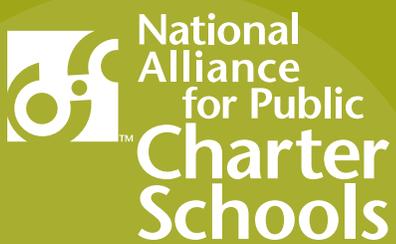




Free to Succeed:

PUBLIC CHARTER SCHOOLS & THE
REAUTHORIZATION OF THE ELEMENTARY AND
SECONDARY EDUCATION ACT



OUR MISSION IS TO LEAD PUBLIC EDUCATION TO UNPRECEDENTED LEVELS OF ACADEMIC ACHIEVEMENT FOR ALL STUDENTS BY FOSTERING A STRONG CHARTER SECTOR. THE NATIONAL ALLIANCE FOR PUBLIC CHARTER SCHOOLS PROVIDES ASSISTANCE TO STATE CHARTER SCHOOL ASSOCIATIONS AND RESOURCE CENTERS, DEVELOPS AND ADVOCATES FOR IMPROVED PUBLIC POLICIES, AND SERVES AS THE UNITED VOICE FOR THIS LARGE AND DIVERSE MOVEMENT.

INTRODUCTION

The fundamental principle underlying the creation of public charter schools is that offering educators greater freedom to innovate in exchange for higher levels of accountability leads to greater student achievement. As a result of the freedom and accountability states have given to charter schools, they are the source of some of the education field's most effective and innovative educational and operational practices.

The National Alliance for Public Charter Schools (National Alliance) believes that in order for the public charter sector to grow and continue to produce results through innovation, the reauthorization of the Elementary and Secondary Education Act (ESEA) should significantly expand support for both the creation of new charter schools and the replication of successful charter schools. At the same time, ESEA reauthorization presents an opportunity to encourage innovation on a national scale and to roll back the encroachment of charter school freedoms that threaten to stifle student outcomes.

Parents and Students Need Access to More High-Quality Schools

The demand for high-quality schools—charter or district—exceeds the supply of high-quality schools across the country. The National Alliance estimates that the current demand for available charter school seats exceeded supply by 600,000 applications in the 2011-12 school year. Based on that estimate, at least 1,700 new or expanded schools would be needed to meet current demand for existing charter schools in states with charter school laws. Because of the pressing need for high-quality schools, the National Alliance supports increasing funding for the Charter Schools Program (CSP) in the next five years to \$500 million.

In order to expand the supply of high-quality schools for all parents, there is no question that the charter sector needs to expand. All students, including economically disadvantaged students, English-language learners and students with disabilities, should have access to charter schools. However, to serve the needs of students and parents best, we must grow quality schools and close failing charters. As a key component of charter school growth, charter schools need to be free to innovate. Policies designed for traditional public schools—such as operational and personnel requirements for principals or state teacher evaluation requirements—should not be applied automatically to charter schools. Charter schools are already held to additional performance and accountability standards as a requirement for keeping their doors open.



A reauthorized ESEA needs to ensure that federal funds for charter schools encourage the creation of high-quality schools, while at the same time protecting the freedom of charters to innovate.

INTRODUCTION



Three national studies and 10 studies from major regions across the country since 2010 found positive academic performance results for students in public charter schools compared to their traditional public school peers.

— *Public Charter School Success: A Summary of the Current Research on Public Charter's Effectiveness at Improving Student Achievement*

The Federal Role in Expanding the Growth of High-Quality Charter Schools

Since the inception of charter schools in the early 1990s, the federal government has played a crucial role in spurring the growth of public charter schools. When the CSP was first established in 1994, there were only 78 schools in seven states. In 2001, with nearly 2,000 charter schools serving students, the CSP was expanded and new programs were created to address the growing need for quality facilities. The Obama administration has continued to move charter policy forward through the Race to the Top competition, which resulted in a number of states lifting their caps on the growth of charter schools. Investing in Innovation (i3) grants has encouraged charter school collaboration with local educational agencies (LEAs), and the School Improvement Grant (SIG) and Promise Neighborhoods grants have played a role in raising the profile of charter schools in turning around low-performing schools.

As a result of the federal investment in charter schools, there are more than 6,000 public charter schools in 40 states and the District of Columbia, serving 2.3 million students. In 25 cities, charters serve 25 percent or more of the public school students. Charters provide options for parents who are seeking better performing schools or schools with programs, services, or missions that are more attuned to meet the individual needs of their children. Charter schools serve a higher proportion of low-income students: 54 percent of charter students are eligible for free or reduced price lunch, as compared to 47 percent in traditional public schools. The creation of charter schools are at the center of some of the newest approaches for turning around large numbers of low-performing schools in New Orleans's Recovery School District and Tennessee's Achievement School District.

Since 2001, the statutory purpose of the Charter Schools Program has been to "increase national understanding of the charter school model." In 2013, a reauthorized ESEA needs to reflect the role that charters now play in educational innovation, choice, and reform. Charter schools are no longer an educational experiment, but a robust, 20-year-old sector that, according to the most recent research, is improving educational outcomes across the country. A reauthorized ESEA needs to ensure that federal funds for charter schools encourage the creation of high-quality schools, while at the same time it protects the freedom of charters to innovate by making the following changes:

- 1. Expanding and reforming the Charter Schools Program**
- 2. Recognizing success and implementing consequences for failing charter schools**
- 3. Encouraging innovation and eliminating unnecessary regulations**
- 4. Ensuring equitable treatment and funding of public charter schools in federal programs**

Expand Access to High-Quality Schools by Reforming the Charter Schools Program

There are five major grant competitions within the Charter Schools Program, each of which supports activities important to the success of the charter school community.

- The largest grant program is the **State Education Agency Grant Program (SEA Grants)**, which awards grants to states for the planning and initial operation of new charter schools. Charter schools in states that don't have an SEA grant may apply directly to the U.S. Secretary of Education for an award (non-SEA grant).
- The **CSP Grants for the Replication and Expansion of High-Quality Schools (R&E Grants)**, which awards grants to non-profit charter management organizations serving two or more schools, is an important source of support for Charter Management Organizations (CMOs) that have successful track records in improving student achievement.
- There are two grant programs for facilities, **Credit Enhancement for Charter School Facilities** and **State Charter School Facilities Incentive Grants**.
- In addition to these grants, the statute authorizes **National Activities**, which are demonstrations, technical assistance activities, evaluations, and other activities selected as identified by the Secretary.



The reauthorized federal charter school programs should continue to expand access to high-quality schools by supporting the creation of new schools and the expansion and replication of charter schools that are producing results. The CSP needs additional funding and policy reforms in order to continue to meet parental demand that exceeds available seats by an estimated 600,000 applications. The National Alliance is calling for \$500 million to be authorized for the CSP by 2018 to meet current and future demand for quality schools.

The National Alliance supports the following reforms for the three largest programs: SEA Grants, CMO Replication and Expansion Grants, and the facilities programs.

ESEA REAUTHORIZATION PRINCIPLES

1. Expand and reform the SEA Grant Program.

The National Alliance supports the CSP SEA grant program as the central component of the federal government's investment in charter schools. It is critical to creating the estimated 1,700 schools needed to meet the current demand for seats in high-quality schools. The CSP SEA grant program has been an incredibly successful incentive program for the growth of charter schools. Where CSP SEA grant funds flow, new public charter schools soon open: Over the past five years, states with access to CSP SEA grant funds have opened up more than 90 percent of the new charter schools across the country.

In addition to increased funding, the following are critical reforms that should be put into place to ensure the continued success of the CSP SEA grant program:

- **Expand the pool of eligible grant administrators beyond SEAs in order to improve the quality of program administration.** CSP State Grant funds should be administered by the statewide entity that has the greatest capacity to ensure that the state has a high-quality charter sector. Therefore, the law should be changed so that regardless of whether the state education agency (SEA) submits an application, a governor, state charter board, charter school incubator or charter support organization can compete to administer the grant. Only one statewide entity per state would receive the grant.
- **Maximize the return on the federal investment by prioritizing awards to eligible entities in states with the laws best positioned to support quality growth.** Priorities in a statute function as a preference—they don't prevent entities from receiving grants that are in states that don't meet each priority. In 2001, Congress created a priority in the statute for states with more than one chartering authority or an appeals process to ensure that charter applicants had viable authorizing options in their states. In order to ensure the continued growth of quality charter schools and strong state charter school laws, the CSP program needs a limited number of additional priorities to be in place.

In addition to the priorities in current law, the CSP should prioritize funds for state laws that provide for the following:

1. **Growth of charter schools.** Caps on the number of charter schools do not promote quality charter schools and can limit the replication of proven, high-quality charter schools. CSP funds should be prioritized for states that allow for charter growth and don't limit the replication of high quality charter schools.
2. **Equitable distribution of federal, state, and local funding for charter schools.** States should receive prioritized funding if they provide charters with equal state funding and require LEAs to provide assurances that federal funds will be allocated to charters within their districts based according their eligibility for funds.
3. **Authorizers and schools are held accountable for quality.** States should have in place policies providing clear processes and criteria for renewal, nonrenewal, and revocation. In addition, it should ensure that authorizers are holding schools accountable to the terms of their charters.
4. **Automatic exemptions for charter schools from all state and district regulatory requirements,** except those related to health, safety, civil rights, accountability, employee background checks, open meetings, freedom of information, and generally accepted financial management requirements.
5. **Access to facilities.** States that have policies in place to promote charter school access to facilities should be prioritized. States can provide facilities funding to charter schools, require districts and cities to provide charter schools with the right of first refusal to lease or purchase public school buildings or low or no-cost leasing privileges to charter schools.
6. **Autonomy over personnel.** Charters should be free to oversee their own personnel policies, including teacher evaluations and compensation. States should not mandate that charters participate in collective bargaining.

ESEA REAUTHORIZATION PRINCIPLES

- **Ensure that CSP state grant funds flow to charters schools with a high likelihood of producing results for its students.** Charter contracts should clearly define the role of the school and authorizer and define academic and operational performance expectations. Renewal, non-renewal, and revocation decisions should be based on the performance framework in the charter contract.
- **Ensure that CSP state grant funds can flow to high-quality charter schools that want to replicate or expand.** In addition to grants for new schools, the reformed CSP grants to state entities should permit subgrants to operators with a demonstrated track record of success to replicate or expand high-quality charter schools without requiring a new charter to be issued. Permitting the use of CSP funds for replication and expansion creates opportunities for single-site and other operators to increase the supply of seats in high-quality schools within their state. The National Alliance supports including overall student achievement and narrowing achievement gaps as components of the standard for awarding funds for replication and expansion under state and federal grant competitions. In addition, to prevent “double dipping,” care should be taken to ensure that funds should only be used for replication and expansion if the applicant is not otherwise receiving funds for that purpose, and in that particular state, from the federal R&E Grant program.
- **Increase flexibility of use of subgrant funds.** Current law limits the use of subgrant funds to planning activities and initial implementation in a manner that is overly restrictive and impedes the start-up process for schools. The three-year limit for subgrants should remain in place, but Congress should eliminate the 18-month limit on planning activities and the two-year limit on start-up activities for subgrantees. Removing these limits would free chartering authorities and schools to better coordinate their approval process timing with CSP grants. In addition, it gives the grant administrators flexibility to determine how best to allocate funds as part of their charter application process. Current requirements for the use of funds have created confusion in many states as to what is or is not permissible as part of the “initial implementation” of the charter school program. The statute should make clear that funds for start-ups, replication, and expansion may be used for any necessary costs, including costs related to facilities, transportation, hiring additional staff, instructional materials, and professional development. Authorizers should be required to ensure that charter applications address the sustainability of any ongoing costs that are initially supported by the grant.
- **Permit the use of CSP state grant administrative funds to support and improve the quality of authorizers.** Authorizers carry out activities that are essential to the success of charters. The reformed CSP state grants should clarify that the state grant administrator may use funds for activities to improve authorizing, such as authorizer evaluations, model contracts, and rubrics for making awards, and start-up funds for new authorizers.
- **Permit the use of weighted lotteries under certain circumstances.** Under the U.S. Department of Education’s interpretation of current law, most charter schools receiving CSP start-up funds must conduct a single lottery if more students apply than can be accommodated in a particular school. This single lottery requirement prevents public charter schools that wish to build blended student populations to satisfy their unique missions, such as serving English Language Learner (ELL) students or economically disadvantaged students in schools with a predetermined percentage of non-ELL or non-disadvantaged students, from using weighted lotteries to achieve the diverse student populations they were designed and chartered to serve. In order to accommodate these schools, the statute should permit “random selection procedures” instead of the current lottery requirement. This change would allow charters to run multiple or weighted random lotteries instead of just one. Charter schools seeking to create diverse student populations would be able to use preferences for underserved students to achieve their stated missions, without sacrificing the sector’s fidelity to blind admissions processes.

ESEA REAUTHORIZATION PRINCIPLES

2. Increase growth rate of successful schools through the authorization of the Charter Schools Program Grants for the Replication and Expansion of High-Quality Schools (R&E Grants).

ESEA should authorize the CSP Grants for the Replication and Expansion of High-Quality Schools, a federal competitive grant program designed to invest in successful charter school operators and ensure the expansion and replication of high-quality charter schools. The current R&E Grants program was created through the appropriations process in 2010 and is not authorized in ESEA. After three years of grants, the R&E Grants program is supporting the expansion and replication of more than 335 high-quality public charter schools in 20 states and Washington, D.C., by 18 non-profit organizations. Unlike the CSP state grants, the federal R&E grants are made directly to charter school operators. These operators must have a proven track record of increasing academic achievement and attainment for all students, providing sound financial and business management plans, and having plans in place to close schools that do not meet high standards of performance. In order to ensure equitable funding for charters from the state grants and R&E grant programs, the statute should ensure that both programs provide similar allocations per student.

- **Increase flexibility in use of funds.** The National Alliance supports the same flexibility in the use of funds for both the CSP state grants and the R&E grant programs. Therefore, funds should be permitted for any necessary costs, including facilities, transportation, hiring additional staff, instructional materials, and any other necessary costs.
- **Focus on quality and experience.** All grants for replication, including the state and federal R&E grants, should be made on the basis of a demonstrated track record of success that includes improving academic achievement for all students and narrowing achievement gaps. In addition, eligible applicants should only include those operators that have the capacity to expand and a cohesive system in place to support the opening of new charter schools.

3. Increase access to facilities funding through Credit Enhancement and State Facilities Incentive (SFIG) grants.

Since 2001, these programs have supported nearly 800 schools and credit enhanced or matched more than \$3 billion of funds. The reach of these programs has been limited, however, due to lack of funding. SFIG has only made awards to five of 19 states that are eligible for funding, and Credit Enhancement has supported 433 schools across 33 states. The National Alliance supports increasing funding for these programs. Although funding has been a major issue in limiting the reach of these programs, there are changes that can be made to the Credit Enhancement program to improve its effectiveness:

- **Permit grantees to use credit-enhanced financing for predevelopment costs.** Changing this provision would permit charter schools to receive loans for predevelopment activities, such as soil testing. Charter schools can have difficulty covering predevelopment costs required for constructing or renovating facilities, especially if there is a risk that the project may not move forward as a result of predevelopment activities.
- **Award grants based on the quality of the application, not the type of applicant.** Under current law, awards are not based exclusively on quality, but must be allocated to certain types of applicants.

Recognize Success and Implement Consequences for Failing Public Charter Schools

The underlying premise of a charter school is that it receives freedom in exchange for accountability. In order for this premise to work, however, authorizers need to implement state accountability requirements and enforce the terms of individual charter agreements.

State entities making subgrants for new charter schools or for replication and expansion must demonstrate that they are making wise investments in quality schools. Charters should also be free to include unique assessments of student outcomes in their charter agreements, particularly for schools serving non-traditional students, such as charter schools that offer dropout recovery programs.

- **States should hold all schools accountable for improving student achievement of all students, as well as all groups of students.** States should be required to hold schools accountable for helping students meet high standards using status and growth measures of student achievement in, at a minimum, reading and math.
- **States must implement clear, transparent rating systems for their schools.** Parents need a clear, meaningful measure when evaluating their educational options. States should provide parents with a clear rating system for schools that translates complex achievement data and other measures into an easily understandable framework. Parents and public charter schools benefit when a state has a clearly defined rating system measuring the quality of a charter school.



- **Set clear parameters for non-renewal of charter schools.** States should have in place policies providing clear processes and criteria for renewal, nonrenewal, and revocation.
- **Close low-performing charters; don't require them to be identified for federal turnaround interventions.** One of the underlying premises of a public charter school is that if it doesn't produce results, it should close. ESEA should make it clear that states may, but are not required to, include low-performing charter schools in their federally funded turnaround efforts, such as Title I School Improvement Grants. Authorizers should oversee accountability for struggling charter schools and determine appropriate interventions, including closure when necessary.

Encourage Innovation and Eliminate Unnecessary Regulatory Requirements



In order to ensure that the charter sector continues to be the source of innovative solutions to the nation’s most pressing education challenges, public charters need to be free to innovate.

Federal requirements should not unnecessarily restrict charter school freedoms and thereby create a chilling effect on what has worked and on new approaches. For example, many states have started to implement new teacher evaluation systems that reward teachers for improving student achievement. While these systems are an important component of linking personnel policies to academic outcomes, charters should be free to hire, evaluate, and reward (or fire) the personnel they need in order to produce results.

- **Eliminate the “highly qualified teacher” requirements in ESEA.** The definition of a “highly qualified teacher” has created a web of burdensome requirements that have little to show in terms of results. Instead of focusing on credentials, federal law should encourage teacher effectiveness in the classroom.
- **Ensure that charters are free to design personnel systems and hire personnel that meet the unique needs of their school.** Autonomy over recruiting, hiring, and firing staff is a central component of charter freedoms. Therefore, charter schools should not be required to tie their personnel decisions and compensation to the state’s teacher evaluation system. A reauthorized ESEA should clarify that states are not required by federal statute (in either Title I or Title II) to include charters in state teacher evaluation systems and should encourage states not to do so.
- **Authorize the Investing in Innovation (i3) program.** Continued funding for this program will provide additional opportunities for innovation, replication, and scale-up of successful charters.
- **Encourage innovation through competitive grants to improve the effectiveness of teachers and principals.** In order to foster innovation in the recruitment, selection, preparation, and retention of effective charter school teachers and principals serving high-need students, the National Alliance supports allocating a portion of funds under Title II through competitive grants instead of by formula. The competitive portion of Title II should include the current Supporting Effective Educator Development (SEED) (currently created through appropriations language), which makes grants to organizations that are providing innovative training to develop teachers and leaders for high-quality charter schools.

Ensure Equitable Funding for Public Charter Schools

In order to thrive, public charter schools must have access to the same federal formula and competitive grant funds available to other public schools and districts.

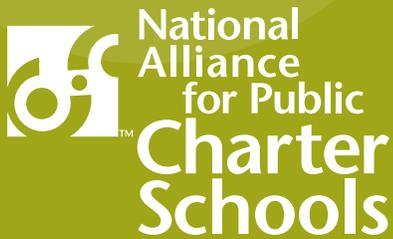
According to the 2010 Ball State University study *Charter School Funding: Inequity Persists*, public charter schools only receive 81 percent of the federal, state, and local funds that traditional public schools receive. In the urban districts that were the focus of the report, this number is just 72 percent—\$3,727 less per pupil. Furthermore, as charter schools educate more disadvantaged students and English-language learners, they must receive all ESEA funds to which they are entitled under federal law.

- **Allow Title I funds to follow students to their school of choice.** Certain states and districts across the country allocate funds through weighted student formulas that enable a child-specific allocation of state and local funds to follow the child to his or her school of choice. States and districts with weighted student formulas should be able to allow federal funds to follow the child to his or her school of choice as well.
- **Revise the Title I “hold harmless” language to ensure funding for new charter schools or charter schools with expanding enrollment.** Under current law, new or expanding school districts may not receive appropriate Title I funding if existing LEAs are funded at their full hold-harmless level. New LEAs, including new and expanding charter school LEAs, should not be penalized by a hold-harmless intended to protect LEA funding levels.
- **Strengthen consultation with charter schools.** Current law requires SEAs and LEAs to consult with stakeholders such as parents and teachers, but does not require the same consultation with charter schools. In order to ensure that they are consulted, the law should be amended to require SEAs and LEAs to consult with charter schools as they develop plans for Title I, Title II, and Title III funds. Charters should also be represented on the panels that recommend

regulations and rules for standards and assessments, as well as the State Committee of Practitioners that reviews state rules and regulations for Title I.

- **Clarify when public charter schools are eligible for funding.** Throughout ESEA, the term “public charter schools” should be added, as appropriate, to clarify their eligibility for funds. Public charter schools should be eligible to apply for grant programs that are open to LEAs.
- **Adjust requirements for Title III grants to serve English Language Learner (ELL) students.** Current law sets a minimum threshold of \$10,000 in order for an LEA to receive a grant. Since many charters are also LEAs, they have too few ELL students to receive a \$10,000 grant, which can affect the receipt of funds they need to provide services to ELL students. Removing the minimum grant size and permitting states to provide a set amount of funds to LEAs serving a certain number of students would enable more charter schools to serve their ELL students.
- **Encourage simpler applications for federal ESEA funds.** Under current law, states may consolidate all of the federal programs into one consolidated application for its LEAs. However, a single consolidated application can still be especially burdensome for single-school LEAs if it requires a school to do planning that is more appropriate for LEAs. The statute should make sure that states do not have to require an annual application (states are not required to submit an annual federal application to states) and that planning that makes sense for a single school is all that should be required.
- **Streamline requirements for charter school allocations.** Current law has required the U.S. Department of Education to provide extensive guidance on the allocation of funds to charter schools. For example, the statutory requirements for making allocations to new and expanding charter schools have resulted in more than 50 pages of federal non-regulatory guidance. As much as possible, fiscal requirements should be simplified and reporting requirements be put into place to increase transparency of state and district formula grant allocations to charter schools.

ESEA REAUTHORIZATION PRINCIPLES



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