

California Department of Education

Executive Office

SBE-003 (REV. 11/2017)

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# California State Board of Education January 2020 Agenda Item #19

## Subject

California’s Application to the United States Department of Education for Funds Available through the 2020–23 Federal Charter Schools Program: Discussion and Consideration of Proposed Content and Submission.

## Type of Action

Action, Information

## Summary of the Issue

The federal Charter Schools Program (CSP) is a competitive grant program that enables State Educational Agencies (SEAs) to provide financial assistance, through subgrants to eligible applicants, for the planning, program design, and initial implementation of charter schools and to fund technical assistance opportunities for charter schools and authorizers related to successful charter school practices. SEAs may use a portion of CSP funds to carry out technical assistance directly or through grants, contracts, or cooperative agreements with partner agencies and organizations.

In fiscal year (FY) 2018–19, California received its final annual allocation under the 2016–19 CSP grant award. The California Department of Education (CDE) anticipates that the Federal Register for the 2020–23 CSP grant competition will be released December 2019, with applications due February 2020. In order for California to apply for continuous CSP funding, the CDE is seeking approval from the State Board of Education (SBE) to submit a 2020–23 CSP application.

Recommendation

The CDE recommends that the SBE approve and direct the CDE to apply for up to $45 million in federal funds under the federal CSP for a total grant award period of three years. The CDE also recommends that the SBE direct the CDE, in consultation with the Executive Director of the SBE and/or the SBE liaisons, to perform all necessary activities required to finalize the CSP application.

The amount requested will allow the CDE/SBE and its partners to provide support services and technical assistance for charter schools and authorizers, and permit funding for new, expanding, and replicating charter schools that meet the eligibility and competitive requirements for CSP funding.

Should California be awarded, the United States Department of Education (ED) reserves the right to reduce the requested amount at the time of the award. In the 2016 CSP application, California requested $69 million; the final award was $49 million. California was required to submit a revised budget to align with the reduced amount.

## Brief History of Key Issues

The ED, Office of Innovation and Improvement, awards federal CSP grant funds to increase national understanding of the charter school model by expanding the number of high-quality charter schools available to students across the nation, and by evaluating the effects of charter schools, including their effects on students, student academic achievement, staff, and parents.

The major purposes of the CSP are as follows: (1) expand opportunities for all students, particularly traditionally underserved students, to attend public charter schools and meet challenging state academic standards; (2) provide financial assistance for the planning, program design, and initial implementation of charter schools; (3) increase the number of high-quality charter schools; (4) evaluate the impact of charter schools on student achievement, families, and communities; (5) share best practices between charter schools and public schools; and (6) support efforts to strengthen the charter school authorization process.

The Secretary of Education has outlined the following specific selection criteria by which CSP grant applications will be evaluated:

* Quality of the Project Design – project rationale and outcomes
* Ambitiousness of the State entity objectives
* Quality of Eligible Subgrant Applicants
* The State Plan to monitor subgrants, work with authorized charter school agencies, and provide technical support for subgrants and authorizing agencies
* Quality of Management Plan – appropriate staffing and time commitments
* Parent and Community Involvement in the implementation and operation of charter schools in the state
* Degree of flexibility afforded to charter schools under State education code

## Proposed Charter Schools Program Application for 2020–23

California has received federal CSP grant funds since 1995. In the prior grant cycle, California was awarded approximately $49 million in federal grant funds for 2016–19.

In accordance with the allowable use of funds, the CDE proposes to provide the following program elements through the CSP local assistance and administrative funds:

**Planning, Implementation, Replication, and Expansion Subgrants** (Local Assistance Funds, 90 percent of the Grant Award)

The CSP funding may be used for four types of subgrants:

1. Planning subgrants for new start-up charter schools prior to the first day of school.
2. Implementation subgrants for schools in the first two years of operation.
3. Replication subgrants for charter schools under a charter management organization, non-profit organization, or governing board who governs a high-quality charter school(s).

Replicate, when used with respect to a high-quality charter school, means to open a new charter school, based on the educational model of an existing high-quality charter school, under an existing charter or an additional charter, if permitted or required by state law.

1. Expansion subgrants for high-quality charter schools, who have been open for at least three years, to provide funding to cover the costs of adding new grade levels to an existing charter school.

### Subgrant Competitions

The CDE will conduct annual competitions each year for charter schools to apply for a subgrant. Charter schools awarded subgrants will be required to comply with state and federal law, and eligibility requirements of the subgrant. The subgrant program is a competitive grant program and applications received will be evaluated against a published rubric. New schools who are unable to meet the application deadline due solely to the lack of an approved charter petition will be able to submit an application on a rolling basis, subject to availability of funding.

California is proposing a maximum subgrant award of $600,000 over three years using a graduating funding formula for all subgrants:

* Year 1 up to $300,000
* Year 2 up to $200,000
* Year 3 up to $100,000

Additionally, supplemental funding (up to $100,000) would also be provided to eligible subgrants seeking to serve educationally-disadvantaged students. The funding levels and supplemental funding are based on the percentage of educationally-disadvantaged students.

### Grant Administration

As established with the 2016 CSP Grant, the project director for the CSP grant will be housed within the SBE office. SBE and CDE staff will continue to collaborate on the management of all aspects of the grant.

### Subgrant Awards

California estimates, based on new charter school growth and the number of subgrantees over the past few years, it will be able to award approximately 20 subgrants per year. The following outlines the number of charter schools that opened in the past few years and the number of subgrants awarded under the 2016 CSP:

#### 2016–19 CSP Awards

* FY 2017–18: 40 planning and implementation subgrants
* FY 2018–19: 4 dissemination, 8 expansion, and 35 planning and implementation subgrants
* FY 2019–20: nine planning and implementation subgrants

#### Number of New Charter Schools in California

Assembly Bill 1505 (Chapter, 486, Statute of 2019) established a moratorium on the establishment of new non-classroom based (NCB) charter schools, with limited exceptions, between January 1, 2020, through December 31, 2022. Therefore, during the first years of the 2020–23 grant period, there likely will be fewer new charter schools that are established and eligible to apply for grants than during previous grant cycles.

#### New Charter Schools Numbered in California

| **Year** | **Classroom-Based** | **NCB** | **Combination** | **Total** |
| --- | --- | --- | --- | --- |
| 2019–20 | 13 | 17 | 2 | 32 (to date) |
| 2018–19 | 31 | 34 | 9 | 74\* |
| 2017–18 | 42 | 49 | 6 | 97\* |

\*Note: In 2017–18 and 2018–19, a large number of NCB charter schools were required to change authorizers as a result of the court decision in *Anderson Union High School District v. Shasta Secondary Home School*. Existing charter schools that changed authorizers and/or split into separate charter schools were required to obtain a new charter number which resulted in a large increase of “new” charter schools during those years.

**Technical Assistance** (7 percent of the Grant Award)

The CDE/SBE are committed to building partnerships within California to provide technical assistance to assist charter schools, traditional schools, and authorizers to maximize statewide dissemination that supports the objectives of the CSP grant and the Local Control Funding Formula eight state priorities. It is the intent of the CDE/SBE to collaborate with and provide dissemination opportunities with agencies and organizations that demonstrate successful education leadership, provide best practices, initiate successful models for college and career readiness, and support activities for underserved areas. CDE/SBE anticipate working collaboratively with partner organizations to leverage the dissemination subgrants to support access, equity, and improved student outcomes.

California may expend up to 7 percent of the subgrants awarded each FY to provide technical assistance to eligible applicants and to work with authorized public chartering agencies to improve quality and fiscal oversight of charter schools. Technical assistance activities may be supported through grants, contracts, or cooperative agreements.

**Program Oversight** (Administrative Funds, 3 percent of the Grant Award)

California may expend up to 3 percent of the subgrants awarded each FY for administrative activities. This funding provides the resources for administrative staff to manage the CSP, including conducting grant competition peer reviews; desk- and site-visit monitoring; program evaluation and reporting; and trainings required of the grant.

### High-Quality Applicants and High-Quality Charter Schools

Federal grant funds can be used for the operation of new charter schools and to replicate and expand existing high-quality charter schools. For the purposes of the grant application, the CDE must define “high-quality.”

For existing charter schools applying for grants to replicate and expand, the CDE proposes to define “high-quality” as those schools that meet the high track for renewal in Education Code section 47607, as adopted by the Legislature in AB 1505 (Chapter 486, Statutes of 2019):

* Received the two highest performance levels schoolwide on all state indicators, which is all blue or green, or
* Received performance levels schoolwide and for a majority of subgroups that are the same or higher than the state average on the academic performance indicators—test-based indicators for English language arts and math, the English Language Progress Indicator, and the College and Career Indicator.
* Demonstrate how the school will comply with the requirements of Senate Bill 126. (Chapter 3, Statutes of 2019)

Additionally, the CDE proposes to include the following federal definition of high-quality:

* Has no significant issues in the areas of student safety, financial and operational management, or statutory or regulatory compliance.

All applicants for the Expansion and Replication subgrants must meet the high-quality definition in order to be awarded.

For new start-up schools without academic data, the CDE will use the charter school’s petition and grant application to evaluate if the charter school is highly likely to be successful in implementing the plans put forth in the CSP subgrant application. The CDE plans to determine high-quality applicants based on the following criteria:

1. All subgrant applicants must have the following prior to being eligible to apply for the grant:
   1. Approved charter petition before the application is submitted to peer review,
   2. Active registration reflecting non-profit status with the California Secretary of State (the CDE verifies applicants’ status upon receipt of the application),
   3. Registration in the System for Award Management database, which is located on the System for Award Management website at [www.sam.gov](http://www.sam.gov/), reflecting the correct legal business name, charter school name, and Dun & Bradstreet (DUNS) Number,
   4. A proposed growth plan with a minimum year one enrollment of 80 students for Implementation subgrant awardees, and
   5. Organization charts, bylaws, and other documents to demonstrate how subgrant awardees will comply with SB 126.
2. All charter management organizations or non-profit organizations with authority over more than one charter school must apply for the Replication grant and meet the high-quality charter school definition for the majority of their schools.
3. Preference points will be awarded for applicants with the following:

a. Signed lease agreement for a school facility

b. Located in a rural community

c. Located in a district or county with few publicly-funded charter schools

4) Demonstration of how the school will comply with the requirements of SB 126.

## Summary of Previous State Board of Education Action Discussion and Action

The SBE approved the Charter Schools Division applying on behalf of the SBE for CSP grant funds in 1995, 1998, 2001, 2004, 2007, 2010, and 2016. The 2016 grant award, approved by the SBE in May of 2016, concludes on June 30, 2020. Total grant award amounts in recent years are as follows:

* 2004–07: $81,000,000
* 2007–10: $108,614,390
* 2010–15: $273,438,398
* 2016–19: $49,899,243

## Fiscal Analysis

If funded, this application will result in up to $45 million in local assistance funds over a three-year period for up to 80 subgrant awards. The funding request also includes approximately $4.15 million in funding for technical assistance activities and administrative oversight. California is basing the requested level of funding on charter school opening trends as well as the number of applicants awarded under the 2016 CSP. California must award 90 percent of the grant to charter schools and has not been able to expend all funds over the past two grant cycles. Further, with new legislation placing a two-year moratorium on new NCB charter schools, California anticipates fewer new charter school applicants.

## Attachments

None.