

# Monitoring Handbook for SEA Grantees 2013-2014 Monitoring Cycle

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## Charter Schools Program Monitoring



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## I. INTRODUCTION

Monitoring the implementation of Federal programs and the use of Federal program funds is an essential function of the U.S. Department of Education (ED). This document describes the purpose, rationale, and process used by the Charter Schools Program (CSP) office in monitoring the use of CSP funds by State educational agency (SEA) grantees to support the planning and initial implementation of charter schools. This document will be reviewed and revised periodically to reflect lessons learned and programmatic clarification.

Beyond ensuring compliance with Federal regulations, monitoring supports the alignment of State and local efforts with the goals of the CSP and the principles of the *Elementary and Secondary Education Act* (ESEA) of 1965 as amended. Monitoring provides local policy makers and educators with the data necessary to make educational improvements and holds States accountable for ensuring that charter schools and their students are well-supported in their pursuit of academic excellence.

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### A. DEFINITION AND PURPOSE OF MONITORING

Monitoring is the regular and systematic examination of a State's administration and implementation of a Federal education grant, contract, or cooperative agreement administered by ED. Monitoring the use of Federal funds has long been an essential function of ED. ED monitors programs under the general administrative authority of the U.S. Department of Education Organization Act. Section 80.40(e) of Education Department General Administrative Regulations (EDGAR) also permits ED to make site visits as warranted by program needs.

ED policy requires every program office overseeing discretionary or formula grant programs to prepare a monitoring plan for each of its programs. The plans are designed to link established monitoring to achieving program goals and objectives; adhering to laws, regulations, and assurances governing the program; and conforming to the approved application and other relevant documents. Each principal office was advised to monitor (1) for results; (2) to ensure compliance with the law; and (3) to protect against waste, fraud, and abuse.

The purpose of the CSP Monitoring Plan is to assess the extent to which SEA grantees and non-SEA grantees are implementing their approved grant projects in compliance with Title V, Part B Public Charter Schools Program statutes, regulations, and guidance. The CSP monitoring objectives are threefold:

- Increase CSP fiscal and programmatic accountability at the State and local levels.
- Support and improve grantee capacity in carrying out the purpose of the CSP through the timely and efficient administration of Federal funds awarded under this program and other Federal education programs.
- Assist grantees with the planning and implementation of high-quality charter schools.

Thus, monitoring serves not only as a means for helping grantees achieve high-quality implementation of their CSP grant project, it also helps ED to be a better advisor and partner in that

effort. CSP monitoring efforts are designed to focus on the results of grantees' efforts to implement critical requirements of the CSP using available resources and guidance. Information and data from monitoring also assist to inform the program's performance indicators under the Government Performance Results Act.

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## **B. MONITORING AND THE STRATEGIC PLAN**

The Education Department's 2014-2018 *Strategic Plan*<sup>1</sup> focuses on teaching and learning for students at all levels from early childhood education to college and career. The goals focus on closing the achievement and opportunity gaps to prepare students for success at each level, improve the use of data, and strengthen the capacity of ED to implement its strategic plan. Regular monitoring of ED grant programs, such as the CSP, contributes to the accomplishment of the objectives and strategies outlined in the plan. It also supports the core principles of the *Elementary and Secondary Education Act (ESEA)* of 1965 as amended by helping States and other grantees leverage the law to improve academic performance for all students.

## **II. SEA MONITORING INDICATORS**

The content of CSP's SEA grantee monitoring is based on the States' responsibility to carry out the CSP program and provide guidance and support to charter schools and LEAs based on the requirements of Federal charter school law and non-regulatory guidance. Monitoring States' implementation of their CSP grant projects means examining closely State policies, systems, and procedures to ensure SEA and grant funded charter schools' compliance with Federal statutes and regulations and to support the goals of the CSP program.

ED uses clear and consistent criteria—monitoring indicators—to determine the degree of implementation of SEA programs and activities. CSP staff has developed indicators in the following three monitoring areas:

- Subgrant Application and Award Process;
- CSP and Charter School Quality; and
- Administrative and Fiscal Responsibilities.

A more detailed discussion of each of these monitoring areas and the corresponding indicators follows in the sections below.

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<sup>1</sup> The Department of Education's Strategic Plan 2014 – 2018 is available at <http://www2.ed.gov/about/reports/strat/index.html>

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## **A. SUBGRANT APPLICATION AND AWARD PROCESS**

A major function of CSP grantees is to conduct application and award processes to distribute CSP funds to subgrantees in the State, including funds for new charter school planning and implementation as well as for the dissemination of successful charter school practices. A minimum of 95 percent of each State's CSP allocation is distributed to subgrantees through this process. This section focuses on the State's requirements of subgrant applicants, and its processes for evaluating, selecting, and awarding subgrants. Specifically, this section addresses the State's performance in fulfilling its responsibilities to:

- Require subgrant applicants to submit an application with Federally required descriptions and assurances;
- Determine that applicants are eligible to receive CSP subgrants;
- Ensure that eligible applicants meet Federal definitions of a charter school;
- Employ a peer review process to evaluate subgrant applications; and
- Ensure CSP subgrants adhere to allowable time periods.

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## **B. CSP AND CHARTER SCHOOL QUALITY**

One of the key goals of the CSP is to support and encourage the development of high quality charter schools. To do so, the SEA needs to establish policies and practices that promote high quality charter schools. This section focuses on how the SEA furthers high quality in authorizing practices and authorizer oversight, charter school flexibility and autonomy, subgrant assessment and awards, subgrantee monitoring, dissemination of best or promising practices, and progress toward its own application objectives. It includes seven indicators that cover the State's role in:

- Providing for quality authorizer practices, including authorizer oversight;
- Affording charter schools a high degree of flexibility and autonomy;
- Awarding CSP subgrants on the basis of the quality of the applications;
- Awarding subgrants to ensure geographic distribution and a variety of educational approaches across the state;
- Monitoring subgrantee achievement of project objectives;
- Disseminating best or promising practices of charter schools; and
- Meeting its application objectives.

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## **C. ADMINISTRATIVE AND FISCAL RESPONSIBILITIES**

CSP grantees incur specific administrative and fiscal responsibilities under Federal law. This section focuses on the SEA's allocation, use and controls over the CSP grant funds and other Federal funds,

as well as associated State responsibilities in administering the CSP grant. It includes indicators that cover the State's responsibilities to:

- Inform appropriate audiences about Federal funding for charter schools and ensure that charter schools receive their commensurate share of relevant funds;
- Allocate no more than the allowable amounts of CSP funds for administration, dissemination, and revolving loan fund purposes;
- Administer and monitor the proper use of CSP funds;
- Ensure LEAs do not deduct funds for administrative expenses or fees except in certain circumstances;
- Ensure the timely transfer of student records; and
- Maintain and retain records related to the CSP grant funds.

The use of these monitoring indicators ensures a consistent application of standards across monitoring teams and across States. The published indicators provide guidance for all States regarding the purpose and intended outcomes of monitoring by describing what is being monitored, the standards expected, and the acceptable evidence that will be used in judging the quality of program implementation.

### **III. DATA COLLECTION PROCESS AND METHODOLOGY**

CSP's monitoring plan will help SEAs support student achievement by building capacity to improve the quality of charter schools and ensure program compliance. Each SEA will be monitored at least once during its program period. Through a monitoring process including an on-site review, the monitoring team will collect data specific to the indicators to determine program compliance, performance, and risk. The monitoring process is a 'snapshot' of State implementation of the CSP grant from the beginning of the grantee's current performance period to the time of the monitoring site visit. Monitoring outside of the scheduled cycle may be arranged as needed if a State has serious or chronic compliance problems or has unresolved issues identified by ED or during the monitoring process.

#### **A. PREPARATION FOR MONITORING**

About four weeks prior to the scheduled on-site review, the monitoring team will request that the SEA submit specific documentation. This information will assist the monitoring team by providing background, context, and initial data necessary for assessment of the State's performance relative to the monitoring indicators. A thorough analysis of relevant documents is crucial to conducting an effective and efficient monitoring review; document analysis helps team members identify important issues and develop questions before the visit, ensuring focused and productive interviews during the visit.

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## **B. ON-SITE MONITORING**

During the site visit, the monitoring team will collect data using the protocols included in Section V of this document. The monitoring team will interview and collect additional documentation and other artifacts from SEA officials from several offices, including the CSP office, Title programs, assessment and accountability, and special education. The monitoring team will also interview and collect artifacts from subgrantees, including principals, directors, and business officers at charter schools. This multi-level interview strategy will allow the monitors to gather information from a variety of perspectives and better evaluate the impact of the State's administration on the implementation of the CSP grant at the SEA and school levels. This strategy will also allow the monitoring team to conduct a thorough review of the indicators, and acquire a more complete picture of the degree of program implementation across the State.

On-site data collection for grantees who have already been monitored once (i.e., revisits) will focus especially closely on indicators where the grantee initially received a rating of 1 (i.e., does not meet the indicator). No indicators will be excluded; however, the monitoring team will focus primarily on what changes, if any, the grantee has made to address previously identified areas of concern. On-site data collection for grantees that have not been monitored before (i.e., new visits) will address all indicators equally in depth.

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## **C. MONITORING TEAM**

A team of trained staff members will be assigned to conduct the on-site reviews. The monitoring teams may consist of researchers from WestEd, expert consultants, and CSP staff. The size of the team may vary depending on the issues identified. One of the team members is designated as the team leader.

# **IV. MONITORING FEEDBACK AND FOLLOW-UP**

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## **A. MONITORING REPORT AND STATE RESPONSE**

The CSP monitoring team will produce a draft monitoring report on the SEA's compliance, performance, and risk under the CSP grant program within five weeks of the conclusion of the site visit, or after any revisits, as necessary. After ED review, a copy of the monitoring report will be provided to the State CSP project director for review and comment. The State will have two weeks to review the draft report and provide the monitoring team with technical edits and corrections accompanied by supporting documentation. CSP and the WestEd monitoring team will consider and incorporate this information into the final report. The monitoring team reserves the right to make any final determinations on the monitoring report. WestEd will submit copies of the final monitoring report to ED and the grantee.

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## **B. FINDINGS, CORRECTIVE ACTIONS, AND CONDITIONS**

States with significant compliance findings may have conditions attached to the grant award for the appropriate program. Conditions are normally attached only after the State has had the opportunity to respond to the monitoring report and outline its corrective action plans. Resolution will be considered only after the State submits information or evidence of the implementation of the corrective actions it has taken and ED concludes that such actions appropriately address the findings. If appropriate corrective actions are not taken in a timely manner, ED may request additional information, revise the special condition to require further action, or provide notice of its intent to take further administrative action.

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## **C. REPORT ANALYSIS**

The monitoring group maintains a database of all monitoring reports by monitoring cycle. From the database, CSP staff and the monitoring team analyze the findings and recommendations from each report in order to obtain a more complete picture of implementation trends across all States. These analyses will inform efforts to provide national leadership activities and technical assistance to States on an individual, regional, or national level.

## **V. MONITORING INDICATORS AND ACCEPTABLE EVIDENCE**

The protocols that will be used by the site visit monitoring team in each State are contained in this section. For each monitoring indicator, the protocols include a short title, the complete text of the indicator, the indicator sources and references, criteria for meeting the indicator, and lists of acceptable evidence that States and subgrantees must or can provide to show the SEA's compliance.

## SECTION I: SUBGRANT APPLICATION AND AWARD PROCESS

**INDICATOR 1.1: SUBGRANT APPLICATION DESCRIPTIONS AND ASSURANCES.** The State requires each eligible applicant desiring to receive a subgrant to submit an application to the State Educational Agency that includes the descriptions and assurances required in Federal statute.

### *Indicator Sources/References*

#### **ESEA Section 5203. Applications.**

- (b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION- Each application submitted pursuant to subsection (a) shall —
- (3) contain assurances that the State educational agency will require each eligible applicant desiring to receive a subgrant to submit an application to the State educational agency containing —
- (A) a description of the educational program to be implemented by the proposed charter school, including —
    - (i) how the program will enable all students to meet challenging State student academic achievement standards;
    - (ii) the grade levels or ages of children to be served; and
    - (iii) the curriculum and instructional practices to be used;
  - (B) a description of how the charter school will be managed;
  - (C) a description of —
    - (i) the objectives of the charter school; and
    - (ii) the methods by which the charter school will determine its progress toward achieving those objectives;
  - (D) a description of the administrative relationship between the charter school and the authorized public chartering agency;
  - (E) a description of how parents and other members of the community will be involved in the planning, program design, and implementation of the charter school;
  - (F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i);
  - (G) a request and justification for waivers of any Federal statutory or regulatory provisions that the eligible applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;
  - (H) a description of how the subgrant funds or grant funds, as appropriate, will be used, including a description of how such funds will be used in conjunction with other Federal programs administered by the Secretary;
  - (I) a description of how students in the community will be —
    - (i) informed about the charter school; and
    - (ii) given an equal opportunity to attend the charter school;
  - (J) an assurance that the eligible applicant will annually provide the Secretary and the State educational agency such information as may be required to determine if the charter school is making satisfactory progress toward achieving the objectives described in subparagraph (C)(i);
  - (K) an assurance that the eligible applicant will cooperate with the Secretary and the State educational agency in evaluating the program assisted under this subpart;
  - (L) a description of how a charter school that is considered a local educational agency under State law, or a local educational agency in which a charter school is located, will comply with sections 613(a)(5) and 613(e)(1)(B) of the Individuals with Disabilities Education Act;
  - (M) if the eligible applicant desires to use subgrant funds for dissemination activities under section 5202(c)(2)(C), a description of those activities and how those activities will involve charter schools and other public schools, local educational agencies, developers, and potential developers; and
  - (N) such other information and assurances as the Secretary and the State educational agency may require.

<b><i>Criteria for Meeting Indicator</i></b>	<b><i>Acceptable SEA Evidence</i></b>	<b><i>Acceptable Subgrantee Evidence</i></b>
<p>The State demonstrates that it includes each of the Federally-required descriptions and assurances in its planning and implementation subgrantee application.</p> <p>The State demonstrates that it includes each of the Federally-required descriptions and assurances in its dissemination subgrantee application (if applicable).</p> <p>The State demonstrates that successful subgrant applicants adequately address each of the required descriptions and assurances in their applications.</p>	<p>CSP Planning and Implementation subgrant applications used during the grant period.</p> <p>CSP Dissemination subgrant applications used during the grant period.</p> <p>Funded subgrant applications demonstrating adequate responses to required descriptions and assurances.</p> <p>Evidence of guidance or technical assistance provided to subgrant applicants related to the application process.</p> <p>Unfunded subgrant applications demonstrating inadequate responses to required descriptions and assurances.</p>	<p>Approved subgrant application.</p> <p>Evidence of guidance or technical assistance from the SEA regarding successful subgrant applications.</p>

**INDICATOR 1.2: ELIGIBLE APPLICANTS. The State ensures each applicant desiring to receive a subgrant meets the term “eligible applicant.”**

*Indicator Sources/References*

**ESEA Section 5210. Definitions.**

(2) DEVELOPER- The term developer' means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community in which a charter school project will be carried out.

(3) ELIGIBLE APPLICANT- The term eligible applicant' means a developer that has —

(A) applied to an authorized public chartering authority to operate a charter school; and

(B) provided adequate and timely notice to that authority under section 5203(d)(3).

(4) AUTHORIZED PUBLIC CHARTERING AGENCY- The term authorized public chartering agency' means a State educational agency, local educational agency, or other public entity that has the authority pursuant to State law and approved by the Secretary to authorize or approve a charter school.

**ESEA Section 5204. Administration.**

(f) USE OF FUNDS-

(6) DISSEMINATION-

(A) IN GENERAL- A charter school may apply for funds under this subpart, whether or not the charter school has applied for or received funds under this subpart for planning, program design, or implementation, to carry out the activities described in subparagraph (B) if the charter school has been in operation for at least 3 consecutive years and has demonstrated overall success, including—

(i) substantial progress in improving student academic achievement;

(ii) high levels of parent satisfaction; and

(iii) the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

**Charter Schools Program Title V, Part B Non-Regulatory Guidance April 2011**

B-12. Is a for-profit entity that holds a legal charter eligible to apply for a grant or subgrant?

A for-profit entity does not qualify as an eligible applicant for purposes of the CSP. A charter school receiving CSP funds may, however, enter into a contract with a for-profit entity to have the for-profit entity manage the charter school on a day-to-day basis. The charter school also must supervise the administration of the CSP grant and is directly responsible for ensuring that grant funds are used in accordance with statutory and regulatory requirements. (See EDGAR, Part 75, Subpart F.)

**Charter Schools Program Title V, Part B Non-Regulatory Guidance April 2011**

C-1. May an SEA award CSP start-up subgrants to multiple charter schools established under a single charter?

Section 5202(d)(1) of the ESEA provides that “[a] charter school may not receive... more than one grant for [planning and implementation activities].” For purposes of the CSP, a “charter school” is defined as, among other criteria, “a public school that... is created by a developer as a public school...; operates in accordance with State law...; and has a written performance contract with the authorized public chartering agency in the State....” Thus, the question of whether an SEA may award CSP start-up subgrants to multiple charter schools established under a single charter depends on: (a) whether the charter school at issue meets the definition of a charter school as set forth in section 5210(1) of the ESEA; and (b) whether the charter school has received a CSP start-up grant or subgrant previously.

<b>Criteria for Meeting Indicator</b>	<b>Acceptable SEA Evidence</b>	<b>Acceptable Subgrantee Evidence</b>
<p>The State demonstrates that it determines that a developer applying for a Planning and Implementation subgrant has 1) applied to an authorized public chartering authority to operate a charter school and 2) provided adequate and timely notice to that authority of their intentions to apply for CSP grant funds, plus a copy of their CSP grant application.</p> <p>The State demonstrates that it determines that a charter school applying for a Dissemination subgrant has been in operation for at least 3 consecutive years and has demonstrated overall success.</p>	<p>Evidence of the SEA’s process to review and determine that applicants have met the eligibility requirements.</p> <p>SEA’s definition of “overall success” for Dissemination subgrant applicants.</p> <p>Definition of eligible applicant provided in subgrant applications.</p> <p>Other State policies or guidance regarding definition of eligible applicants.</p> <p>Data from grants management or other tracking systems used to determine charter school length of operation and /or overall success.</p> <p>State policies or guidelines unique to CMO or EMOs on charter school eligibility to receive CSP funding (e.g., non-profit status, independent board of trustees, multiple schools under a single charter).</p>	<p>Completed subgrantee application demonstrating how subgrantee documents eligible applicant status.</p> <p>Documentation of subgrant applicant’s date of application to authorized public chartering authority to operate a charter school.</p> <p>Correspondence with authorizer about intention to apply for CSP grant funds.</p>

**INDICATOR 1.3: DEFINITION OF CHARTER SCHOOL. The State ensures each eligible applicant meets the term “charter school.”**

*Indicator Sources/References*

**ESEA Section 5210. Definitions.**

(1) CHARTER SCHOOL- The term charter school' means a public school that —

- (A) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;
- (B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;
- (C) operates in pursuit of a specific set of educational objectives determined by the school's developer and agreed to by the authorized public chartering agency;
- (D) provides a program of elementary or secondary education, or both;
- (E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;
- (F) does not charge tuition;
- (G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;
- (H) is a school to which parents choose to send their children, and that admits students on the basis of a lottery, if more students apply for admission than can be accommodated;
- (I) agrees to comply with the same Federal and State audit requirements as do other elementary schools and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;
- (J) meets all applicable Federal, State, and local health and safety requirements;
- (K) operates in accordance with State law; and
- (L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school.

**Charter Schools Program Title V, Part B Non-Regulatory Guidance April 2011**

**A-2. How does the statute define a charter school?**

Charter schools are established according to individual State charter school laws. The enactment of State charter school laws is solely a State prerogative, and the definition of a “charter school” under State law is a matter of State policy. However, in order to receive CSP funds, a charter school must meet the definition in Section 5210(1) of ESEA.

**E-4. May a charter school exempt certain categories of applicants from the lottery and admit them automatically?**

A charter school that is oversubscribed and, consequently, must use a lottery, generally must include in that lottery all eligible applicants for admission. A charter school may exempt from the lottery only those students who are deemed to have been admitted to the charter school already and, therefore, do not need to reapply. Specifically, the following categories of applicants may be exempted from the lottery on this basis:

- (a) Students who are enrolled in a public school at the time it is converted into a public charter school;
- (b) Students who are eligible to attend, and are living in the attendance area of, a public school at the time it is converted into a public charter school;

- (c) Siblings of students already admitted to or attending the same charter school;
- (d) Children of a charter school's founders, teachers, and staff (so long as the total number of students allowed under this exemption constitutes only a small percentage of the school's total enrollment); and
- (e) Children of employees in a work-site charter school, (so long as the total number of students allowed under this exemption constitutes only a small percentage of the school's total enrollment).

**E-8. May a tuition-based private preschool program that “feeds into” an elementary public charter school at the kindergarten level permit children enrolled in the preschool program to continue in the elementary program without going through a lottery process?**

No. In order to qualify for funds under the CSP, a “charter school” must, in addition to meeting other requirements, be created as a public school and may not charge tuition. Therefore, the private preschool would not qualify as a charter school and would have to be operated separately from the elementary “charter school”. Accordingly, all applicants to the charter school, including students attending the private preschool, would have to be selected by lottery if there are more applicants than there are spaces available.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates how it determines that each applicant meets the Federal term “charter school” at the time of application.</p> <p>The State monitors subgrantees to ensure they continue to meet the Federal term “charter school” throughout the period of Federal funding.</p> <p>The State ensures the contractual relationship between management companies and charter schools allows for charter schools to continue to meet the Federal definition of a charter school.</p>	<p>Evidence of the process the SEA uses to determine applicants meet the Federal term “charter school” at the time of application.</p> <p>Evidence of the process the SEA uses to ensure subgrantees continue to meet the Federal term “charter school” throughout the period of Federal funding.</p> <p>Samples of documentation submitted by charter schools as part of their application to support their charter school status.</p> <p>State statutes, regulations, and policies regarding charter school definition.</p> <p>State policy or guidance specific to third-party contracts between a subgrantee and a for-profit entity.</p> <p>State policy, guidance, or oversight on contracts between charter schools and their EMO or CMO.</p> <p>Monitoring plans or protocols, as related to charter school definition.</p>	<p>Performance contract with authorizing agency.</p> <p>Contract with charter/educational management organization (if applicable).</p> <p>Proof of non-profit status.</p> <p>Additional charter development materials and school policies related to:</p> <ol style="list-style-type: none"> <li>1) Admissions lottery</li> <li>2) Autonomy and governance</li> <li>3) Non-sectarian status</li> <li>4) Non-tuition status</li> <li>5) Educational program</li> </ol> <p>Discuss the SEA’s efforts to verify and monitor charter school status at the time of application and throughout the life of the grant.</p> <p>Copies of contract with management organization (if applicable)</p>

**INDICATOR 1.4: PEER REVIEW. The State uses a peer review process to review and select applications for assistance under this program.**

*Indicator Sources/References*

**ESEA Section 5204. Administration.**

(c) PEER REVIEW- The Secretary, and each State educational agency receiving a grant under this subpart, shall use a peer review process to review applications for assistance under this subpart.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates that it employs a systematic process for reviewing and selecting applications for Planning and Implementation and for Dissemination subgrants, including</p> <ul style="list-style-type: none"> <li>• identifying and selecting peer reviewers;</li> <li>• providing reviewers with adequate guidance and training in the review process; and</li> <li>• consistently using the peer reviews to select applications for funding.</li> </ul>	<p>List of reviewers and how they meet peer criteria.</p> <p>Guidance or training provided to reviewers.</p> <p>Examples of peer review documents including scoring sheets or reviewer comments.</p> <p>State regulations, policies, or procedures regarding application review.</p> <p>Other peer review documents, including:</p> <ol style="list-style-type: none"> <li>1) Call for reviewers</li> <li>2) Reviewer conflict of interest statement</li> <li>3) Reviewer selection materials</li> </ol>	<p>NA</p>

**INDICATOR 1.5: PROGRAM PERIODS. CSP subgrants awarded by the State do not exceed the maximum program periods allowed.**

*Indicator Source/References*

**ESEA Section 5202. Program Authorized.**

(c) PROGRAM PERIODS-

(2) GRANTS TO ELIGIBLE APPLICANTS- Grants awarded by the Secretary to eligible applicants or subgrants awarded by State educational agencies to eligible applicants under this subpart shall be for a period of not more than 3 years, of which the eligible applicant may use —

(A) not more than 18 months for planning and program design;

(B) not more than 2 years for the initial implementation of a charter school; and

(C) not more than 2 years to carry out dissemination activities described in section 5204(f)(6)(B).

(d) LIMITATION- A charter school may not receive —

(1) more than one grant for activities described in subparagraphs (A) and (B) of subsection (c)(2); or

(2) more than one grant for activities under subparagraph (C) of subsection (c)(2).

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>Each Planning and Implementation subgrantee receives no more than one grant, and the grant is for a continuous period of not more than 3 years, of which the eligible applicant may use not more than 18 months for planning and program design and not more than 2 years for the initial implementation of a charter school.</p> <p>Each Dissemination subgrantee receives no more than one grant, and the grant is for a continuous period of not more than 2 years.</p> <p>The State demonstrates that subgrantees have access to their grant funds for the full allowable project periods.</p>	<p>Samples of Grant Award Notices or other official documentation stating allowable grant award periods.</p> <p>Budget, accounting, grants management, or other documents or correspondence tracking grant award periods.</p>	<p>Notification of grant award, grant agreement, or other contractual documents showing the subgrant period.</p> <p>Grant-related correspondence that documents grant award periods.</p>

## SECTION II: CSP AND CHARTER SCHOOL QUALITY

**INDICATOR 2.1: QUALITY AUTHORIZING PRACTICES.** State laws, regulations, or other policies provide for quality authorizing practices and the SEA monitors and holds accountable the authorized public chartering agencies in the State so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools.

### *Indicator Sources/References*

#### **2010 Charter Schools Program Assurances – State Educational Agencies**

- 3) State law, regulations, or other policies in the State where the applicant is located require that –
- A) Each authorized charter school in the State operate under a legally binding charter or performance contract between itself and the school’s authorized public chartering agency that describes the obligations and responsibilities of the school and the public chartering agency; conduct annual, timely, and independent audits of the school’s financial statements that are filed with the school’s authorized public chartering agency; and demonstrate improved student academic achievement; and
  - B) Authorized public chartering agencies use increases in student academic achievement for all groups of students described in section 1111(b)(2)(C)(v) of the ESEA as the most important factor when determining to renew or revoke a school’s charter.

#### **Charter Schools Program (CSP): State Educational Agencies; Notice Inviting Applications for New Awards for Fiscal Year (FY) 2010 and FY 2011**

Priority 1—Periodic Review and Evaluation (10 points). The State provides for periodic review and evaluation by the authorized public chartering agency of each charter school at least once every five years, unless required more frequently by State law, to determine whether the charter school is meeting the terms of the school’s charter, and is meeting or exceeding the student academic achievement requirements and goals for charter schools as set forth under State law or the school’s charter.

V. Application Review Information Selection Criteria: The selection criteria for this competition are from the authorizing statute for this program and 34 CFR 75.210 of EDGAR and are as follows:

- v) The SEA's plan to monitor and hold accountable authorized public chartering agencies through such activities as providing technical assistance or establishing a professional development program, which may include providing authorized public chartering agency staff with training and assistance on planning and systems development, so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools.

#### **ESEA Section 5203. Applications.**

- (b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION- Each application submitted pursuant to subsection (a) shall –
- (3) contain assurances that the State educational agency will require each eligible applicant desiring to receive a subgrant to submit an application to the State educational agency containing –
    - (F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i).

<b><i>Criteria for Meeting Indicator</i></b>	<b><i>Acceptable SEA Evidence</i></b>	<b><i>Acceptable Subgrantee Evidence</i></b>
State laws, regulations, or other policies provide for high-quality charter school authorizing practices, including:	State policies or guidance to support high-quality authorizer practices (including but not limited to nationally recognized standards and practices).	Charter or performance contract. Annual financial audit reports.

- Charter or performance contracts that describe the obligations and responsibilities of the school and the authorizer;
- Annual charter school financial audits;
- Requirements for improved student academic achievement; and
- Priority on increases in student academic achievement for all groups of students in renewal or revocation decisions.

The State demonstrates high-quality authorizer practices related to charter contracts and processes for determining charter renewal or revocation, including ensuring that authorizers provide for continued operation of successful charter schools.

The SEA demonstrates a plan or strategy to improve the capacity of authorized chartering agencies to authorize, monitor, and hold accountable charter schools.

The SEA demonstrates steps taken to monitor and hold accountable the authorized public chartering agencies to authorize, monitor, and hold accountable charter schools.

Evidence of monitoring of authorizers for compliance with State policies on quality authorizing, including charter contracts and processes for determining charter renewal or revocation.

Evidence of technical assistance, professional development, or other efforts to improve the capacity and practices of authorized public chartering agencies.

Detailed agendas, training materials, correspondence with authorizers, etc.

Evidence of student academic achievement results.

Guidance, correspondence, or other information from authorizer on renewal or revocation criteria.

**Indicator 2.2: FLEXIBILITY AND AUTONOMY. The SEA affords a high degree of flexibility and autonomy to charter schools.**

*Indicator Sources/References*

**ESEA Section 5204. Administration.**

- (b) SELECTION CRITERIA FOR ELIGIBLE APPLICANTS- The Secretary shall award grants to eligible applicants under this subpart on the basis of the quality of the applications submitted under section 5203(c), after taking into consideration such factors as —
- (2) the degree of flexibility afforded by the State educational agency and, if applicable, the local educational agency to the charter school;

**ESEA Section 5202. Program Authorized.**

- (e) PRIORITY TREATMENT-
- (3) PRIORITY CRITERIA- The criteria referred to in paragraph (1) are the following:
- (C) The State ensures that each charter school has a high degree of autonomy over the charter school's budgets and expenditures.

Charter Schools Program (CSP): State Educational Agencies; Notice Inviting Applications for New Awards for Fiscal Year (FY) 2010 & 2011. Selection Criteria.

- (ii) The degree of flexibility afforded by the SEA to charter schools under the State's charter school law (30 points). **Note:** The Secretary encourages the applicant to include a description of how the State's law establishes an administrative relationship between the charter school and the authorized public chartering agency and exempts charter schools from significant State or local rules that inhibit the flexible operation and management of public schools. The Secretary also encourages the applicant to include a description of the degree of autonomy charter schools have achieved over such matters as the charter school's budget, expenditures, daily operation, and personnel in accordance with their State's law.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>State laws, regulations, or other policies provide a high degree of flexibility and autonomy to charter schools over:</p> <ol style="list-style-type: none"> <li>1) Budget,</li> <li>2) Expenditures,</li> <li>3) Personnel, and</li> <li>4) Daily operations.</li> </ol> <p>The SEA works to maximize the degree of flexibility afforded charter schools under the State's charter schools law.</p>	<p>State statutes, regulations, and policies regarding charter schools flexibility and autonomy, including but not limited to:</p> <ol style="list-style-type: none"> <li>1) Financial and programmatic governance</li> <li>2) Waivers and exemptions</li> <li>3) LEA responsibilities</li> </ol> <p>Evidence of communications, guidance, direction, or other steps taken by the State to maximize the degree of flexibility afforded charter schools under the State's charter schools law.</p>	<p>Evidence of charter school interactions with State or LEA in instances where autonomy and flexibility were restricted (if applicable).</p>

**INDICATOR 2.3: SUBGRANTEE QUALITY. The SEA awards grants to eligible applicants on the basis of the quality of the applications submitted.**

*Indicator Source/References*

**ESEA Section 5204. Administration.**

- (b) SELECTION CRITERIA FOR ELIGIBLE APPLICANTS- The Secretary shall award grants to eligible applicants under this subpart on the basis of the quality of the applications submitted under section 5203(c), after taking into consideration such factors as —
- (1) the quality of the proposed curriculum and instructional practices;
  - (2) the degree of flexibility afforded by the State educational agency and, if applicable, the local educational agency to the charter school;
  - (3) the extent of community support for the application;
  - (4) the ambitiousness of the objectives for the charter school;
  - (5) the quality of the strategy for assessing achievement of those objectives;
  - (6) the likelihood that the charter school will meet those objectives and improve educational results for students; and
  - (7) in the case of an eligible applicant that proposes to use grant funds to support dissemination activities under subsection (f)(6)(B), the quality of those activities and the likelihood that those activities will improve student achievement.

<b>Criteria for Meeting Indicator</b>	<b>Acceptable SEA Evidence</b>	<b>Acceptable Subgrantee Evidence</b>
<p>The SEA articulates its criteria of subgrantee and application quality for purposes of assessing CSP applicants and awarding subgrants.</p> <p>The SEA demonstrates that it uses these criteria to review and award CSP subgrant applications.</p> <p>The SEA demonstrates a high quality process to determine the quality of the CSP applicant and application, including considering the review of the applicant during the charter authorization process.</p>	<p>Policies, guidance, or other documentation of CSP applicant and application assessment criteria, including expectations for quality.</p> <p>Application assessment tools such as scoring priorities, rubrics, and tie-breaking rules.</p> <p>Documents from grant award process such as application scores and reviewer comments showing how the State determines grantees and grant award values.</p> <p>Data on continued charter school success or failure (e.g., school closure) of funded applicants.</p> <p>Evidence of information, technical assistance, and training provided to eligible applicants on the application assessment and award process.</p> <p>Correspondence with or technical assistance to subgrantees to strengthen applications.</p>	<p>Artifacts from application review process including reviewers' comments, correspondence, or completed application assessment tools.</p>

**INDICATOR 2.4: DISTRIBUTION OF SUBGRANTS. The State awards subgrants in a manner, to the extent possible, to ensure that such subgrants: a) are distributed throughout different areas of the State, including urban and rural areas; and b) will assist charter schools representing a variety of educational approaches.**

*Indicator Source/References*

**ESEA Section 5204. Administration.**

(d) DIVERSITY OF PROJECTS- The Secretary and each State educational agency receiving a grant under this subpart, shall award grants and subgrants under this subpart in a manner that, to the extent possible, ensures that such grants and subgrants —

(1) are distributed throughout different areas of the Nation and each State, including urban and rural areas; and

(2) will assist charter schools representing a variety of educational approaches, such as approaches designed to reduce school size.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates that the manner in which it awards subgrants results in the distribution of subgrants throughout different areas of the State.</p> <p>The State demonstrates that the manner in which it awards subgrants assists charter schools representing a variety of educational approaches.</p>	<p>Documentation of priorities for charter school distribution in subgrant application, guidance to applicants and reviewers, State statutes, or other materials.</p> <p>Evidence of charter recruitment and development efforts to target charter developers in certain regions or with certain educational approaches.</p> <p>List or map of subgrantees by location.</p> <p>List of subgrantees by type of educational approach.</p>	<p>NA</p>

**INDICATOR 2.5: SUBGRANTEE MONITORING. The SEA monitors subgrantee projects to assure approved grant and subgrant objectives are being achieved and to ensure compliance with Federal requirements.**

*Indicator Sources/References*

**Code of Federal Regulations - Title 34: Education**

34 CFR 80.40 - Monitoring and reporting program performance.

(a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities.

Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The SEA demonstrates that it regularly monitors subgrantee projects.</p> <p>SEA selects subgrantees to be monitored using a risk-based or other strategic approach</p> <p>SEA uses trained monitors to monitor subgrantee projects</p> <p>The SEA demonstrates that its monitoring processes allow it to assess a subgrantee’s progress in meeting the performance objectives outlined in its subgrant application.</p> <p>The State demonstrates that it uses its monitoring process to support subgrantee projects in meeting SEA performance objectives.</p> <p>The SEA’s monitoring processes allow it to assess a subgrantee’s fiscal control and fund accounting procedures.</p> <p>SEA monitoring includes effective follow-up or corrective action plans for identified deficiencies.</p>	<p>Documentation of content and process of charter school monitoring, including:</p> <ol style="list-style-type: none"> <li>1) Monitoring rubrics or protocols;</li> <li>2) Monitoring schedules and participants, including selection criteria;</li> <li>3) Samples of monitoring reports or other products;</li> <li>4) Samples of corrective action notices and follow up actions.</li> </ol> <p>Evidence of SEA efforts to monitor use of CSP funds and subgrantee fiscal policies and procedures, which may include expenditure reports, progress reports, audits or other documentation that charter schools are required to submit.</p> <p>State statutes, regulations, and guidance or other policies related to charter school subgrant monitoring.</p> <p>Evidence of SEA coordination of CSP office with other Federal program offices in monitoring charter schools. For example, monitoring of Special Education or Title I includes charter schools.</p>	<p>Evidence of SEA monitoring correspondence, visits, reports, or corrective action notices directly related to subgrant.</p>

**INDICATOR 2.6: DISSEMINATION OF BEST OR PROMISING PRACTICES. The State disseminates best or promising practices of charter schools to each local educational agency in the State.**

*Indicator Sources/References*

**ESEA Section 5203. Applications.**

(b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION- Each application submitted pursuant to subsection (a) shall —

(2) describe how the State educational agency —

(C) will disseminate best or promising practices of charter schools to each local educational agency in the State.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates a process for identifying best or promising practices of charter schools.</p> <p>The State demonstrates that it disseminates best or promising practices to each LEA in the State as described in its approved application.</p>	<p>State definition of best or promising practices.</p> <p>Evidence of the distribution of best or promising practices, such as related trainings, conferences, or correspondence.</p> <p>State statutes, policies, and guidance related to the definition and dissemination of best practices.</p> <p>Process or tool used to determine best or promising practices.</p> <p>Current and former best practices reports.</p>	<p>NA</p>

**INDICATOR 2.7: ACHIEVEMENT OF APPLICATION OBJECTIVES. The State demonstrates substantial progress in meeting its application objectives.**

*Indicator Source/References*

**ESEA Section 5204. Administration.**

(a) SELECTION CRITERIA FOR STATE EDUCATIONAL AGENCIES- The Secretary shall award grants to State educational agencies under this subpart on the basis of the quality of the applications submitted under section 5203(b), after taking into consideration such factors as —  
 (4) the quality of the strategy for assessing achievement of those objectives;  
 (5) the likelihood that the charter school grant program will meet those objectives and improve educational results for students;

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State’s strategy for assessing achievement of its application objectives enables it to demonstrate progress toward meeting the objectives of its approved application.</p> <p>The State demonstrates progress in meeting the objectives of its application.</p>	<p>Evidence of a strategy to assess SEA’s application objectives, including:</p> <ol style="list-style-type: none"> <li>1. Internal data collection and analysis plans;</li> <li>2. External evaluations (if applicable).</li> </ol> <p>Evidence of progress towards meeting each application objective, including:</p> <ol style="list-style-type: none"> <li>1. Current status of relevant data (beyond last APR);</li> <li>2. Data since the beginning of the project period.</li> </ol> <p>Source documents for data on progress toward application objectives (i.e. external evaluation, subgrantee progress reports).</p> <p>SEA annual or other periodic performance reports.</p>	<p>NA</p>

**SECTION III: ADMINISTRATIVE AND FISCAL RESPONSIBILITIES**

**INDICATOR 3.1: FEDERAL PROGRAMS INFORMATION AND FUNDING.** The State informs appropriate audiences about the SEA’s charter school grant program, Federal funds that the charter school is eligible to receive and Federal programs in which the charter school may participate, and ensures that each charter school in the State receives its commensurate share of Federal education formula funds.

*Indicator Source References*

**ESEA Section 5203. Applications.**

- (b) CONTENTS OF A STATE EDUCATIONAL AGENCY APPLICATION- Each application submitted pursuant to subsection (a) shall —
  - (1) describe the objectives of the State educational agency's charter school grant program and a description of how such objectives will be fulfilled, including steps taken by the State educational agency to inform teachers, parents, and communities of the State educational agency's charter school grant program; and
  - (2) describe how the State educational agency —
    - (A) will inform each charter school in the State regarding —
      - (i) Federal funds that the charter school is eligible to receive; and
      - (ii) Federal programs in which the charter school may participate;
    - (B) will ensure that each charter school in the State receives the charter school's commensurate share of Federal education funds that are allocated by formula each year, including during the first year of operation of the charter school

**ESEA Section 5206. Federal Formula Allocation During First Year And For Successive Enrollment Expansions.**

(a) IN GENERAL- For purposes of the allocation to schools by the States or their agencies of funds under part A of title I, and any other Federal funds which the Secretary allocates to States on a formula basis, the Secretary and each State educational agency shall take such measures as are necessary to ensure that every charter school receives the Federal funding for which the charter school is eligible not later than 5 months after the charter school first opens, notwithstanding the fact that the identity and characteristics of the students enrolling in that charter school are not fully and completely determined until that charter school actually opens. The measures similarly shall ensure that every charter school expanding its enrollment in any subsequent year of operation receives the Federal funding for which the charter school is eligible not later than 5 months after such expansion.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State informs teachers, parents, and communities of the State Educational Agency’s charter school grant program.</p> <p>The State informs each charter school about available Federal funds and Federal programs they may be eligible to participate in.</p> <p>The State ensures that every charter school receives the Federal funding for which the charter school is eligible not later than 5 month after the charter school first opens or significantly expands its enrollment.</p>	<p>Samples of outreach and communication efforts to teachers, parents and communities about the CSP program.</p> <p>Samples of outreach and communication efforts to charter schools about other Federal funding opportunities.</p> <p>Accounting or other documents demonstrating charter school access to, distribution of, and/or participation in Federal formula programs.</p> <p>State definition of significant expansion.</p> <p>Evidence of a process to ensure charter schools receive Federal funding for which they are</p>	<p>Evidence of information received from the State on school’s eligibility for Federal formula funds.</p> <p>Evidence of funds received from Federal funds programs.</p> <p>Evidence of technical assistance from the State regarding available Federal funding access.</p>

	<p>eligible in cases of new openings or significant expansion.</p> <p>Websites, listservs or other communications utilized for CSP grant-related outreach.</p> <p>Copy of State's Consolidated Application for Federal Funding that demonstrates how charter schools are included.</p> <p>Evidence of training, technical assistance and other support to charter schools in receiving Federal funding for which they are eligible.</p>	
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**INDICATOR 3.2: ALLOCATION OF CSP FUNDS. The proportion of grant funds reserved by the State for each activity does not exceed the allowable amount.**

*Indicator Sources/References*

**ESEA Section 5204. Administration.**

(f) USE OF FUNDS-

(1) STATE EDUCATIONAL AGENCIES- Each State educational agency receiving a grant under this subpart shall use such grant funds to award subgrants to one or more eligible applicants in the State to enable such applicant to plan and implement a charter school in accordance with this subpart, except that the State educational agency may reserve not more than 10 percent of the grant funds to support dissemination activities described in paragraph (6).

(4) ADMINISTRATIVE EXPENSES-

(A) STATE EDUCATIONAL AGENCY ADMINISTRATIVE EXPENSES- Each State educational agency receiving a grant pursuant to this subpart may reserve not more than 5 percent of such grant funds for administrative expenses associated with the charter school grant program assisted under this subpart.

(5) REVOLVING LOAN FUNDS- Each State educational agency receiving a grant pursuant to this subpart may reserve not more than 10 percent of the grant funds for the establishment of a revolving loan fund. Such fund may be used to make loans to eligible applicants that have received a subgrant under this subpart, under such terms as may be determined by the State educational agency, for the initial operation of the charter school grant program of the eligible applicant until such time as the recipient begins receiving ongoing operational support from State or local financing sources.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates that it reserves and uses no more than 5 percent of CSP grant funds for appropriate administrative expenses.</p> <p>The State demonstrates that it reserves and uses no more than 10 percent of CSP grant funds to support dissemination activities.</p> <p>The State demonstrates that it reserves and uses no more than 10 percent the total grant funds for a revolving loan fund.</p>	<p>Current budget reports showing amounts budgeted and used for CSP by activity, including dissemination, administration, and revolving loan fund (if applicable).</p> <p>Budget narrative or other descriptions of CSP-funded activities.</p> <p>State statutes, regulations, or policies regarding a revolving loan fund, if applicable.</p>	<p>NA</p>

**INDICATOR 3.3: ADMINISTRATION AND USE OF CSP FUNDS. The SEA administers the CSP funds and monitors subgrantee projects to ensure the proper disbursement, accounting for and use of Federal funds.**

*Indicator Sources/References*

**EDGAR Part 75 Subpart F—What Are the Administrative Responsibilities of a Grantee?**

§ 75.700 Compliance with statutes, regulations, and applications.

A grantee shall comply with applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, and applications.

§ 75.701 The grantee administers or supervises the project.

A grantee shall directly administer or supervise the administration of the project.

§ 75.702 Fiscal control and fund accounting procedures.

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.

**Code of Federal Regulations - Title 34, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**

Subpart C – Post-award requirements

34 CFR 80.20 Standards for Financial management systems.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

(2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

(3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

(4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted when ever possible.

(5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

(6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

(7) *Cash management.* Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

(c) An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a preaward review or at

any time subsequent to award.

#### 34 CFR 80.32 Equipment

(c) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

#### Section 5204. Administration.

(f) USE OF FUNDS-

(3) ALLOWABLE ACTIVITIES- An eligible applicant receiving a grant or subgrant under this subpart may use the grant or subgrant funds only for —

(A) post-award planning and design of the educational program, which may include —

- (i) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and
- (ii) professional development of teachers and other staff who will work in the charter school; and

(B) initial implementation of the charter school, which may include—

- (i) informing the community about the school;
- (ii) acquiring necessary equipment and educational materials and supplies;
- (iii) acquiring or developing curriculum materials; and
- (iv) other initial operational costs that cannot be met from State or local sources.

(6) DISSEMINATION-

(B) ACTIVITIES- A charter school described in subparagraph (A) may use funds reserved under paragraph (1) to assist other schools in adapting the charter school's program (or certain aspects of the charter school's program), or to disseminate information about the charter school, through such activities as—

- (i) assisting other individuals with the planning and start-up of one or more new public schools, including charter schools, that are independent of the assisting charter school and the assisting charter school's developers, and that agree to be held to at least as high a level of accountability as the assisting charter school;
- (ii) developing partnerships with other public schools, including charter schools, designed to improve student academic achievement in each of the schools participating in the partnership;
- (iii) developing curriculum materials, assessments, and other materials that promote increased student achievement and are based on successful practices within the assisting charter school; and
- (iv) conducting evaluations and developing materials that document the successful practices of the assisting charter school and that are designed to improve student performance in other schools.

#### Charter Schools Program Title V, Part B Non-Regulatory Guidance April 2011

**D-3. What types of costs other than those specified in D-2 of this guidance qualify as “other initial operational costs that cannot be met from State or local sources”?**

As a general matter, these costs may include, but are not necessarily limited to, the following:

- a) Costs associated with creating and implementing office functions, such as accounting systems, attendance and registration systems, and human resources policies;
- b) Costs associated with the installation of computers, data systems, networks, and telephones;
- c) Personnel expenses incurred either before or after the school's opening, provided that these expenses are associated with initial implementation activities (i.e., as opposed to ongoing operations), such as program and curriculum development and integration, and teacher and staff recruiting. (\*Note: If personnel split their time between ongoing operational activities and initial implementation activities, only that portion of the time associated with initial implementation of the charter school is allowable as an initial operational cost. The charter school must maintain accurate time and effort records to document the amount of time each employee works on tasks related to the initial implementation of the charter school.); and
- d) Rental or occupancy costs for the school facility for a reasonable period of time in preparation for the school's opening.

**G-2. What are the rules governing “conflicts of interest” in the administration of CSP grants?**

CSP grantees must avoid apparent and actual conflicts of interest when administering grants. Department regulations at 34 CFR 75.525(a) prohibit a person from participating in an administrative decision regarding a project if: (a) the decision is likely to benefit that person or his or her immediate family member; and (b) the person is a public official or has a family or business relationship with the grantee. Section 75.525(b) provides further that a person may not participate in a project to use his or her position for a purpose that is – or gives the appearance of being – motivated by a desire for a private financial gain for that person or for others. 34 CFR 75.525.

**G-3. What procedures must CSP grantees follow when purchasing equipment or services?**

When using Federal funds to purchase equipment or services, a charter school must comply with the procurement standards set forth in the Department's regulations at 34 CFR 74.40-74.48. Those standards require Federal grant recipients to develop written procurement procedures and to conduct all procurement transactions in a manner to provide, to the maximum extent practical, open and free competition. No employee, officer, or agent of the charter school may participate in the selection, award, or administration of any contract supported by Federal funds if a real or apparent conflict of interest exists. 34 CFR 74.42-74.44 and 80.36.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
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<p>The State’s fund accounting procedures are adequate to ensure proper disbursement of and accounting for Federal funds.</p> <p>CSP funds are used only for allowable, allocable, and reasonable purposes.</p> <p>The State’s fiscal controls and monitoring are adequate to ensure compliance with all applicable Federal requirements highlighting fiscal procedures, competitive bidding processes, contracting procedures, conflict of interest provisions, subrecipient documentation, asset disposition process and documentation, cash management, and reimbursement practices.</p>	<p>Evidence of the fund accounting system that the SEA uses to administer CSP funds, which may include samples of budget or grants management/tracking documents, reports, schedules, and/or key subgrantee documents (reimbursement requests, regular financial reporting, annual audits).</p> <p>Information, guidance, and technical assistance provided to subgrantees regarding use of CSP funds and related Federal requirements.</p> <p>State policies and procedures to ensure compliance with all applicable Federal requirements including but not limited to fiscal procedures, competitive bidding processes and contracting procedures, conflict of interest provisions, and disbursement of assets as it relates to school closures.</p> <p>External SEA audit reports.</p> <p>CSP subgrant policies and procedures for budget review, document requirements, and reimbursement.</p>	<p>Subgrant budget with actual expenditures.</p> <p>Samples of invoices and other information submitted for reimbursement.</p> <p>Inventory list of items purchased with grant funds.</p> <p>Audit reports, including A-133 if applicable.</p> <p>School’s conflict of interest policy and procedures.</p>
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**INDICATOR 3.4: LEA DEDUCTIONS. The State ensures that the LEA does not deduct funds for administrative expenses or fees unless the eligible applicant enters voluntarily into an administrative services arrangement with the relevant LEA.**

*Indicator Sources/References*

ESEA Section 5204. Administration.

(f) USE OF FUNDS-

(4) ADMINISTRATIVE EXPENSES-

(B) LOCAL ADMINISTRATIVE EXPENSES- A local educational agency may not deduct funds for administrative fees or expenses from a subgrant awarded to an eligible applicant, unless the eligible applicant enters voluntarily into a mutually agreed upon arrangement for administrative services with the relevant local educational agency. Absent such approval, the local educational agency shall distribute all such subgrant funds to the eligible applicant without delay.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates actions taken to inform LEAs and subgrantees of the LEA’s ability to deduct funds for administrative fees or expenses from CSP subgrants.</p> <p>If deductions are taken, the State ensures that deductions are mutually agreed-upon and voluntary.</p> <p>The State demonstrates processes and or actions taken to identify and resolve concerns related to LEA deductions from grant funds.</p>	<p>Evidence of correspondence and guidance to LEAs and subgrantees regarding the LEA’s ability to deduct administrative expenses from subgrant funds.</p> <p>Evidence of actions taken to review or address cases of deductions from CSP funds by LEAs for administrative expenses (where applicable).</p> <p>State statutes, regulations, and policies regarding the LEA’s ability to deduct administrative expenses from subgrant funds.</p>	<p>Evidence of any contracts, correspondence, or payments made to the LEA for administrative expenses or fees.</p> <p>Evidence of issues or State actions taken regarding LEA deductions from subgrant for administrative expenses or fees.</p>

**INDICATOR 3.5: TRANSFER OF STUDENT RECORDS.** The SEA ensures that a student’s records and, if applicable, individualized education program accompany the student’s transfer to or from a charter school in accordance with Federal and State law.

*Indicator Sources/References*

ESEA Section 5208. Records Transfer.

State educational agencies and local educational agencies, to the extent practicable, shall ensure that a student's records and, if applicable, a student's individualized education program as defined in section 602(11) of the Individuals with Disabilities Education Act, are transferred to a charter school upon the transfer of the student to the charter school, and to another public school upon the transfer of the student from a charter school to another public school, in accordance with applicable State law.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates efforts to ensure that a student's records and, if applicable, a student's individualized education program are transferred to a charter school upon the transfer of the student to the charter school, and to another public school upon the transfer of the student from a charter school to another public school.</p>	<p>Guidance and technical assistance to LEAs and authorizers regarding charter schools and the transfer of student records.</p> <p>Evidence of a process or actions taken by the State to ensure that a student’s records or IEP accompany his or her transfer to or from a charter school.</p> <p>State statutes, regulations, and policies regarding transfer of student records, including intervention policies if difficulties arise.</p> <p>Documentation from a statewide electronic records transfer system, if applicable.</p>	<p>Evidence of issues or State actions taken regarding delivery and receipt of student records.</p>

**INDICATOR 3.6: RECORDKEEPING.** All financial and programmatic records, supporting documents, statistical records, and other records of grantees and subgrantees related to the CSP grant funds are maintained and retained for grant monitoring and audit purposes.

*Indicator Sources/References*

**Code of Federal Regulations - Title 34. Part 75 - Direct Grant Programs**

Subpart F - WHAT ARE THE ADMINISTRATIVE RESPONSIBILITIES OF A GRANTEE?

34 CFR 75.730 - Records related to grant funds.

A grantee shall keep records that fully show:

- (a) The amount of funds under the grant;
- (b) How the grantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit.

**Code of Federal Regulations - Title 34, Part 80 - Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments**

Subpart C - POST - AWARD REQUIREMENTS

34 CFR 80.42 - Retention and access requirements for records.

(b) Length of retention period.

(1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(c) Starting date of retention period

(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period.

However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

<i>Criteria for Meeting Indicator</i>	<i>Acceptable SEA Evidence</i>	<i>Acceptable Subgrantee Evidence</i>
<p>The State demonstrates an adequate system for maintaining all financial and programmatic records, supporting documents, statistical records, and other records of grantees and subgrantees.</p> <p>The State has an adequate records retention policy and demonstrates its implementation.</p>	<p>Presentation of SEA CSP grant files, including:</p> <ul style="list-style-type: none"> <li>1) Original grant application, approved budgets</li> <li>2) Grant Award Notification</li> <li>3) Correspondence with Federal Project Office</li> <li>4) Annual and final performance reports</li> <li>5) Corrective action notices, if applicable</li> <li>6) Budget/expenditure tracking documents</li> <li>7) Personnel lists and timesheets</li> </ul> <p>Policies and procedures related to the maintenance and retention of CSP grant records.</p>	<p>Presentation of subgrantee grant files, including:</p> <ul style="list-style-type: none"> <li>1) Subgrantee application, amendments, and approved budget</li> <li>2) Grant award documents</li> <li>3) Grant-related correspondence</li> <li>4) Budget tracking sheets or related financial management documentation</li> <li>5) Annual, final, and other performance reports submitted by subgrantee</li> <li>6) Documentation of subgrantee monitoring</li> <li>7) Corrective action notices or other</li> </ul>

	<p>Presentation of SEA subgrantee files, including:</p> <ol style="list-style-type: none"> <li>1) Subgrant application, amendments, and approved budget</li> <li>2) Grant award documents</li> <li>3) Grant-related correspondence</li> <li>4) Budget tracking sheets or related financial management documents</li> <li>5) Annual, final, and other performance reports (or other SEA required reporting)</li> <li>6) Documentation of subgrantee monitoring</li> <li>7) Corrective action notices or other correspondence as a result of monitoring.</li> </ol>	<p>correspondence as a result of monitoring.</p>
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## VI. SEA INDICATOR SOURCE CROSSWALK

INDICATOR:	Sources:
<b>INDICATOR 1.1: SUBGRANT APPLICATION DESCRIPTIONS AND ASSURANCES.</b> The State requires each eligible applicant desiring to receive a subgrant to submit an application to the State Educational Agency that includes the descriptions and assurances required in Federal statute.	ESEA Section 5203.
<b>INDICATOR 1.2: ELIGIBLE APPLICANTS.</b> The State ensures each applicant desiring to receive a subgrant meets the term “eligible applicant.”	ESEA Section 5210; ESEA Section 5204; Non-Reg Guidance B-12, and C-1.
<b>INDICATOR 1.3: DEFINITION OF CHARTER SCHOOL.</b> The State ensures each eligible applicant meets the term “charter school.”	ESEA Section 5210; Non-Reg Guidance A-2, E-4, and E-8.
<b>INDICATOR 1.4: PEER REVIEW.</b> The State uses a peer review process to review and select applications for assistance under this program.	ESEA Section 5204
<b>INDICATOR 1.5: PROGRAM PERIODS.</b> CSP subgrants awarded by the State do not exceed the maximum program periods allowed.	ESEA Section 5202.
INDICATOR:	Sources:
<b>INDICATOR 2.1: QUALITY AUTHORIZING PRACTICES.</b> State laws, regulations, or other policies provide for quality authorizing practices and the SEA monitors and holds accountable the authorized public chartering agencies in the State so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools.	NIA (FY) 2010 Priority 1; NIA (FY) 2010 V. Application Review Information (b) Selection Criteria (v); 2010 Charter Schools Program Assurances; ESEA Section 5203.
<b>INDICATOR 2.2: FLEXIBILITY AND AUTONOMY.</b> The SEA affords a high degree of flexibility and autonomy to charter schools.	NIA (FY) 2010 Selection Criteria (ii); ESEA Section 5204; ESEA Section 5202.
<b>INDICATOR 2.3: SUBGRANTEE QUALITY.</b> The SEA awards grants to eligible applicants on the basis of the quality of the applications submitted.	ESEA Section 5204.
<b>INDICATOR 2.4: DISTRIBUTION OF SUBGRANTS.</b> The State awards subgrants in a manner, to the extent possible, to ensure that such subgrants: a) are distributed throughout different areas of the State, including urban and rural areas; and b) will assist charter schools representing a variety of educational approaches.	ESEA Section 5204.
<b>INDICATOR 2.5: SUBGRANTEE MONITORING.</b> The SEA monitors subgrantee projects to assure approved grant and subgrant objectives are being achieved.	34 CFR 80.40 - Monitoring and reporting program performance.
<b>INDICATOR 2.6: DISSEMINATION OF BEST OR PROMISING PRACTICES.</b> The State disseminates best or promising practices of charter schools to each local educational agency in the State.	ESEA Section 5203.

<b>INDICATOR 2.7: ACHIEVEMENT OF APPLICATION OBJECTIVES.</b> The State demonstrates substantial progress in meeting its application objectives.	ESEA Section 5204.
<b>INDICATOR:</b>	<b>Sources:</b>
<b>INDICATOR 3.1: FEDERAL PROGRAMS INFORMATION AND FUNDING.</b> The State informs appropriate audiences about the SEA's charter school grant program, Federal funds that the charter school is eligible to receive and Federal programs in which the charter school may participate, and ensures that each charter school in the State receives its commensurate share of Federal education formula funds.	ESEA Section 5203; ESEA Section 5206.
<b>INDICATOR 3.2: ALLOCATION OF CSP FUNDS.</b> The proportion of grant funds reserved by the State for each activity does not exceed the allowable amount.	ESEA Section 5204.
<b>INDICATOR 3.3: ADMINISTRATION AND USE OF CSP FUNDS.</b> The SEA administers the CSP funds and monitors subgrantee projects to ensure the proper disbursement, accounting for and use of Federal funds.	34 CFR 75.700-702 – Administrative Responsibilities of a Grantee; 34 CFR 80.20 Standards for Financial management systems; 34 CFR 80.32 Equipment; ESEA Section 5204; Non-Reg Guidance D-3, G-2, and G-3.
<b>INDICATOR 3.4: LEA DEDUCTIONS.</b> The State ensures that the LEA does not deduct funds for administrative expenses or fees unless the eligible applicant enters voluntarily into an administrative services arrangement with the relevant LEA.	ESEA Section 5204.
<b>INDICATOR 3.5: TRANSFER OF STUDENT RECORDS.</b> The SEA ensures that a student's records and, if applicable, individualized education program accompany the student's transfer to or from a charter school in accordance with Federal and State law.	ESEA Section 5208.
<b>INDICATOR 3.6: RECORDKEEPING.</b> All financial and programmatic records, supporting documents, statistical records, and other records of grantees and subgrantees related to the CSP grant funds are maintained and retained for grant monitoring and audit purposes.	34 CFR 75.730 - Records related to grant funds; 34 CFR 80.42 - Retention and access requirements for records.