

May 15, 2017

ACTION REQUIRED

TO THE ADMINISTRATOR ADDRESSED:

SUBJECT: New Campus Charter Schools Established by Independent School Districts – Eligibility for Start-Up Grant Funding

A goal of the Texas Education Agency (TEA) is to expand the number of high-quality schools available to students across the state. School districts planning to open a charter school campus as early as the 2018 school year may be eligible to apply for up to \$800,000.00 in federal funding to assist with initial start-up costs should the district meet the requirements set forth in this letter.

Funding comes from the federal Charter School Program (CSP) Grant for State Education Agencies (SEAs) issued by the United States Department of Education (USDE). This federal grant provides Texas' eligible Independent School Districts (ISDs) with financial assistance for the planning and implementation of new district charter schools.

In order to become eligible to apply for funding under the 2018-2020 CSP Start-Up Grant, school districts interested in authorizing new and innovative campus charters for the 2018-2019 school year must:

- **Amend their local district policies for authorizing campus or campus program charters** to ensure that they meet Absolute Priorities 1 and 2 of the 2015 CSP Grant (referenced below), as well as the requirements of Texas Education Code (TEC) Chapter 12, Subchapter C; and
- **Submit their amended policies to the TEA for review by August 31, 2017.**

These policies will be reviewed by TEA and forwarded to the USDE by September 30, 2017. While TEA will consider any school district that submits its amended policies to TEA, by the required deadline, as eligible to apply for the 2018-2020 CSP Start-Up Grant, ultimately, only those school districts with local charter policies approved by the USDE will be eligible to receive any future TEA CSP Grant awards.

The target release date of the 2018-2020 CSP Start-Up Grant Application is December 1, 2017.

Absolute Priorities

The USDE established Absolute Priorities as metrics to be used in the award of the CSP Grant. All recipients and sub-recipients must meet the two 2015 CSP Grant absolute priorities:

- ***Absolute Priority 1 – Periodic Review and Evaluation;*** and
- ***Absolute Priority 2 – Charter School Oversight.***

For the purposes of this grant, the recipient of the grant is TEA; sub-recipients include eligible school districts authorizing campus charters.

In order to meet the requirements of ***Absolute Priority 1***, recipients and sub-recipients must demonstrate that they provide for the **periodic review and evaluation** of each authorized charter school at least once every five years, unless required more frequently by state law, and take steps to ensure that such reviews occur. This periodic review and evaluation must be used to determine whether the charter school is meeting the terms of the school's charter and meeting or exceeding the student academic achievement requirements and goals set forth in the school's charter or under state law, regulation, or policy. **The student academic achievement requirements and goals for charter schools established by that policy must meet or exceed those set forth under applicable state law.** This periodic review and evaluation must include an opportunity for the charter authorizer to take appropriate action or impose meaningful consequences on the charter school, if necessary.

In order to meet the requirements of ***Absolute Priority 2***, a state must demonstrate that state law, regulation, or policy require that each charter school in the state —

1. Operates under a legally binding charter or **performance contract** between itself and the school's authorizer that describes the rights and responsibilities of the school and the authorizer;
2. Conducts **annual, timely, and independent audits** of the school's financial statements that are filed with the school's authorizer; and
3. Demonstrates **improved student academic achievement**.

Additionally, *Absolute Priority 2* requires that all authorizers in the state use **increases in student academic achievement** for all student groups as one of the most important factors when determining whether to renew or revoke a school's charter.

Texas 2015 CSP Grant – Background and Limited Eligibility

TEA applied for the 2015 CSP Grant for SEAs when it was released by the USDE in June 2015. TEA was notified by CSP staff at the USDE on September 28, 2015, that its application received a high enough score to be considered for funding; however, it did not contain sufficient information to establish that TEA met *Absolute Priority 1*, specifically with regard to charter schools authorized by school districts. As such, the USDE deferred the award of a CSP grant to TEA, pending the submission of additional information to demonstrate that Texas meets this priority.

The USDE requested the local district policy for each of the 17 school districts that were operating a campus charter during the 2015-2016 school year. After reviewing these policies, the USDE determined that only two independent school districts – Dallas ISD and San Antonio ISD – and the TEA currently conducted the types of periodic reviews and evaluations of their charter schools that are required by *Absolute Priority 1*. Accordingly, on March 15, 2016, TEA was awarded a 2015 CSP Grant on the condition that only charter schools approved by these two school district authorizers and the commissioner of education would be eligible to apply for CSP subgrants in the 2016-2018 CSP Start-Up Grant year. Since that time, two additional independent school districts (Longview ISD and Palestine ISD) have submitted their board policies to TEA and have subsequently been deemed eligible by the USDE to apply for and receive CSP subgrants, if awarded.

Texas 2015 CSP Grant – Conditions and Eligibility for 2018-2020 CSP Subgrant

The USDE included several additional conditions on the 2015 Texas CSP Grant, including directives for TEA to:

1. Provide to the USDE a written plan describing how TEA will ensure that it will award subgrants only to charter schools that are approved by authorizers that conduct the type of periodic reviews and evaluations required under *Absolute Priority 1*;
2. Provide guidance to authorized public chartering agencies in the state regarding the specific requirements of *Absolute Priority 1* and how authorizers can meet those requirements; and
3. At least 30 days prior to each CSP subgrant competition, notify the USDE, in writing, of the names of each authorized public chartering agency in the state that conducts periodic reviews and evaluations of their charter schools at least once every five years, as required under *Absolute Priority 1*, and provide an explanation as to how each authorizer's policy meets the requirements of *Absolute Priority 1*.

Resources and Next Steps

To help meet these conditions, the Division of Charter School Administration (CSA) has placed a state policy template for school districts to use as a resource as they review and update their local policies for authorizing charter schools. This template is posted in the Resources for Charter School Applicants section of the TEA Charter Schools website at http://tea.texas.gov/Texas_Schools/Charter_Schools/Charter_Schools_-_Campus_Charters/.

Superintendents are encouraged to use this template as a tool and to work with their school boards and other interested stakeholders to review and update their local district policies to reflect that the types of periodic reviews and evaluations required under *Absolute Priority 1* are being conducted and that the requirements outlined in *Absolute Priority 2* are also included.

Please consider this information as you join the agency in its goal to expand the number of high-quality charter schools available to students across the state. If you should have any questions regarding the Texas CSP Grant, please contact Arnoldo Alaniz in the Division of Charter School Administration at (512) 936-2237, or via email at arnoldo.alaniz@tea.texas.gov.

Sincerely,

Mike Morath
Commissioner of Education