);

`(K) an assurance that the applicant will cooperate with the Secretary and the State educational agency in evaluating the program assisted under this part; and

`(L) such other information and assurances as the Secretary and the State educational agency may require.

`(c) CONTENTS OF ELIGIBLE APPLICANT APPLICATION- Each eligible applicant desiring a grant pursuant to section 10302 shall submit an application to the State educational agency or Secretary, respectively, at such time, in such manner, and accompanied by such information as the State educational agency or Secretary, respectively, may reasonably require.

`(d) CONTENTS OF APPLICATION- Each application submitted pursuant to subsection (c) shall contain--

`(1) the information and assurances described in subparagraphs (A) through (L) of subsection (b)(4), except that for purposes of this subsection subparagraphs (J), (K), and (L) of such subsection shall be applied by striking 'and the State educational agency' each place such term appears; and

`(2) assurances that the State educational agency--

`(A) will grant, or will obtain, waivers of State statutory or regulatory requirements; and

`(B) will assist each subgrantee in the State in receiving a waiver under section 10304(e).

`SEC. 10304. ADMINISTRATION.

`(a) SELECTION CRITERIA FOR STATE EDUCATIONAL AGENCIES- The Secretary shall award grants to State educational agencies under this part on the basis of the quality of the applications submitted under section 10303(b), after taking into consideration such factors as--

`(1) the contribution that the charter schools grant program will make to assisting educationally disadvantaged and other students to achieving State content standards and State student performance standards and, in general, a State's education improvement plan;

`(2) the degree of flexibility afforded by the State educational agency to charter schools under the State's charter schools law;

`(3) the ambitiousness of the objectives for the State charter school grant program;

`(4) the quality of the strategy for assessing achievement of those objectives;

`(5) the likelihood that the charter school grant program

will meet those objectives and improve educational results for students; and

`(6) the number of charter schools created under this part in the State.

`(b) **SELECTION CRITERIA FOR ELIGIBLE APPLICANTS-** The Secretary shall award grants to eligible applicants under this part on the basis of the quality of the applications submitted under section 10303(c), after taking into consideration such factors as--

(1) the quality of the proposed curriculum and instructional practices;

`(2) the degree of flexibility afforded by the State educational agency and, if applicable, the local educational agency to the charter school;

`(3) the extent of community support for the application;

`(4) the ambitiousness of the objectives for the charter school;

`(5) the quality of the strategy for assessing achievement of those objectives; and

`(6) the likelihood that the charter school will meet those objectives and improve educational results for students.

`(c) **PEER REVIEW-** The Secretary, and each State educational agency receiving a grant under this part, shall use a peer review process to review applications for assistance under this part.

`(d) **DIVERSITY OF PROJECTS-** The Secretary and each State educational agency receiving a grant under this part, shall award subgrants under this part in a manner that, to the extent possible, ensures that such grants and subgrants--

(1) are distributed throughout different areas of the Nation and each State, including urban and rural areas; and

(2) will assist charter schools representing a variety of educational approaches, such as approaches designed to reduce school size.

→ `(e) **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 10306(1), if--

(1) the waiver is requested in an approved application under this part; and

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

`(f) **USE OF FUNDS-**

(1) **STATE EDUCATIONAL AGENCIES-** Each State educational agency receiving a grant under this part shall use such grant funds to award subgrants to one or more eligible applicants in the State to enable such applicant to plan and implement a

charter school in accordance with this part.

`(2) **ELIGIBLE APPLICANTS**- Each eligible applicant receiving funds from the Secretary or a State educational agency shall use such funds to plan and implement a charter school in accordance with this part.

`(3) **ALLOWABLE ACTIVITIES FOR INITIAL GRANTS**- An eligible applicant receiving an initial grant or subgrant under section 10302(c)(2)(A) may use the grant or subgrant funds only for--

`(A) post-award planning and design of the educational program, which may include--

`(i) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and

`(ii) professional development of teachers and other staff who will work in the charter school; and

`(B) initial implementation of the charter school, which may include--

`(i) informing the community about the school;

`(ii) acquiring necessary equipment and educational materials and supplies;

`(iii) acquiring or developing curriculum materials; and

`(iv) other initial operational costs that cannot be met from State or local sources.

`(4) **ADMINISTRATIVE EXPENSES**- Each State educational agency receiving a grant pursuant to this part may reserve not more than 5 percent of such grant funds for administrative expenses associated with the charter school grant program assisted under this part.

SEC. 10305. NATIONAL ACTIVITIES.

`The Secretary shall reserve for each fiscal year the lesser of 5 percent of the amount appropriated to carry out this part for the fiscal year or \$5,000,000, to carry out, giving highest priority to carrying paragraph (2), the following:

`(1) To provide charter schools, either directly or through the State educational agency, with information regarding available education funds that such school is eligible to receive, and assistance in applying for Federal education funds which are allocated by formula, including filing deadlines and submission of applications; and

`(2) To provide, through 1 or more contracts using a competitive bidding process--

`(i) charter schools with assistance in accessing private capital;

`(ii) pilot projects in a variety of States to better

understand and improve access to private capital by charter schools; and

`(iii) collection on a nationwide basis, of information regarding successful programs that access private capital for charter schools and disseminate any such relevant information and model descriptions to all charter schools.

`(3) To provide for the completion of the 4-year national study (which began in 1995) of charter schools and any related evaluations or studies.

`(4)(A) To provide information to applicants for assistance under this part;

`(B) assistance to applicants for assistance under this part with the preparation of applications under section 10303;

`(C) assistance in the planning and startup of charter schools;

`(D) ongoing training and technical assistance to existing charter schools; and

`(E) for the dissemination of best practices in charter schools to other public schools.

`SEC. 10306. PART A, TITLE I ALLOCATION DURING FIRST YEAR AND FOR SUCCESSIVE ENROLLMENT EXPANSIONS.

`For purposes of the allocation to schools by the states or their agencies of funds under part A of title I, or of any other Federal educational assistance funds, the Secretary shall take such measures not later than 6 months after the date of the enactment of this part as are necessary to ensure that every charter school receives

its full share of funding in the calendar year in which it first opens, notwithstanding the fact that the identity and characteristics of the students enrolling in that school are not fully and completely determined until that school actually opens. These measures shall similarly ensure that every charter school expanding its enrollment in any subsequent year of operation receives its full share of funding during the calendar year of such expansion.

`SEC. 10307. RECORDS TRANSFER.

`State and local educational agencies, to the extent practicable, shall ensure that a student's records and if applicable a student's individualized education program as defined in section 602(11) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(11)), are transferred to the charter school upon transfer of a student to a charter school in accordance with applicable State law.

`SEC. 10308. PAPERWORK REDUCTION.

`To the extent practicable, the Secretary and each authorized public chartering agency, shall ensure that implementation of this part results in a minimum of paperwork for any eligible applicant

or charter school.

`SEC. 10309. DEFINITIONS.

`As used in this part:

`(1) The term 'charter school' means a public school that--

`(A) in accordance with a specific State charter school statute, is exempted from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;

`(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;

`(C) operates in pursuit of a specific set of educational objectives determined by the school's developer and agreed to by the authorized public chartering agency;

`(D) provides a program of elementary or secondary education, or both;

`(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

`(F) does not charge tuition;

`(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;

`(H) is a school to which parents choose to send their children, and that admits students on the basis of a lottery, if more students apply for admission than can be accommodated;

`(I) agrees to comply with the same Federal and State audit requirements as do other elementary and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;

`(J) meets all applicable Federal, State, and local health and safety requirements;

`(K) operates in accordance with State law; and

`(L) has a written performance contract with the authorized public chartering agency in the State.

`(2) The term 'developer' means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community in which a charter school project will be carried out.

`(3) The term 'eligible applicant' means an authorized public chartering agency participating in a partnership with a developer to establish a charter school in accordance with this part.

`(4) The term 'authorized public chartering agency' means a State educational agency, local educational agency, or other public entity that has the authority pursuant to State law and approved by the Secretary to authorize or approve a charter school.

`SEC. 10310. AUTHORIZATION OF APPROPRIATIONS.

`For the purpose of carrying out this part, there are authorized to be appropriated \$100,000,000 for fiscal year 1998 and such sums as may be necessary for each of the four succeeding fiscal years.'

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subgrant to submit an application to the State educational agency containing--

`(A) a description of the educational program to be implemented by the proposed charter school, including--

`(i) how the program will enable all students to meet challenging State student performance standards;

`(ii) the grade levels or ages of children to be served; and

`(iii) the curriculum and instructional practices to be used;

`(B) a description of how the charter school will be managed;

`(C) a description of--

`(i) the objectives of the charter school; and

`(ii) the methods by which the charter school will determine its progress toward achieving those objectives;

`(D) a description of the administrative relationship between the charter school and the authorized public chartering agency;

`(E) a description of how parents and other members of the community will be involved in the design and implementation of the charter school;

`(F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i);

`(G) a request and justification for waivers of any Federal statutory or regulatory provisions that the applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;

`(H) a description of how the subgrant funds or grant funds, as appropriate, will be used, including a description of how such funds will be used in conjunction with other Federal programs administered by the Secretary;

`(I) a description of how students in the community will be--

`(i) informed about the charter school; and

`(ii) given an equal opportunity to attend the charter school;

`(J) an assurance that the eligible applicant will annually provide the Secretary and the State educational

DRAFT DRAFT DRAFT

Re: Riggs-Roemer Charter Schools Legislation

Dear:

This Administration strongly supports grassroots efforts around the country to plan and open innovative charter schools, schools that provide families with more choice in public education and that only stay open as long as they help students reach high standards. The Administration believes that the President's public charter schools program has been effective, helping to grow the number of public charter schools in the United States from the single charter school that existed when President Clinton was first elected to the 700 that are opening this fall.

Moving forward, we support the interest of Chairman Riggs and Mr. Roemer in building on the experience of the past few years and upgrading the President's public charter schools program in order to strengthen its ability to expand charter schools and provide more high quality choices in public education.

We appreciate the work that Chairman Riggs and Mr. Roemer have done with the Department of Education to address concerns that have been raised with the bill, including changes to avoid penalizing local school districts which support and encourage the establishment of charter schools. We are very pleased with the progress that has been made, and encourage members to continue working to improve this legislation.

In particular, we urge the committee to modify provisions currently contained in the bill that would greatly expand the length of the period for subgrants to assist individual schools. Research indicates that the greatest need that fledgeling charter schools have is for startup funds. Lengthening the period of time during which existing charter schools can receive basic operating assistance will diminish the resources available to get new schools off the ground, which is inconsistent with a central purpose of the amendments.

We look forward to continuing to work with the Committee in shaping this legislation and are hopeful that Congress will pass a bill which will lead to even greater federal support for this promising area of school reform.

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This Administration strongly supports grassroots efforts around the country to plan and open innovative charter schools, schools that provide families with more choice in public education and that only stay open as long as they help students reach high standards. The Administration believes that the President's public charter schools program has worked extraordinarily well, helping to grow the number of public charter schools in the United States from the single charter school that existed when President Clinton was first elected to the 700 that are opening this fall.

Moving forward, we support the effort that Chairman Riggs and Mr. Roemer are making to build on the experience of the past few years and to upgrade the President's public charter schools program, to help increase flexibility, strengthen accountability, and speed progress towards the President's goal of creating 3,000 public charter schools by the year 2,000.

We appreciate the work that Chairman Riggs and Mr. Roemer have done with the Department of Education to address concerns that have been raised with the bill, including changes to avoid penalizing local school districts which support and encourage the establishment of charter schools. We are very pleased with the progress that has been made, and encourage members to continue working to improve this legislation.

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We look forward to continuing to work with the Committee in shaping this legislation and are hopeful that the President will be able to sign a bill which will lead to even greater federal support for this promising area of school reform.

PLEASE DELIVER TO: Tim Roemer

1 OF 1 OCT 8 97



NATIONAL EDUCATION ASSOCIATION

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Reg Weaver, Vice President
Dennis Van Ruckel, Secretary-Treasurer
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GOVERNMENT RELATIONS
Mary Elizabeth Teasley, Director
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October 8, 1997

Committee on Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

Dear Committee Member:

The National Education Association (NEA), representing 2.3 million teachers and other education employees, has serious concerns with H.R. 2616, a bill to amend Titles VI and X of the Improving America's Schools Act of 1994. While NEA strongly supports public charter schools, as evidenced by our governance policies dating back to 1993 and the Association's own Charter Schools Initiative, this legislation, as introduced, could weaken the quality and accountability of public charter schools nationwide. H.R. 2616 would amend the federal charter schools grant program in isolation of the upcoming Improving America's Schools Act reauthorization, limiting the prospects for a comprehensive review of federal education reform and improvement initiatives.

The charter schools grant program was created just three years ago as part of the Improving America's Schools Act to provide start-up resources for public charter schools. At this point in time, we lack comprehensive and disaggregated data on this fledgling demonstration project, including information regarding student achievement and the equity of services provided in charter schools. These data are needed to ensure that changes to the federal program support quality teaching and learning, both in charter schools and public schools generally.

The bill could also drain resources from non-chartered public schools that serve the majority of students, particularly Title I, high-poverty public schools. For example, the bill would encourage state legislatures to rewrite state charter school laws, lifting existing caps on the number of charter schools within a state and altering the relationship between charter schools and the school district. The bill could also promote resource disparities between public and charter schools, due to the provision that would provide federal funds to entities for the purpose of helping only charter schools secure access to private capital.

NEA supports public charter schools that meet high standards of quality, ensure appropriate and equitable services for all students, and promote high student achievement. Unfortunately, H.R. 2616, as introduced, falls short of these goals.

Sincerely,

A handwritten signature in cursive script that reads "Mary Elizabeth Teasley".

Mary Elizabeth Teasley
Director of Government Relations

leg *ED*
Charles School / Analyze of
Riggs Bill



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DRAFT

10/1/97

Analysis of Draft Riggs-Roemer Charter Schools Bill
(Version .004, as revised per 9/29 notes)

Major Concerns

1. Funding Priorities -- The priority for States that treat charter schools as local educational agencies "for fiscal purposes," as local educational agencies (LEAs) is still too intrusive into State policies and is somewhat unclear. Giving such a priority would also be inconsistent with the recent GAO testimony, which reported that barriers charter schools face in accessing Federal funds appear unrelated to whether they are treated as school districts or as members of school districts. Moreover, since only States that meet this criterion would be permitted to make "improvement grants," the provision would make some of the best charter schools in the Nation (such as some in Minnesota and California) ineligible for those grants because they are not treated as independent LEAs.

While the Department does not believe that establishing funding priorities within the Charter Schools program is needed, this criterion would be improved if, instead of the current wording, it gave priority to States that give charter schools "fiscal autonomy" (with that term defined in the statute). //

2. Two-Year Improvement Grants -- The revised bill would permit charter schools to receive two-year improvement subgrants after expiration of their initial, three-year start-up subgrants. The subgrants would be used for expansion, equipment purposes, and curriculum development. The new language on SEA applications implies that improvement subgrants would go only to schools with "high academic achievement," although this is not clear.

The Department does not believe it would be advisable to provide new charter schools with an additional two years of operational support. Three years of funding should be sufficient to help schools get going, and additional support may encourage a dependence on Federal funding. However, it may be useful to authorize dissemination subgrants of up to two years, to charter schools that are clearly succeeding, so that they can share information on successful practices with other charter schools and with other public schools as well. These subgrants should not go only to schools that have just completed a three-year start-up grant. (Schools with more experience may be the best candidates.) Nor, for the reasons noted above, should this type of subgrant be limited to schools that are treated by their States as separate LEAs.

3. National Activities -- The bill would cut the current 10 percent National Activities set-aside to 5 percent or \$5 million (whichever is lower), and parcel that amount into three separate authorizations.

If the Charter Schools appropriation grows to \$75-\$100 million, as seems likely in FY 1998, the Department will not need a full 10 percent of the money to meet the needs of the charter schools community, or to collect the data required for GPRA purposes. Approximately

\$5 million in annual funding would be sufficient. However, these funds should be made available through one general set-aside for evaluation, technical assistance, and dissemination. The structure set forth in the draft bill would severely limit the Secretary's flexibility to respond to the changing needs of charter schools. For instance, it appears that national conferences that bring together charter school operators (along with people from non-charter schools States who are interested in moving forward with the concept) would no longer be authorized. Nor would technical assistance activities in other areas that the Department, in consultation with the charter schools community, has identified as important, such as serving disabled students in charter schools and building charter schools leadership. Some of the activities that would be authorized under the bill (such as technical assistance on gaining access to Federal funds and to private capital), while important, may not be needed every year. Thus we strongly recommend a general set-aside authority limited to \$5 million.

More Technical Concerns

1. Title VI -- The proposed amendments to Title VI are unclear. The language on the State set-aside (section 6201(a)) should be modified to clarify that States could use Title VI funds to support the planning, design, and initial implementation of charter schools; the current language makes it sound like States would carry out these activities directly. The language on allowable local activities (section 6301(b)) should be modified to clarify that LEAs could use their Title VI funds also for planning and initial implementation of charter schools; the current language would appear to authorize the use of funds for general operations of (or any other expenses connected with) those schools, which would be inconsistent with the education reform mission of Title VI.

2. Charter Schools Purpose Statement -- The new purpose of facilitating the establishment of 3,000 charter schools is consistent with the Administration's objectives for this program, but is probably inappropriate for an authorizing statute. The number of charter schools that can be supported will be heavily dependent on appropriations. 1 ?

3. New Allowable Activities -- The 9/29 notes indicate that Section 10304(f)(3) will be amended to allow States to make improvement subgrants in any year in which appropriations exceed \$51 million. This is inconsistent with other provisions of the bill, which would allow States to make those subgrants only if they receive a grant, from amounts appropriated in excess of \$51 million, as a result of their receiving a funding priority.

The language proposed for 10304(f)(3) actually seems preferable to what's in the rest of the bill. If only States that receive the priority can make improvement grants, a State that meets the priority criteria but has a superior application and receives a grant from the first \$51 million would not be eligible to make improvement subgrants. A State that had a lower quality application and came in lower on the slate, possibly receiving an award only because it met the criteria, would be able to make those subgrants. 7

The language proposed for section 10306, on SEA uses of funds, should also be clarified in this area.

4. Paperwork Requirements -- The 9/29 notes indicate that the bill will include a provision prohibiting the Department from imposing any new paperwork requirements on States that meet the three priority criteria and that use some of their money for improvement subgrants. The meaning of this note is extremely unclear. Would the bill prohibit the Department from collecting new data from those States on **anything**, or just on the Charter Schools program? If the intent is only to excuse States from providing data on charter schools, or to exempt the schools themselves from data collections, why would that be a good idea? Shouldn't the charter schools be included in OCR surveys and NCES data collections? In other surveys mandated by Congress? In data collections conducted as part of charter school evaluations? Our recommendation is to delete this provision.

5. Grant Time Periods -- It is not clear what the "conforming change" referred to in the 9/29 notes would do. The notes specify that section 10302 would be amended to allow charter schools to receive two-year improvement subgrants after completion of their three-year start-up subgrants. But that section also limits the SEA grants to three years. Would that time limit also be changed by the bill?

6. Impact of the Bill on Direct Grants -- Under the current program, the Department is authorized to make direct grants to charter schools in States that elect not to apply for funding. It is not clear what impact the bill would have on the direct grants authority. For instance:

-- Would the Department be authorized to award improvement grants to charter schools in nonparticipating States?

-- If so, would we only be able to make those grants to schools in States that meet the three priority criteria?

-- Would we only be able to make those grants with funds appropriated in excess of \$51 million?

-- Would we give any sort of priority, for funds appropriated in excess of \$51 million or otherwise, to charter schools applying for direct improvement grants if they are in States that meet the three criteria?

10/1/97

Riggs-Roemer Draft Charter Schools Bill:
National Activities

While current law permits the Secretary of Education to reserve up to 10 percent of the Charter Schools appropriation to conduct certain national activities, the draft bill would limit the National Activities set-aside to 5 percent or \$5 million dollars, whichever is lower. This would limit the Secretary's flexibility by specifying an apportionment of the funds into three categories (2 percent or \$2 million for evaluations, 2 percent or \$2 million for technical assistance to help charter schools to access Federal funds and private capital, and 1 percent or \$1 million for resource centers to provide technical assistance in other specified areas).

The Department has the following concerns:

- Although the bill would lower the maximum set-aside from the level in current law, the Department can carry out the activities needed by the charter schools community (and needed to meet GPRA requirements to collect data on program effectiveness) so long as the annual amount permitted to be set-aside does not go below \$5 million. This is the approximate cost of continuing the evaluation and technical assistance activities now underway or in the pipeline.
- The Secretary must have more flexibility, in responding to the changing needs and priorities of charter schools, than the draft bill would provide. New needs and priorities arise each year. The bill reduces the Secretary's ability to provide leadership on such important issues as school governance, curriculum, teacher and student recruitment, and dissemination of best practices.
- Establishing nonprofit charter school resource centers in the States may not always be the most efficient method of providing information, technical assistance, and training to charter school operators. The variety and diversity of individual charter schools and State charter laws, and the unique needs that arise in the individual States with charter schools, dictate that the Secretary have more flexibility and discretion in responding to the needs of the field.
- Under the draft bill, the Secretary would not be able to hold additional national conferences that bring together charter school operators, people interested in creating charter schools, State-level policy makers, and education reformers. The national conferences disseminate information on charters and model practices, include workshops on areas of concern and interest (e.g., access to Title I funds, the requirement of IDEA, civil rights issues, start-up and operating funds). Conferences give the Department a vehicle for promoting and helping to ensure the success of charter schools nationally.

The Department thus recommends that the bill be revised to provide for a single national activities set-aside, limited to \$5 million annually, that is available for general evaluation, technical assistance, dissemination, and model development purposes.

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LEGISLATIVE COUNSEL

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H.L.C.

105TH CONGRESS
1ST SESSION**H. R. _____**

IN THE HOUSE OF REPRESENTATIVES

Mr. RIEGES introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend titles VI and X of the Elementary and Secondary Education Act of 1965 to improve and expand 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 Schools
5 Amendments Act of 1997".

6 **SEC 2. INNOVATIVE CHARTER SCHOOLS.**

7 (a) INNOVATIVE EDUCATION PROGRAM STRATE-
8 GIES.—Title VI of the Elementary and Secondary Edu-
9 cation Act of 1965 (20 U.S.C. 7301 et seq.) is amended—

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SEN BY 30437

LEGISLATIVE COUNSEL-

202 226 1010; 3/29

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2

1 (1) in section 6201(a)—

2 (A) in paragraph (1)(C), by striking "and"
3 after the semicolon;

4 (B) by redesignating paragraph (2) as
5 paragraph (3); and

6 (C) by inserting after paragraph (1) the
7 following:

8 "(2) planning, designing, and initial implemen-
9 tation of charter schools as defined in section 10306;
10 and"; and

11 (2) in section 6301(b)—

12 (A) in paragraph (7), by striking "and"
13 after the semicolon;

14 (B) by redesignating paragraph (8) as
15 paragraph (9); and

16 (C) by inserting after paragraph (7) the
17 following:

18 "(8) charter schools as defined in section
19 10306; and".

20 **SEC. 3. CHARTER SCHOOLS.**

21 Part C of title X of the Elementary and Secondary
22 Education Act of 1965 is amended to read as follows:

23 **"PART C— CHARTER SCHOOLS**

24 **"SEC. 10301. FINDINGS AND PURPOSE.**

25 **"(a) FINDINGS.—The Congress finds that—**

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1 “(1) enhancement of parent and student choices
2 among public schools can assist in promoting com-
3 prehensive educational reform and give more stu-
4 dents the opportunity to learn to challenging State
5 content standards and challenging State student
6 performance standards, if sufficiently diverse and
7 high-quality choices, and genuine opportunities to
8 take advantage of such choices, are available to all
9 students;

10 “(2) useful examples of such choices can come
11 from States and communities that experiment with
12 methods of offering teachers and other educators,
13 parents, and other members of the public the oppor-
14 tunity to design and implement new public schools
15 and to transform existing public schools;

16 “(3) charter schools are a mechanism for test-
17 ing a variety of educational approaches and should,
18 therefore, be exempted from restrictive rules and
19 regulations if the leadership of such schools commits
20 to attaining specific and ambitious educational re-
21 sults for educationally disadvantaged students con-
22 sistent with challenging State content standards and
23 challenging State student performance standards for
24 all students;

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1 “(4) charter schools, as such schools have been
2 implemented in a few States, can embody the nec-
3 essary mixture of enhanced choice, exemption from
4 restrictive regulations, and a focus on learning
5 gains;

6 “(5) charter schools, including charter schools
7 that are schools-within-schools, can help reduce
8 school size, which reduction can have a significant
9 effect on student achievement;

10 “(6) the Federal Government should test, evalu-
11 ate, and disseminate information on a variety of
12 charter school models in order to help demonstrate
13 the benefits of this promising educational reform;
14 and

15 “(7) there is a strong documented need for
16 cash-flow assistance to charter schools that are
17 starting up, because State and local operating reve-
18 nue streams are not immediately available.

19 “(b) PURPOSES.—The purposes of this part are—

20 “(1) to provide financial assistance for the de-
21 sign, initial implementation, and improvement of
22 charter schools; and

23 “(2) to facilitate the ability of States and local-
24 ities to increase the number of charter schools in the
25 Nation to not less than 3,000 by the year 2000.

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1 "SEC. 10302. PROGRAM AUTHORIZED.

2 "(a) IN GENERAL.—The Secretary may award grants
3 to State educational agencies having applications approved
4 pursuant to section 10303 to enable such agencies to con-
5 duct a charter school grant program in accordance with
6 this part.

7 "(b) SPECIAL RULE.—If a State educational agency
8 elects not to participate in the program authorized by this
9 part or does not have an application approved under sec-
10 tion 10303, the Secretary may award a grant to an eligible
11 applicant that serves such State and has an application
12 approved pursuant to section 10303(c).

13 "(c) PROGRAM PERIODS.—

14 "(1) GRANTS TO STATES.—

15 "(A) INITIAL GRANTS.—Grants awarded to
16 State educational agencies under this part for
17 planning, design, or initial implementation of
18 charter schools, shall be awarded for a period of
19 not more than 3 years.

20 "(B) Achievement incentive grants.—In
21 accordance with subsection (c)(1)(A), a State
22 educational agency that meets the requirements
23 of such section shall be eligible to receive an ad-
24 ditional 2-year grant to improve existing char-
25 ter schools.

26 "(2) GRANTS TO ELIGIBLE APPLICANTS.—

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LEGISLATIVE COUNSEL

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1 “(A) INITIAL GRANTS.—(Grants awarded
2 by the Secretary to eligible applicants or sub-
3 grants awarded by State educational agencies
4 to eligible applicants under this part shall be
5 awarded for planning, design, or initial imple-
6 mentation of charter schools, for a period of not
7 to exceed more than 3 years, of which the eligi-
8 ble applicant may use—

9 “(i) not more than 18 months for
10 planning and program design; and

11 “(ii) not more than 2 years for the
12 initial implementation of a charter school.

13 “(B) ACHIEVEMENT INCENTIVE GRANTS.—
14 In accordance with subsection (e)(1)(A), an eli-
15 gible applicant in a State that has met the re-
16 quirements of subsection (e)(2) and exceeds the
17 academic performance requirement established
18 by the State pursuant to section 10303(b)(3)
19 shall be eligible to receive an additional 2-year
20 grant to improve existing charter schools.

21 “(d) LIMITATION.—Except as provided under sub-
22 section (c), the Secretary shall not award more than one
23 grant and State educational agencies shall not award more
24 than one subgrant under this part to support a particular
25 charter school.

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1 “(e) PRIORITY AND REQUIREMENTS.—

2 “(1) PRIORITY.—

3 “(A) FISCAL YEARS 1998, 1999, AND 2000.—

4 In awarding grants under this part for any of
5 the fiscal years 1998, 1999, and 2000 from
6 funds appropriated under section 10307 that
7 are in excess of \$51,000,000 for the fiscal year,
8 the Secretary shall give priority to State edu-
9 cational agencies in accordance with subpara-
10 graph (C).

11 “(B) SUCCEEDING FISCAL YEARS.—In
12 awarding grants under this part for fiscal year
13 2001 or any succeeding fiscal year from any
14 funds appropriated under section 10307, the
15 Secretary shall consider the number of charter
16 schools [in such State] and shall give priority
17 to State educational agencies in accordance
18 with subparagraph (C).

19 “(C) PRIORITY ORDER.—In awarding
20 grants under subparagraphs A and B, the Sec-
21 retary shall, in the order listed, give priority to
22 a State [educational agency] that—

23 “(i) meets all requirements of para-
24 graph (2);

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1 “(ii) meets 2 requirements of para-
2 graph (2); and

3 “(iii) meets 1 requirement of para-
4 graph (2).

5 “(2) REQUIREMENTS.—The requirements re-
6 ferred to in paragraph (1) are as follows:

7 “(A) The State law regarding charter
8 schools provides that for fiscal purposes, includ-
9 ing for purposes of allocating funds by formula
10 for Federal education programs, each charter
11 school is treated in a manner equivalent to a
12 local educational agency;

13 “(B) The State law regarding charter
14 schools provides that not less than 1 chartering
15 authority in the State allows for an increase in
16 the number of charter schools from 1 year to
17 the next year; and

18 “(C) The State law regarding charter
19 schools provides for periodic review and evalua-
20 tion by the authorized public chartering agency
21 of each charter school to determine whether the
22 school is meeting or exceeding the academic
23 performance requirements and goals for charter
24 schools as set forth under State law or the
25 school's charter.

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: 9-30-97 : 7:05PM : LEGISLATIVE COUNSEL-

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1 “(f) AMOUNT CRITERIA.—In determining the amount
2 of a grant to be awarded under this part in a State, the
3 Secretary shall take into consideration the number of
4 charter schools created under this part in the State.
5 【Should this move to section 10304(a)?】

6 “SEC. 10303. APPLICATIONS.

7 “(a) APPLICATIONS FROM STATE AGENCIES.—Each
8 State educational agency desiring a grant from the Sec-
9 retary under this part shall submit to the Secretary an
10 application at such time, in such manner, and containing
11 or accompanied by such information as the Secretary may
12 require.

13 “(b) CONTENTS OF A STATE EDUCATIONAL AGENCY
14 APPLICATION.—Each application submitted pursuant to
15 subsection (a) shall—

16 “(1) describe the objectives of the State edu-
17 cational agency's charter school grant program and
18 a description of how such objectives will be fulfilled,
19 including steps taken by the State educational agen-
20 cy to inform teachers, parents, and communities of
21 the State educational agency's charter school grant
22 program;

23 “(2) describe how the State educational agency
24 will inform each charter school of available Federal
25 programs and funds that each such school is eligible

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1 to receive and ensure that each such school receives
2 its commensurate share of Federal education funds
3 allocated by formula; and

4 “(3) describe how the State [educational agen-
5 cy] will measure high academic achievement at
6 each charter school for purposes of determining the
7 eligibility of charter schools in the State for addi-
8 tional 2-year incentive funds under section 10302(c)
9 [Does this work because 10302(c)(1)(B) and (2)(B)
10 relate to SEAs and eligible applicants, respectively,
11 not schools?].

12 “(4) contain assurances that the State edu-
13 cational agency will require each eligible applicant
14 desiring to receive a subgrant to submit an applica-
15 tion to the State educational agency containing—

16 “(A) a description of the educational pro-
17 gram to be implemented by the proposed char-
18 ter school, including—

19 “(i) how the program will enable all
20 students to meet challenging State student
21 performance standards;

22 “(ii) the grade levels or ages of chil-
23 dren to be served; and

24 “(iii) the curriculum and instructional
25 practices to be used;



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know there will still be concerns...

Gina

cc -> to J. Fiegel (I faxed a copy to him)

New Changes as of Monday, September 29, 1997 (all changes are to draft ".004":

1. **Purpose statement:** on page 3, lines 7-8, strike the words that are there and insert

"(2) to facilitate the ability of states and localities to increase the number of charter schools in the Nation to at least 3,000 by the year 2002."

Add the new following change to current law section 10301 (b)(1) so it reads as follows:

"(1) providing financial assistance for the design, initial implementation, and improvement of charter schools; and "

Explanation: The idea is to also allow Federal charter money to be used for more than just the start-up costs without getting too specific on what "improvement" means. This is discussed in greater detail later in this memo.

2. **Priority Section.** Concept would be to change the priorities to just 3 priorities rather than four.

--page 4, delete lines 11-12, and keep the remaining items since we now have just 3 priorities

--page 4, lines 19-23, change to read or words to the effect "(A) The State law regarding charter schools provides that for fiscal purposes, including for purposes of allocating funds by formula for Federal education programs, each charter school is treated in a manner equivalent to a local educational agency;"

--page 5, lines 4-11, delete the section "(C)" in its entirety relating to state charter laws that provide the greatest flexibility

--page 5, line 12, change the "(D)" to read "(C)"

--page 5, line 12 through page 6 line 2. Change this whole section to read or words to the effect as follows:

"() The state law regarding charter schools provides for periodic review and evaluation by the state chartering authority of each charter school, to determine whether the school is meeting or exceeding the academic performance requirements and goals for charter schools as set forth under state law or the school's charter."

3. **New Use of Funds by SEA.** Amend section 10304(f)(1) of current law. For states that have charter laws that meet all three requirements for priority in money appropriated over \$51 million, the State could use the money for awarding grants not only for planning and implementation of a charter school (as under current law), but also for charter school "improvements", where the charter school has met the criteria for high academic achievement as set forth in the State plan.

Related new definition in section 10306. The word "improvement" includes, but is not limited to, expansion of capacity of the number of students, updating or modifying curriculum, and purchasing equipment.

New Use of Funds by Eligible Applicant. Amend section 10304(f)(2) of current law so that it will reflect the above, that is to say, that an "eligible applicant" (i.e. charter school) receiving a grant from the over \$51 million money, could use that money for charter school improvements, and not just for planning and implementation (as under current law).

New Allowable Activities. Amend section 10304(f)(3) to add a new "C".

"(C) improvements of charter schools, only in the case where appropriations exceed \$51 million and the state has met all three priority criteria as set forth in section _____"

No new paperwork requirements. Add the boilerplate language on no new paperwork requirements may be imposed by the Department of Education upon states that meet all 3 priority criteria and which use money for school improvement.

Grant Time Periods. Amend section 10302(c) and (d) as appropriate to allow for the improvement grants to be made for 2 years after the charter school receives its 3 year start-up grant. This is a conforming change.

5. New Item for "Contents of State Educational Agency Application" . page 6, somewhere between lines 7-18, amend current law section 10303(b) relating to the contents of a state application by adding the following new item, or words to that effect:

"() describe how the State will measure high academic achievement at the charter school for purposes of determining the eligibility of charter schools in the state for additional two year incentive funds under section _____"

Explanation: This ties in to the money appropriated over \$51 which the states, under the bill, may now use for planning, design and initial implementation (per current law) or for the 2 year additional grants to schools that are showing high academic achievement.

6. National Activities. Page 7, lines 8-13. Delete these lines relating to technical assistance involving revolving loan fund prototype, etc.

7. National Evaluation. Page 8, delete lines 5-10. Change the National Evaluation language to read "The Secretary shall reserve for each fiscal year the lesser of 2 percent of the amount appropriated to carry out this part for the fiscal year or \$2 million, to complete the 4 year national study (which began in 1995) and any related evaluations or studies."

8.

URGENT

Total Pages: 12

LRM ID: CJB106

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Monday, September 29, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below
FROM: *Janet R. Forsgren* Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)396-6148

SUBJECT: Congressional Draft Bill on Charter Schools Expansion

DEADLINE: 5:00 p.m. Tuesday, September 30, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: HR ____ (Riggs), which would expand and increase funding for, charter schools, *may* be marked up by the House Committee on Education and the Workforce on Wednesday, Oct. 1st. Please review the bill and provide your comments in preparation for the markup or a future markup.

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LRM ID: CJB106

SUBJECT: Congressional Draft Bill on Charter Schools Expansion

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

Concur

No Objection

No Comment

See proposed edits on pages _____

Other: _____

FAX RETURN of _____ pages, attached to this response sheet

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H.L.C.

RIGGS: CHARTER SCHOOLS

[DISCUSSION DRAFT]

SEPTEMBER 25, 1997

106TH CONGRESS
1ST SESSION**H. R. _____**

IN THE HOUSE OF REPRESENTATIVES

Mr. RIGGS introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend titles VI and X of the Elementary and Secondary
Education Act of 1965 to expand 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. CHARTER SCHOOLS.**

4 (a) INNOVATIVE EDUCATION PROGRAM STRATE-
5 GIES.—Title VI of the Elementary and Secondary Edu-
6 cation Act of 1965 (20 U.S.C. 7301 et seq.) is amended—

7 (1) in section 6201(a)—

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1 (A) in paragraph (1)(C), by striking "and"
2 after the semicolon;

3 (B) by redesignating paragraph (2) as
4 paragraph (3); and

5 (C) by inserting after paragraph (1) the
6 following:

7 "(2) planning, designing, and initial implemen-
8 tation of charter schools as defined in section 10306;
9 and"; and

10 (2) in section 6301(b)—

11 (A) in paragraph (7), by striking "and"
12 after the semicolon;

13 (B) by redesignating paragraph (8) as
14 paragraph (9); and

15 (C) by inserting after paragraph (7) the
16 following:

17 "(8) charter schools as defined in section
18 10306; and".

19 (b) PURPOSE.—Section 10301(b) of such Act (20
20 U.S.C. 8061) is amended to read as follows:

21 "(b) PURPOSE.—It is the purpose of this part—

22 "(1) to increase national understanding of the
23 charter schools model by—

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1 “(A) providing financial assistance for the
2 design and initial implementation of charter
3 schools; and

4 “(B) evaluating the effects of such schools,
5 including the effects on students, student
6 achievement, staff, and parents; and

7 “(2) to increase the number of charter schools
8 in the country to 3000 by the year 2000.”.

9 (c) PROGRAM PRIORITY AND REQUIREMENTS.—Sec-
10 tion 10302 of such Act (20 U.S.C. 8062) is amended by
11 adding at the end the following:

12 “(e) PRIORITY AND REQUIREMENTS.—

13 “(1) PRIORITY.—

14 “(A) FISCAL YEARS 1998, 1999, AND 2000.—
15 In awarding grants under this part for any of
16 the fiscal years 1998, 1999, and 2000 from
17 funds appropriated under section 10307 that
18 are in excess of \$51,000,000 for the fiscal year,
19 the Secretary shall give priority to State edu-
20 cational agencies in accordance with subpara-
21 graph (C).

22 “(B) SUCCEEDING FISCAL YEARS.—In
23 awarding grants under this part for fiscal year
24 2001 or any succeeding fiscal year from any
25 funds appropriated under section 10307, the

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1 Secretary shall consider the number of charter
2 schools and shall give priority to State edu-
3 cational agencies in accordance with subpara-
4 graph (C).

5 "(C) PRIORITY ORDER.—In awarding
6 grants under subparagraphs A and B, the Sec-
7 retary shall, in the order listed, give priority to
8 States that—

9 "(i) meet all requirements of para-
10 graph (2);

11 "(ii) meet 3 requirements of para-
12 graph (2);

13 "(iii) meet 2 requirements of para-
14 graph (2); and

15 "(iv) meet 1 requirement of para-
16 graph (2).

17 "(2) REQUIREMENTS.—The requirements re-
18 ferred to in paragraph (1) are as follows:

19 "(A) The State law regarding charter
20 schools provides that for purposes of allocating
21 funds by formula for Federal education pro-
22 grams, each charter school is treated as an in-
23 dividual local educational agency;

24 "(B) The State law regarding charter
25 schools provides that not less than 1 chartering

1(c) (10302(e)(1)(C))-
(2)(B)]

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5

1 authority in the State allows for an increase in
2 the number of charter schools from 1 year to
3 the next year;

4 "(C) The State law regarding charter
5 schools provides for the greatest flexibility in
6 meeting the requirements of State laws and
7 regulations, except that such flexibility shall not
8 require waiving State laws and regulations re-
9 lating to health, safety, civil rights, collective
10 bargaining, teacher certification, or special edu-
11 cation.

12 "(D) The State law regarding charter
13 schools requires the chartering authority to re-
14 view the written performance contract (as de-
15 scribed in section 10306(1)(L)) of each charter
16 school not later than 3 years after a school be-
17 gins operation to determine—

18 "(i) if students at a charter school are
19 making satisfactory academic achievement;

20 "(ii) if a charter school has dem-
21 onstrated success in meeting the goals de-
22 scribed in the charter;

23 "(iii) if a charter school has dem-
24 onstrated responsible use of public funds;

1(c) [10302(c)(2)(C) -
(b)(ii)]

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1 “(iv) if a charter school has complied
2 with applicable laws and regulations.

3 “(f) AMOUNT CRITERIA.—In determining the amount
4 of a grant to be awarded under this part in a State, the
5 Secretary shall take into consideration the number of
6 charter schools created under this part in the State.”.

7 (d) FEDERAL PROGRAMS AND FUNDS.—Section
8 10303(b) is amended—

9 (1) by redesignating paragraph (2) as para-
10 graph (3); and

11 (2) by inserting after paragraph (1) the follow-
12 ing:

13 “(2) describe how the State educational agency
14 will inform each charter school of available Federal
15 programs and funds that each such school is eligible
16 to receive and ensure that each such school receives
17 its commensurate share of Federal education funds
18 allocated by formula; and”.

19 (e) NATIONAL ACTIVITIES.—Section 10305 of such
20 Act (20 U.S.C. 8065) is amended to read as follows:

21 “SEC. 10305. NATIONAL ACTIVITIES.

22 “(a) TECHNICAL ASSISTANCE.—The Secretary shall
23 reserve for each fiscal year the lesser of 2 percent of the
24 amount appropriated to carry out this part for the fiscal
25 year or \$2,000,000, to provide—

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1 “(1) charter schools, either directly or through
2 the State educational agency, with information re-
3 garding available education funds that such school is
4 eligible to receive, and assistance in applying for
5 Federal education funds which are allocated by for-
6 mula, including filing deadlines and submission of
7 applications;

8 “(2) technical assistance to State educational
9 agencies regarding the establishment of revolving
10 loan funds described in section 10304(f)(5) and to
11 develop and disseminate to State educational agen-
12 cies a prototype of the revolving loan fund described
13 in such section; and

14 “(3) through 1 or more contracts using a com-
15 petitive bidding process—

16 “(i) charter schools with assistance in
17 accessing private capital;

18 “(ii) pilot projects in a variety of States to
19 better understand and improve access to private
20 capital by charter schools; and

21 “(iii) collect on a nationwide basis informa-
22 tion regarding successful programs that access
23 private capital for charter schools and dissemi-
24 nate any such relevant information and model
25 descriptions to all charter schools.

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1 “(b) NATIONAL EVALUATION.—The Secretary shall
2 reserve for each fiscal year the lesser of 2 percent of the
3 amount appropriated to carry out this part for the fiscal
4 year or \$2,000,000, to continue the 4-year national study
5 (which began in 1995) of charter schools funded by the
6 Department of Education and to conduct other evalua-
7 tions or studies which may include review of charter school
8 services to students with disabilities, parental satisfaction
9 with charter schools, and accountability in charter schools
10 across the country.

11 “(c) GRANTS.—The Secretary shall reserve for each
12 fiscal year the lesser of 1 percent of the amount appro-
13 priated to carry out this part for the fiscal year or
14 \$1,000,000, to award grants, on a competitive basis, for
15 the establishment and support of nonprofit charter school
16 resource centers in the States. Grant funds under this
17 subsection may be used by the resource centers in the
18 States—

19 “(1) to provide information to applicants for as-
20 sistance under this part;

21 “(2) to assist applicants for assistance under
22 this part with the preparation of applications under
23 section 10303;

24 “(3) to assist in the planning and startup of
25 charter schools; and

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1 “(4) to provide ongoing training and technical
2 assistance to existing charter schools.”.

3 (f) PART C DEFINITIONS.—Section 10306(1) of such
4 Act (20 U.S.C. 8066(1)) is amended—

5 (1) in subparagraph (A), by striking “an ena-
6 bling State” and inserting “a specific State charter
7 school”;

8 (2) in subparagraph (B), by inserting “or pri-
9 vate” after “existing public”;

10 (3) in subparagraph (E), by inserting “is a
11 school to which parents choose to send their chil-
12 dren, and that” before “admits”;

13 (4) in subparagraph (J), by striking “and”
14 after the semicolon;

15 (5) in subparagraph (K), by striking the period
16 and inserting “; and”; and

17 (6) by adding at the end the following:

18 “(L) has a written performance contract
19 with the authorized public chartering agency in
20 the State.”.

21 (g) TREATMENT AS LOCAL EDUCATIONAL AGEN-
22 CY.—Such part is amended—

23 (1) by redesignating sections 10306 and 10307
24 as 10307 and 10308, respectively; and

1(e) [10305(c)(4)]

1(f) [10306(1)]

1(g)(1) [10306, 10307]

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1 (2) by inserting after section 10305 the follow-
2 ing new section:

3 "SEC. 10306. TITLE I ALLOCATION DURING FIRST YEAR

4 [TO BE SUPPLIED]

5 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
6 10307 of such Act (20 U.S.C. 8067) is amended by strik-
7 ing "\$15,000,000 for fiscal year 1995" and inserting
8 "\$100,000,000 for fiscal year 1998".



Thomas_Corwin @ ed.gov
09/30/97 02:57:00 PM

Record Type: Record

To: William R. Kincaid, Jonathan H. Schnur/OVP @ OVP

cc:

Subject: Re: Charter School Draft

My comments:

1. Title VI -- The problems with the bill language (in version .004) haven't been addressed. The language should be fixed, along the lines we suggested in Friday's meeting with Democratic staff. Without those changes, it will be unclear what is authorized under Title VI.

2. Purpose Statement -- The change to proposed purpose #2 is an improvement. But the language still isn't particularly appropriate, since the number of charter school start-ups that the program can support will be highly dependent on appropriations, and the appropriations level is not something an authorizing bill of this type can influence.

I guess I have mixed feelings about the change in purpose #(1)(A). On the one hand, I guess a good case can be made that charter schools may need more than 3 years of start-up support. On the other hand, I'm apprehensive about the Federal government providing long-term support for the operation of these schools, and fear that the new 5-year limit will later be stretched out even further. I also note that to the extent that we're supporting the longer-term implementation of charter schools, that will leave less money for funding new start-ups in pursuit of the goal of getting 3,000 of them started.

3. Priority A -- This priority (re: treating charter schools as an LEA) seems a little worse than the previous version. Instead of just giving a priority to States that treat charters as LEAs for the purpose of making Federal formula grants, it would broaden the requirement to cover States that treat charters as LEAs "for fiscal purposes." Comments:

-- What do they mean by "fiscal purposes"? (It's undefined in the bill, and there's no standard definition that I know of).

-- It seems even more intrusive, than the last version, into State policies.

-- As we pointed out last week, it would give a priority to States that give an unfair advantage to charter schools in the allocation of Title I funds.

-- It seems to try to fix something that, from what I can tell, isn't broken. This morning I received a copy of GAO's September 16 testimony (before Riggs) on charter schools' access to Federal Title I and IDEA funds. GAO found that (1) more than two-thirds of charter schools with an opinion on the

issue believed that they receive an equitable share of Title I and IDEA funding; and (2) charter schools that are part of LEAs were more likely to be satisfied with their allocations than were charter schools that are self-contained LEAs. GAO concluded that "barriers that charter schools face in accessing federal funds appear to be unrelated to whether charter schools are treated as school districts or as members of school districts."

Further, according to the report, the "barriers" the charter schools face appear to be related to (1) their inability to produce data on the enrollment of poor children at the time the State is determining Title I allocations (an issue the Department has promised to address through program guidance); (2) their lack of experience and expertise in applying for the funds (something the Department could easily address through National Programs efforts, as is called for later in the bill); and (3) other factors related to basic program eligibility -- e.g., the don't enroll sufficient numbers of poor children to qualify for Title I.

In sum, the GAO testimony seems to provide a lot of empirical evidence against the need for this amendment.

4. Other priorities -- Deletion of the priority for States that provide the "greatest flexibility" is a clear improvement. The revised priority on accountability seems OK, but I still question the need for insertion of any of these new priorities.

5. "New Use of Funds by SEA" -- This language relates to both the new priorities and the new authorization to use funds for "improvement," and I'm a little confused by it. As I read the language of proposed section 10306, a State that met all 3 of the priority criteria would receive a priority for appropriations in excess of \$51 million. That State could then award subgrants that support improvement, in addition to planning and implementation, of charters. But the language in proposed section 10304(f)(3) says that any State that meets the 3 criteria could fund school improvement if the appropriation exceeds \$51 million (i.e. it would allowable whether or not the State received a funding priority).

So the two paragraphs seem inconsistent. The second section makes a little more sense to me, since a State with a really good program (that meets the criteria) might get an award from the first \$51 million. Why should that State have less flexibility than a State that has a lower quality application and only receives funding (from appropriations in excess of \$51 million) because it meets the criteria?

6. No new paperwork requirements -- What does this language mean? (What is "new"?) Why is it a good idea?

7. Grant time periods -- The authors refer to the proposed language here as a conforming change, but I'm not sure what they want to do. They indicate that they would allow charters to receive 2-year improvement grants subsequent to their 3-year start-up grants, but they don't say whether they would also change section 10302(c)(1) to allow States to receive grants for longer than 3 years. Second, they don't say whether or not the authority to make improvement grants

would apply to the Secretary (in his award of direct grants to LEAs) in addition to the States. If they do, it's not clear how this authority would relate to the proposed priorities for State grants, whether it would only apply if the appropriation exceeded \$51 million, if the Secretary would only give improvement grants to LEAs that are in States that meet the 3 criteria, and whether all such LEAs would be eligible to receive improvement grants or just those that compete and win on the basis of a priority applying to funds appropriated in excess of \$51 million.

7. SEA Application -- This language calls for the State to describe how it would measure "high academic achievement" before awarding improvement grants. But the rest of the package doesn't say that high academic achievement would be a prerequisite for improvement grants. This needs to be clarified. Whether and how this requirement would also apply to direct grants by the Secretary should also be clarified.

8. National Activities -- The language is still too restrictive. We can live with a set-aside that is capped at \$5 million, so long as it isn't cut up into pieces and our flexibility limited.

In sum, it seems like a few things have improved, some things haven't, and a lot of new confusion has been introduced into the debate. On one major issue (allowing 5 years of support instead of 3), I'm of mixed mind and welcome others' comments. In all, however, I still don't see much here that would warrant an Administration endorsement.

Tom C.

Reply Separator _____

Subject: Charter School Draft

Author: Sandra Cook at WDCB03

Date: 9/30/97 11:11 AM

I have circulated the most recent language on charter schools to the appropriate people in FOB-10. I asked David Cleary and Tom Corwin to draft a justification for evaluation and flexibility for national activities. I will circulate that draft as soon as it is available before providing it to Gina in Congressman Roemer's office.

I have also asked everyone to review the new language and would appreciate it if you could provide me with any comments you may have by 11 a.m. on Wednesday. It is clear that Congressman Roemer wants to work with Congressman Riggs on a bill (now scheduled for markup on October 9), and we are going to work with Roemer to improve the bill.



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Office of :

From: Sandra

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Comments:

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H.L.C.

[DISCUSSION DRAFT]

SEPTEMBER 25, 1997

105TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. RIGGS introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend titles VI and X of the Elementary and Secondary
Education Act of 1965 to expand 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. CHARTER SCHOOLS.**

4 (a) INNOVATIVE EDUCATION PROGRAM STRATE-
5 GIES.—Title VI of the Elementary and Secondary Edu-
6 cation Act of 1965 (20 U.S.C. 7301 et seq.) is amended—

7 (1) in section 6201(a)—

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1 (A) in paragraph (1)(C), by striking "and"
2 after the semicolon;

3 (B) by redesignating paragraph (2) as
4 paragraph (3); and

5 (C) by inserting after paragraph (1) the
6 following:

7 "(2) planning, designing, and initial implemen-
8 tation of charter schools as defined in section 10306;
9 and"; and

10 (2) in section 6301(b)—

11 (A) in paragraph (7), by striking "and"
12 after the semicolon;

13 (B) by redesignating paragraph (8) as
14 paragraph (9); and

15 (C) by inserting after paragraph (7) the
16 following:

17 "(8) charter schools as defined in section
18 10306; and".

19 (b) PURPOSE.—Section 10301(b) of such Act (20
20 U.S.C. 8061) is amended to read as follows:

21 "(b) PURPOSE.—It is the purpose of this part—

22 "(1) to increase national understanding of the
23 charter schools model by—

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1 “(A) providing financial assistance for the
2 design and initial implementation of charter
3 schools; and

4 “(B) evaluating the effects of such schools,
5 including the effects on students, student
6 achievement, staff, and parents; and

7 “(2) to increase the number of charter schools
8 in the country to 3000 by the year 2000.”

9 (c) PROGRAM PRIORITY AND REQUIREMENTS.—Sec-
10 tion 10302 of such Act (20 U.S.C. 8062) is amended by
11 adding at the end the following:

12 “(e) PRIORITY AND REQUIREMENTS.—

13 “(1) PRIORITY.—

14 “(A) FISCAL YEARS 1998, 1999, AND 2000.—
15 In awarding grants under this part for any of
16 the fiscal years 1998, 1999, and 2000 from
17 funds appropriated under section 10307 that
18 are in excess of \$51,000,000 for the fiscal year,
19 the Secretary shall give priority to State edu-
20 cational agencies in accordance with subpara-
21 graph (C).

22 “(B) SUCCEEDING FISCAL YEARS.—In
23 awarding grants under this part for fiscal year
24 2001 or any succeeding fiscal year from any
25 funds appropriated under section 10307, the

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1 Secretary shall consider the number of charter
2 schools and shall give priority to State edu-
3 cational agencies in accordance with subpara-
4 graph (C).

5 “(C) PRIORITY ORDER.—In awarding
6 grants under subparagraphs A and B, the Sec-
7 retary shall, in the order listed, give priority to
8 States that—

9 “(i) meet all requirements of para-
10 graph (2);

11 “(ii) meet 3 requirements of para-
12 graph (2);

13 “(iii) meet 2 requirements of para-
14 graph (2); and

15 “(iv) meet 1 requirement of para-
16 graph (2).

17 “(2) REQUIREMENTS.—The requirements re-
18 ferred to in paragraph (1) are as follows:

19 “(A) The State law regarding charter
20 schools provides that for purposes of allocating
21 funds by formula for Federal education pro-
22 grams, each charter school is treated as an in-
23 dividual local educational agency;

24 “(B) The State law regarding charter
25 schools provides that not less than 1 chartering

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1 authority in the State allows for an increase in
2 the number of charter schools from 1 year to
3 the next year;

4 "(C) The State law regarding charter
5 schools provides for the greatest flexibility in
6 meeting the requirements of State laws and
7 regulations, except that such flexibility shall not
8 require waiving State laws and regulations re-
9 lating to health, safety, civil rights, collective
10 bargaining, teacher certification, or special edu-
11 cation.

12 "(D) The State law regarding charter
13 schools requires the chartering authority to re-
14 view the written performance contract (as de-
15 scribed in section 10306(1)(L)) of each charter
16 school not later than 3 years after a school be-
17 gins operation to determine—

18 "(i) if students at a charter school are
19 making satisfactory academic achievement;

20 "(ii) if a charter school has dem-
21 onstrated success in meeting the goals de-
22 scribed in the charter;

23 "(iii) if a charter school has dem-
24 onstrated responsible use of public funds;

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1 “(iv) if a charter school has complied
2 with applicable laws and regulations.

3 “(f) AMOUNT CRITERIA.—In determining the amount
4 of a grant to be awarded under this part in a State, the
5 Secretary shall take into consideration the number of
6 charter schools created under this part in the State.”.

7 (d) FEDERAL PROGRAMS AND FUNDS.—Section
8 10303(b) is amended—

9 (1) by redesignating paragraph (2) as para-
10 graph (3); and

11 (2) by inserting after paragraph (1) the follow-
12 ing:

13 “(2) describe how the State educational agency
14 will inform each charter school of available Federal
15 programs and funds that each such school is eligible
16 to receive and ensure that each such school receives
17 its commensurate share of Federal education funds
18 allocated by formula; and”.

19 (e) NATIONAL ACTIVITIES.—Section 10305 of such
20 Act (20 U.S.C. 8065) is amended to read as follows:

21 “SEC. 10305. NATIONAL ACTIVITIES.

22 “(a) TECHNICAL ASSISTANCE.—The Secretary shall
23 reserve for each fiscal year the lesser of 2 percent of the
24 amount appropriated to carry out this part for the fiscal
25 year or \$2,000,000, to provide—

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1 “(1) charter schools, either directly or through
2 the State educational agency, with information re-
3 garding available education funds that such school is
4 eligible to receive, and assistance in applying for
5 Federal education funds which are allocated by for-
6 mula, including filing deadlines and submission of
7 applications;

8 “(2) technical assistance to State educational
9 agencies regarding the establishment of revolving
10 loan funds described in section 10304(f)(5) and to
11 develop and disseminate to State educational agen-
12 cies a prototype of the revolving loan fund described
13 in such section; and

14 “(3) through 1 or more contracts using a com-
15 petitive bidding process—

16 “(i) charter schools with assistance in
17 accessing private capital;

18 “(ii) pilot projects in a variety of States to
19 better understand and improve access to private
20 capital by charter schools; and

21 “(iii) collect on a nationwide basis informa-
22 tion regarding successful programs that access
23 private capital for charter schools and dissemi-
24 nate any such relevant information and model
25 descriptions to all charter schools.

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1 “(b) NATIONAL EVALUATION.—The Secretary shall
2 reserve for each fiscal year the lesser of 2 percent of the
3 amount appropriated to carry out this part for the fiscal
4 year or \$2,000,000, to continue the 4-year national study
5 (which began in 1995) of charter schools funded by the
6 Department of Education and to conduct other evalua-
7 tions or studies which may include review of charter school
8 services to students with disabilities, parental satisfaction
9 with charter schools, and accountability in charter schools
10 across the country.

11 “(c) GRANTS.—The Secretary shall reserve for each
12 fiscal year the lesser of 1 percent of the amount appro-
13 priated to carry out this part for the fiscal year or
14 \$1,000,000, to award grants, on a competitive basis, for
15 the establishment and support of nonprofit charter school
16 resource centers in the States. Grant funds under this
17 subsection may be used by the resource centers in the
18 States—

19 “(1) to provide information to applicants for as-
20 sistance under this part;

21 “(2) to assist applicants for assistance under
22 this part with the preparation of applications under
23 section 10303;

24 “(3) to assist in the planning and startup of
25 charter schools; and

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1 “(4) to provide ongoing training and technical
2 assistance to existing charter schools.”.

3 (f) PART C DEFINITIONS.—Section 10306(1) of such
4 Act (20 U.S.C. 8066(1)) is amended—

5 (1) in subparagraph (A), by striking “an ena-
6 bling State” and inserting “a specific State charter
7 school”;

8 (2) in subparagraph (B), by inserting “or pri-
9 vate” after “existing public”;

10 (3) in subparagraph (H), by inserting “is a
11 school to which parents choose to send their chil-
12 dren, and that” before “admits”;

13 (4) in subparagraph (J), by striking “and”
14 after the semicolon;

15 (5) in subparagraph (K), by striking the period
16 and inserting “; and”; and

17 (6) by adding at the end the following:

18 “(L) has a written performance contract
19 with the authorized public chartering agency in
20 the State.”.

21 (g) TREATMENT AS LOCAL EDUCATIONAL AGEN-
22 CY.—Such part is amended—

23 (1) by redesignating sections 10306 and 10307
24 as 10307 and 10308, respectively; and

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1 (2) by inserting after section 10305 the follow-
2 ing new section:

3 "SEC. 10306. TITLE I ALLOCATION DURING FIRST YEAR.

4 [TO BE SUPPLIED]

5 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
6 10307 of such Act (20 U.S.C. 8067) is amended by strik-
7 ing "\$15,000,000 for fiscal year 1995" and inserting
8 "\$100,000,000 for fiscal year 1998".



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From: Sandra

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Comments:

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(including business, industry, and labor), to plan, conduct, and improve programs for the identification of and service to gifted and talented students, such as mentoring and apprenticeship programs.

"(b) SERVICE PRIORITY.—In approving applications for assistance under section 10204(a)(2), the Secretary shall assure that in each fiscal year at least one-half of the applications approved under such section address the priority described in subsection (a)(1).

20 USC 8036.

"SEC. 10206. GENERAL PROVISIONS.

"(a) PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND TEACHERS.—In making grants and entering into contracts under this part, the Secretary shall ensure, where appropriate, that provision is made for the equitable participation of students and teachers in private nonprofit elementary and secondary schools, including the participation of teachers and other personnel in professional development programs serving such children.

"(b) REVIEW, DISSEMINATION, AND EVALUATION.—The Secretary shall—

"(1) use a peer review process in reviewing applications under this part;

"(2) ensure that information on the activities and results of programs and projects funded under this part is disseminated to appropriate State and local agencies and other appropriate organizations, including nonprofit private organizations; and

"(3) evaluate the effectiveness of programs under this part in accordance with section 14701, both in terms of the impact on students traditionally served in separate gifted and talented programs and on other students, and submit the results of such evaluation to Congress not later than January 1, 1998.

"(c) PROGRAM OPERATIONS.—The Secretary shall ensure that the programs under this part are administered within the Department by a person who has recognized professional qualifications and experience in the field of the education of gifted and talented students and who shall—

"(1) administer the programs authorized by this part;

"(2) coordinate all programs for gifted and talented students administered by the Department;

"(3) serve as a focal point of national leadership and information on the educational needs of gifted and talented students and the availability of educational services and programs designed to meet such needs; and

"(4) assist the Assistant Secretary of the Office of Educational Research and Improvement in identifying research priorities which reflect the needs of gifted and talented students.

20 USC 8037.

"SEC. 10207. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated \$10,000,000 for fiscal year 1995 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the provisions of this part.

"PART C—PUBLIC CHARTER SCHOOLS

20 USC 8061.

"SEC. 10301. FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) enhancement of parent and student choices among public schools can assist in promoting comprehensive educational reform and give more students the opportunity to learn to challenging State content standards and challenging State student performance standards, if sufficiently diverse and high-quality choices, and genuine opportunities to take advantage of such choices, are available to all students;

"(2) useful examples of such choices can come from States and communities that experiment with methods of offering teachers and other educators, parents, and other members of the public the opportunity to design and implement new public schools and to transform existing public schools;

"(3) charter schools are a mechanism for testing a variety of educational approaches and should, therefore, be exempted from restrictive rules and regulations if the leadership of such schools commits to attaining specific and ambitious educational results for educationally disadvantaged students consistent with challenging State content standards and challenging State student performance standards for all students;

"(4) charter schools, as such schools have been implemented in a few States, can embody the necessary mixture of enhanced choice, exemption from restrictive regulations, and a focus on learning gains;

"(5) charter schools, including charter schools that are schools-within-schools, can help reduce school size, which reduction can have a significant effect on student achievement;

"(6) the Federal Government should test, evaluate, and disseminate information on a variety of charter school models in order to help demonstrate the benefits of this promising educational reform; and

"(7) there is a strong documented need for cash-flow assistance to charter schools that are starting up, because State and local operating revenue streams are not immediately available.

"(b) PURPOSE.—It is the purpose of this part to increase national understanding of the charter schools model by—

"(1) providing financial assistance for the design and initial implementation of charter schools; and

"(2) evaluating the effects of such schools, including the effects on students, student achievement, staff, and parents.

"SEC. 10302. PROGRAM AUTHORIZED.

20 US

"(a) IN GENERAL.—The Secretary may award grants to State educational agencies having applications approved pursuant to section 10303 to enable such agencies to conduct a charter school grant program in accordance with this part.

"(b) SPECIAL RULE.—If a State educational agency elects not to participate in the program authorized by this part or does not have an application approved under section 10303, the Secretary may award a grant to an eligible applicant that serves such State and has an application approved pursuant to section 10303(c).

"(c) PROGRAM PERIODS.—

"(1) GRANTS TO STATES.—Grants awarded to State educational agencies under this part shall be awarded for a period of not more than 3 years.

"(2) GRANTS TO ELIGIBLE APPLICANTS.—Grants awarded by the Secretary to eligible applicants or subgrants awarded by

State educational agencies to eligible applicants under this part shall be awarded for a period of not more than 3 years, of which the eligible applicant may use—

"(A) not more than 18 months for planning and program design; and

"(B) not more than 2 years for the initial implementation of a charter school.

"(d) **LIMITATION.**—The Secretary shall not award more than one grant and State educational agencies shall not award more than one subgrant under this part to support a particular charter school.

20 USC 8063.

"SEC. 10303. APPLICATIONS.

"(a) **APPLICATIONS FROM STATE AGENCIES.**—Each State educational agency desiring a grant from the Secretary under this part shall submit to the Secretary an application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

"(b) **CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION.**—Each application submitted pursuant to subsection (a) shall—

"(1) describe the objectives of the State educational agency's charter school grant program and a description of how such objectives will be fulfilled, including steps taken by the State educational agency to inform teachers, parents, and communities of the State educational agency's charter school grant program;

"(2) contain assurances that the State educational agency will require each eligible applicant desiring to receive a subgrant to submit an application to the State educational agency containing—

"(A) a description of the educational program to be implemented by the proposed charter school, including—

"(i) how the program will enable all students to meet challenging State student performance standards;

"(ii) the grade levels or ages of children to be served; and

"(iii) the curriculum and instructional practices to be used;

"(B) a description of how the charter school will be managed;

"(C) a description of—

"(i) the objectives of the charter school; and

"(ii) the methods by which the charter school will determine its progress toward achieving those objectives;

"(D) a description of the administrative relationship between the charter school and the authorized public chartering agency;

"(E) a description of how parents and other members of the community will be involved in the design and implementation of the charter school;

"(F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i);

"(G) a request and justification for waivers of any Federal statutory or regulatory provisions that the applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;

"(H) a description of how the subgrant funds or grant funds, as appropriate, will be used, including a description of how such funds will be used in conjunction with other Federal programs administered by the Secretary;

"(I) a description of how students in the community will be—

"(i) informed about the charter school; and

"(ii) given an equal opportunity to attend the charter school;

"(J) an assurance that the eligible applicant will annually provide the Secretary and the State educational agency such information as may be required to determine if the charter school is making satisfactory progress toward achieving the objectives described in subparagraph (C)(i);

"(K) an assurance that the applicant will cooperate with the Secretary and the State educational agency in evaluating the program assisted under this part; and

"(L) such other information and assurances as the Secretary and the State educational agency may require.

"(c) **CONTENTS OF ELIGIBLE APPLICANT APPLICATION.**—Each eligible applicant desiring a grant pursuant to section 10302(e)(1) or 10302(b) shall submit an application to the State educational agency or Secretary, respectively, at such time, in such manner, and accompanied by such information as the State educational agency or Secretary, respectively, may reasonably require.

"(d) **CONTENTS OF APPLICATION.**—Each application submitted pursuant to subsection (c) shall contain—

"(1) the information and assurances described in subparagraphs (A) through (L) of subsection (b)(3), except that for purposes of this subsection subparagraphs (I), (J), and (K) of such subsection shall be applied by striking 'and the State educational agency' each place such term appears; and

"(2) assurances that the State educational agency—

"(A) will grant, or will obtain, waivers of State statutory or regulatory requirements; and

"(B) will assist each subgrantee in the State in receiving a waiver under section 10304(e).

"SEC. 10304. ADMINISTRATION.

"(a) **SELECTION CRITERIA FOR STATE EDUCATIONAL AGENCIES.**—The Secretary shall award grants to State educational agencies under this part on the basis of the quality of the applications submitted under section 10303(b), after taking into consideration such factors as—

"(1) the contribution that the charter schools grant program will make to assisting educationally disadvantaged and other students to achieving State content standards and State student performance standards and, in general, a State's education improvement plan;

Grants.
20 USC 8064.

"(2) the degree of flexibility afforded by the State educational agency to charter schools under the State's charter schools law;

"(3) the ambitiousness of the objectives for the State charter school grant program;

"(4) the quality of the strategy for assessing achievement of those objectives; and

"(5) the likelihood that the charter school grant program will meet those objectives and improve educational results for students.

"(b) SELECTION CRITERIA FOR ELIGIBLE APPLICANTS.—The Secretary shall award grants to eligible applicants under this part on the basis of the quality of the applications submitted under section 10303(c), after taking into consideration such factors as—

"(1) the quality of the proposed curriculum and instructional practices;

"(2) the degree of flexibility afforded by the State educational agency and, if applicable, the local educational agency to the charter school;

"(3) the extent of community support for the application;

"(4) the ambitiousness of the objectives for the charter school;

"(5) the quality of the strategy for assessing achievement of those objectives; and

"(6) the likelihood that the charter school will meet those objectives and improve educational results for students.

"(c) PEER REVIEW.—The Secretary, and each State educational agency receiving a grant under this part, shall use a peer review process to review applications for assistance under this part.

"(d) DIVERSITY OF PROJECTS.—The Secretary and each State educational agency receiving a grant under this part, shall award subgrants under this part in a manner that, to the extent possible, ensures that such grants and subgrants—

"(1) are distributed throughout different areas of the Nation and each State, including urban and rural areas; and

"(2) will assist charter schools representing a variety of educational approaches, such as approaches designed to reduce school size.

"(e) 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 10306(1), if—

"(1) the waiver is requested in an approved application under this part; and

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

"(f) USE OF FUNDS.—

"(1) **STATE EDUCATIONAL AGENCIES.**—Each State educational agency receiving a grant under this part shall use such grant funds to award subgrants to one or more eligible applicants in the State to enable such applicant to plan and implement a charter school in accordance with this part.

"(2) **ELIGIBLE APPLICANTS.**—Each eligible applicant receiving funds from the Secretary or a State educational agency shall use such funds to plan and implement a charter school in accordance with this part.

"(3) ALLOWABLE ACTIVITIES.—An eligible applicant receiving a grant or subgrant under this part may use the grant or subgrant funds only for—

"(A) post-award planning and design of the educational program, which may include—

"(i) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and

"(ii) professional development of teachers and other staff who will work in the charter school; and

"(B) initial implementation of the charter school, which may include—

"(i) informing the community about the school;

"(ii) acquiring necessary equipment and educational materials and supplies;

"(iii) acquiring or developing curriculum materials; and

"(iv) other initial operational costs that cannot be met from State or local sources.

"(4) ADMINISTRATIVE EXPENSES.—Each State educational agency receiving a grant pursuant to this part may reserve not more than 5 percent of such grant funds for administrative expenses associated with the charter school grant program assisted under this part.

"(5) REVOLVING LOAN FUNDS.—Each State educational agency receiving a grant pursuant to this part may reserve not more than 20 percent of the grant amount for the establishment of a revolving loan fund. Such fund may be used to make loans to eligible applicants that have received a subgrant under this part, under such terms as may be determined by the State educational agency, for the initial operation of the charter school grant program of such recipient until such time as the recipient begins receiving ongoing operational support from State or local financing sources.

"SEC. 10305. NATIONAL ACTIVITIES.

20 U.

"The Secretary may reserve not more than ten percent of the funds available to carry out this part for any fiscal year for—

"(1) peer review of applications under section 10304(c);

"(2) an evaluation of the impact of charter schools on student achievement, including those assisted under this part; and

"(3) other activities designed to enhance the success of the activities assisted under this part, such as—

"(A) development and dissemination of model State charter school laws and model contracts or other means of authorizing and monitoring the performance of charter schools; and

"(B) collection and dissemination of information on successful charter schools.

"SEC. 10306. DEFINITIONS.

20 U.

"As used in this part:

"(1) The term 'charter school' means a public school that—

"(A) in accordance with an enabling State statute, is exempted from significant State or local rules that inhibit the flexible operation and management of public schools,

but not from any rules relating to the other requirements of this paragraph;

"(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;

"(C) operates in pursuit of a specific set of educational objectives determined by the school's developer and agreed to by the authorized public chartering agency;

"(D) provides a program of elementary or secondary education, or both;

"(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

"(F) does not charge tuition;

"(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;

"(H) admits students on the basis of a lottery, if more students apply for admission than can be accommodated;

"(I) agrees to comply with the same Federal and State audit requirements as do other elementary and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;

"(J) meets all applicable Federal, State, and local health and safety requirements; and

"(K) operates in accordance with State law.

"(2) The term 'developer' means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community in which a charter school project will be carried out.

"(3) The term 'eligible applicant' means an authorized public chartering agency participating in a partnership with a developer to establish a charter school in accordance with this part.

"(4) The term 'authorized public chartering agency' means a State educational agency, local educational agency, or other public entity that has the authority pursuant to State law and approved by the Secretary to authorize or approve a charter school.

20 USC 8067.

"SEC. 10307. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated \$15,000,000 for fiscal year 1995 and such sums as may be necessary for each of the four succeeding fiscal years.

"PART D—ARTS IN EDUCATION

"Subpart 1—Arts Education

20 USC 8091.

"SEC. 10401. SUPPORT FOR ARTS EDUCATION.

"(a) FINDINGS.—The Congress finds that—

"(1) the arts are forms of understanding and ways of knowing that are fundamentally important to education;

"(2) the arts are important to excellent education and to effective school reform;

"(3) the most significant contribution of the arts to education reform is the transformation of teaching and learning;

"(4) such transformation is best realized in the context of comprehensive, systemic education reform;

"(5) demonstrated competency in the arts for American students is among the National Education Goals;

"(6) participation in performing arts activities has proven to be an effective strategy for promoting the inclusion of persons with disabilities in mainstream settings;

"(7) opportunities in the arts have enabled persons of all ages with disabilities to participate more fully in school and community activities;

"(8) the arts can motivate at-risk students to stay in school and become active participants in the educational process; and

"(9) arts education should be an integral part of the elementary and secondary school curriculum.

"(b) PURPOSES.—The purposes of this subpart are to—

"(1) support systemic education reform by strengthening arts education as an integral part of the elementary and secondary school curriculum;

"(2) help ensure that all students have the opportunity to learn to challenging State content standards and challenging State student performance standards in the arts; and

"(3) support the national effort to enable all students to demonstrate competence in the arts in accordance with the National Education Goals.

"(c) ELIGIBLE RECIPIENTS.—In order to carry out the purposes of this subpart, the Secretary is authorized to award grants to, or enter into contracts or cooperative agreements with—

"(1) State educational agencies;

"(2) local educational agencies;

"(3) institutions of higher education;

"(4) museums and other cultural institutions; and

"(5) other public and private agencies, institutions, and organizations.

"(d) AUTHORIZED ACTIVITIES.—Funds under this subpart may be used for—

"(1) research on arts education;

"(2) the development of, and dissemination of information about, model arts education programs;

"(3) the development of model arts education assessments based on high standards;

"(4) the development and implementation of curriculum frameworks for arts education;

"(5) the development of model preservice and inservice professional development programs for arts educators and other instructional staff;

"(6) supporting collaborative activities with other Federal agencies or institutions involved in arts education, such as the National Endowment for the Arts, the Institute of Museum Services, the John F. Kennedy Center for the Performing Arts, Very Special Arts, and the National Gallery of Art;

"(7) supporting model projects and programs in the performing arts for children and youth through arrangements