



FY2025 Senate Report Language Supporting the Charter Schools Program

On Thursday, August 1, 2024, the Senate Appropriations Committee passed its Labor, Health and Human Services, and Education FY2025 funding bill, S. 4942, by a vote of 25-3. The legislation includes provisions focusing on financial assistance and support for charter schools under the Elementary and Secondary Education Act. The bill included the following language related to the Charter Schools Program.

Level funding

The Committee recommends \$440,000,000 for the Charter Schools Program [CSP]. This program supports the start-up, replication and expansion of high-quality public charter schools prepared to effectively serve all students.

Maintains flexibilities provided by the final FY 2024 spending package

Program activities.—The Committee continues last year’s enacted bill language providing increased flexibility within the program to effectively respond to the changing needs of the sector and increase the likelihood that Federal funds will be invested in high-quality charter schools prepared to serve all students effectively. Both the authorizing statute and prior year appropriations bills dictated the use of the appropriation in ways that prevented the Department from allocating funds based on the number of high-quality applications in grant competitions and emerging needs of the field. To facilitate this, the Committee expects the Department to run competitions for charter school programs on similar cycles. The language will continue to allow the Department to allocate not more than \$140,000,000 for replication and expansion of high-quality charter schools through the Charter Management Organization [CMO] program established in ESEA.

The bill also allocates not less than \$60,000,000 for Facilities Grants under section 4304, including the Credit Enhancement program. The bill also provides not more than \$16,000,000 for national activities to provide technical assistance, disseminate best practices, and evaluate the impact of the charter school program. Finally, funds are available for use under 4305(a)(2) for Developer grants and under section 4303 for State Entity grants. The Committee directs the Department to provide a briefing on its planned use of flexibility provided not later than 14 days prior to the announcement of any notice of proposed priorities, notice inviting applications for CSP activities, and announcement of grant awards.

No action on schools that contract with for-profit entities

The Committee takes no action on additional language proposed in the President’s budget that would prohibit the Secretary from making new awards under Charter Schools Grants that support charter schools that are operated or managed by for-profit entities, including through contractual relationships. CSP applicants for State Entity, CMO, and Developer grant competitions must assure a charter school supported by CSP funds has not or will not enter into a contract with a for-profit management organization, including a nonprofit management organization operated by or on behalf of a for-profit

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entity, under which the management organization, or its related entities, exercises full or substantial administrative control over the charter school and, thereby, the CSP project. The Committee expects the Department to enforce the assurance and related transparency requirements for the reporting of contracts with for-profit entities.

Monitoring flexibility on technical assistance

Technical Assistance.—The Department is directed to continue to support and evaluate flexibility in the availability and effective use of CSP State Entity technical assistance resources; evaluate how such funds are used to ensure subgrantees are equipped to meet the needs of all students, and specifically students with disabilities and English learners as required by law; and, brief the Committees not later than 90 days after enactment of this act on its actions and continued plans to effectively oversee the CSP program.

Flexibility on subgrantee pipeline projections

State Entities Subgrantees.—Under the CSP, State Entities receive competitive grants that are subsequently distributed as subgrants to support the opening of new charter schools, the replication of high-quality charter schools, and the expansion of high-quality charter schools. As required by ESEA, when eligible State Entities apply for these grants, they include in their applications the projected number of subgrants that they expect to make in each of those three categories. After completing their subgrant competitions, however, State Entities will typically find that they must deviate from their initial projections in order to support the highest quality applicants, regardless of category. The Committee notes State Entities received awards based on the quality of their applications, including projections of schools to be opened. However, if the State Entity attempts to but is unable to implement the approved plan, the timely approval of amendments to subgrant projections could facilitate the most effective use of these resources in creating high-quality public educational options for students. The Committee directs the Secretary to allow State Entities to diverge from their original projections after conducting competitions that do not meet subgrant projections in their approved application, in order to fund the highest-quality subgrant applicants that meet all Federal requirements. The Committee further directs the Department to report on the implementation of this directive in next year's CJ.

Clarification on uses of funds

Uses of Funds.—The Committee has become aware that grant recipients under the Charter Schools Grants to State Entities program encounter delays in their implementation of their grants because of uncertainty over whether certain uses of funds are allowable under the ESEA. For example, while section 4303(h) allows funding of “appropriate, non-sustained costs...when such costs cannot be met from other sources”, it is often unclear whether specific costs should be considered sustained or non-sustained, with the confusion sometimes emanating from unclear language in the State statutes that provide funding for charter schools. In other situations, a funding category such as “educator compensation” could encompass activities that are either sustained or non-sustained, depending on the manner in which those activities are carried out. When State Entities grantees are delayed in making subgrants to charter school developers because the Department is going through a lengthy and necessary process of determining whether individual costs are allowable, new charter schools do not open on schedule, which constrains the ability of the program to make available high-quality educational options for students and jeopardizes the ability of State Entities grantees to use their grant funds in a timely manner.



The Committee therefore strongly urges the Department to resolve these spending issues in a timely manner and in a manner that provides grantees with maximum flexibility consistent with the statute. The Department should allow State Entities to support all activities listed under section 4303(h), so long as they contribute to the objective of developing, implementing, expanding, and replicating high-quality charter schools. The Committee directs the Department to brief the Committee on the Department's response to this concern within 90 days of publication of this report and to provide an update in the fiscal year 2026 CJ on the Department's implementation of any changes in practice related to this issue.

Greater flexibility on No-Cost Extensions

No-Cost Extensions.—The Committee is aware that recipients of grants under the CSP are sometimes unable to complete their projects within the original project period, often for reasons beyond their control (such as lower than anticipated subrecipient applications received, trouble obtaining charter school authorization, and delays in Department approval of charter school authorizers, uses of funds, or the allocation of subgrant funds). Yet, in situations in which a new grant has been made to an entity in the same State, the Department has been unwilling to approve no-cost extensions beyond the automatic 12-month period. The Committee understands that the Department believes that longer no-cost extensions would violate the statutory prohibition on a State receiving more than one grant at a time. The Committee strongly urges the Department to act favorably on requests for longer extensions in these situations, including for States receiving a new award in fiscal year 2024, particularly when an extension would enable the completion of subgrants made late in the grant period or when it is clear that the delays in carrying out project activities were largely unavoidable by the grantees and, thus, that requests likely meet the requirements of section 75.261 of the EDGAR regulations. The Committee directs the Department to brief the Committee on the Department's response to this concern within 90 days of publication of this report and to provide an update in the fiscal year 2026 CJ on the Department's implementation of any changes in practice related to this issue.

