

## Charter School Programs Final Rulemaking Fact Sheet

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The U.S. Department of Education is fully committed to high-quality public schools, whether traditional public, charter, magnet, community school, or another public school approach. As such, the Administration has continued to request that Congress maintain \$440 million in funding for the Charter School Programs (CSP). In updating the regulations for Expanding Opportunity Through Quality Charter School Programs (CSP), the Department of Education (Department) has focused on the following principles:

- Administer program funds with strong fiscal transparency, oversight, and accountability so that public investments produce tangible results for students and families.
- Honor and be responsive to the voices and perspectives of students, families, teachers, school leaders, and communities in designing, implementing, and evaluating the effectiveness of programs and policies.
- Support state and local efforts to increase student diversity across and within our nation’s public school system and ensure that federal resources are not used to increase racial or socio-economic segregation and isolation.

The revised CSP regulations reflect these values, as well as feedback from more than 25,000 public commenters and promising practices on charter school authorizing. The Department’s current rulemaking supplements statutory requirements governing the CSP rules published in 2018 and 2019, respectively, for Charter Management Organization (CMO) Grants and Developer Grants to establish a framework of priorities, requirements, definitions, and selection criteria available for use in competitions for the three specific CSP initiatives, as summarized below:

<b>CSP Programs</b>	<b>Competition Dates</b>	<b>Estimated Funds Available</b>
1. State Entity (grants awarded to state educational agencies and other specific public and nonprofit entities that, in turn, award subgrants to charter school developers for the purpose of opening new charter schools and replicating and expanding high-quality charter schools)	Summer 2022	\$73 million
2. Developer Grants (grants awarded to independent charter school developers in states that do not have an active State Entity Grant for the purpose of opening new charter schools and replicating and expanding high-quality charter schools)	Summer 2022	\$4 million
3. CMO Grants (grants awarded to nonprofit charter management organizations for the purpose of replicating and expanding high-quality charter schools)	Fall 2022	\$89 million

## Summary of Final Rulemaking

The Department's current rulemaking is intended to promote careful, data-driven planning for newly created charter schools and initiatives to expand or replicate existing high-quality charter schools. Since 2001, 930 charter schools or proposed charter schools funded under the CSP program—14.5 percent of grantees—either never opened or closed prematurely. These programs received at least \$174 million of CSP funds, and the program closures and failed openings have been extraordinarily disruptive to the educational aspirations of countless students and families.

As the Department has strengthened its grantmaking procedures, we want to ensure that CSP applicants exhibit capacity to manage school operations—including the CSP grant itself—with accountability and transparency; show a compelling need for their proposed program and tangible benefits to the local community; and that CSP funds promote school diversity and schools focused on serving traditionally underserved students. A summary of resulting provisions follows below.

### *Exhibit Accountable, Transparent Governance and Operations*

Given the significant risks to public funds that fall under the purview of for-profit charter school operators, the Department's rulemaking is in alignment with federal statute that expressly prohibits for-profit organizations from applying for grants or subgrants under the CSP. To ensure additional safeguards, the Department's rulemaking requires CSP applicants to:

- Provide detailed information on proposed school governance and ensure meaningful, ongoing opportunities for family, educator, and community input into school decision-making;
- State whether they have entered, or plan to enter into, a contract with a for-profit management organization and if so, provide detailed information regarding such contract;
- Report on individuals who have a financial interest in the for-profit management organization, including any affiliations or conflicts of interest involving charter school staff or board members;
- Detail descriptions of any actual or perceived conflicts of interest and the steps the applicant took, or will take, to avoid conflicts of interest; and
- Assure that any for-profit management contract is subject to important controls.

### *Demonstrate the Need for the Charter School and Benefits to the Community*

After more than a quarter-century of development, charter schools are a part of the education landscape in more than 40 states. Supporting high-quality charter school options in the interests of students and families requires CSP applicants to demonstrate the need for the school and the benefits to the community—for example, increasing the number of high-quality seats available to students. It also means that school plans, including enrollment projections, inclusive practices, and academic goals, are well-conceived and evidence-based. The requirement for a careful needs analysis is aligned with a host of other Department programs including school improvement

grant planning and Full-Service Community Schools and Magnet School Assistance programs.<sup>1</sup> Recognizing that charter school proposals are as varied as the communities they intend to serve, the Department’s rulemaking responds to public comment by providing CSP applicants with substantial flexibility in demonstrating this need, such as by providing data on access to high-quality schools in the community, submitting information on waiting lists for existing charter schools in the community, or furnishing a copy of a needs analysis conducted as part of the charter school application submitted to the local authorizing body.

The rulemaking also encourages – but does not require – collaboration between local charter schools and traditional school systems. These collaborations can matter for addressing shared needs across all public schools in a community, for strengthening programs for students with specific learning needs, and for better aligning core services such as transportation systems that may transport students from the same family to public schools of different types. The Department acknowledges that these types of collaborations may not be available in every district, and therefore implemented this priority without a competitive prioritization.

### *Commit to Serving Diverse Learners*

The Administration is committed to supporting state and local efforts to increase school diversity and reduce racial and socio-economic isolation in schools, both to ensure that all families can see a place for their child in their local public school, whether traditional or charter, and in recognition of the significant benefits that diverse schools confer—including higher graduation rates, improved academic outcomes, and increased levels of college enrollment for students of all races.

Accordingly, the rulemaking requires CSP applicants to perform analyses of a proposed charter school’s projected student demographics, and share information on the demographics of the local community in which the charter school or from which it would draw students; to outline plans to establish and maintain a racially and socio-economically diverse student body or describe how its student body promotes the CSP’s mission to provide high-quality educational opportunities to underserved students; and to assure that a proposed charter school will not negatively affect any desegregation efforts in the local community in which the charter school would be located. The final rulemaking acknowledges the complexities of recruiting and enrolling a diverse student body in certain isolated or racially homogeneous communities or where the charter school has a unique educational mission, such as primarily serving underserved students, and provides such charter schools with a framework for demonstrating compliance with CSP requirements. An applicant that proposes to create, replicate, or expand a charter school in a racially or socio-economically segregated or isolated community or a charter school with a unique educational mission would not be ineligible or at a competitive disadvantage for funding.

### Next Steps

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<sup>1</sup> In response to stakeholder feedback and acknowledging the capacity constraints for many independent charter school operators, the Department will phase-in the needs analysis requirement for CSP Developer applicants beginning with next year’s competition.

The Department's current rulemaking, along with the program statute and previous rulemaking, provides a framework for fiscal year 2022 and future CSP competitions. Alongside publication of the rulemaking, the Department has published NIAs for the CSP's Grants to State Entities and Grants to Charter School Developers programs that will compete this summer; the Department is currently developing a third NIA for the Grants to Charter Management Organizations that will compete in early fall 2022.

#### Additional Information

For additional information, contact the U.S. Department of Education's Charter School Programs at [charterschools@ed.gov](mailto:charterschools@ed.gov).

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