

April 26, 2021

The Honorable Miguel Cardona
Secretary
Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

The Honorable Rosa DeLauro
Chairwoman
Subcommittee on Labor, Health and Human
Services, Education, and Related Agencies
House Appropriations Committee
2358-B Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tom Cole
Ranking Member
Subcommittee on Labor, Health and Human
Services, Education, and Related Agencies
House Appropriations Committee
1016 Longworth House Office Building
Washington, D.C. 20515

Dear Secretary Cardona, Chairwoman DeLauro and Ranking Member Cole:

As you begin work on the Fiscal Year 2022 (FY2022) President's Budget request and FY2022 Labor, Health and Human Services, and Education (LHHS) Appropriations bill, we respectfully request a reduction in funding for the Charter School Program (CSP) to \$400 million as well as language describing the department's intent to provide Congress a comprehensive report on their oversight plans of the program to minimize waste and abuse of federal education funds.

The Charter School program, which received \$440 million in the FY2021 Omnibus bill, has a history of misuse and lack of oversight by the Department of Education. This significant federal investment requires stricter oversight of funds to ensure schools spend their dollars on educational opportunities for students, and not to benefit fraudulent charter school management organizations.

Unfortunately, due to lack of federal oversight these funds have gone to charter schools that never opened or closed suddenly, failing our students and families. A report released in January 2020, found that 37 percent, or 1,777 charter schools, that were funded through the federal CSP between 2006-2014 never opened or closed due to corruption or fraud.¹ A 2018 Inspector General report found that the Department of Education did not ensure that charter school closure procedures were conducted in "accordance with Federal laws and regulations." We cannot continue to waste millions of dollars in limited federal education funding on the CSP.

Additionally, the federal government continues to fund charter schools that do not file accurate and complete performance reports. According to a 2019 Inspector General report, one charter school failed to

¹ <https://networkforpubliceducation.org/wp-content/uploads/2020/02/Still-Asleep-at-the-Wheel.pdf>

report 61 of 73 performance measures on their annual reports to the Department of Education. ²Yet this same charter school received over a \$1 million grant in Fiscal Year 2020. ³

Although the Department of Education made it illegal for for-profit entities to qualify or receive funding through the CSP, in recent years, new business models have skirted this restriction and allowed for-profit educational management organizations (EMOs) to access federal education dollars. EMOs contract with charter school operators with the primary goal of extracting as many dollars as possible from the school without consideration of the impact on quality of education for the students. Similar to the model used by private equity firms, most EMOs attempt to do so by reducing labor costs or providing fewer services to schools and students. ⁴ Even though for-profit charters only represent approximately 12 percent of charter schools across the country, they still receive a significant amount of funding through the CSP. ⁵ Between 2006 and 2017, over 440 for-profit charters received approximately \$158 million in CSP funding suggesting a need for more rigorous oversight of the program.

For these reasons, we urge you to reduce funding to the Charter School Program to \$400 million, the FY2021 House passed level, and include the following report language in the FY2022 Department of Education budget request and LHHS Appropriations bill:

Charter Schools Program.—The Committee remains concerned about the lack of oversight of use of Charter Schools Program funds. The Committee directs the Secretary to provide a report to Congress no later than 90 days after passage of this Act on the Department of Education’s plan to: 1) create new procedures and internal controls to identify the causes of charter school closures and mitigate the risks of future charter school closures, 2) ensure assets acquired with Federal funds are disposed of in accordance with Federal laws and regulations, 3) update and enforce regulatory guidance regarding the award of CSP funds to charter schools run by for-profit organizations, and 4) conduct a review of all grants to ascertain whether there are active grantees who are in violation of the guidance regarding the relationships between a school and for-profit organizations.

Additionally, to close the existing loophole that allows for-profits to utilize CSP funding, we urge you to include the following bill language in the FY2022 LHHS Appropriations bill:

Sec. ____ . None of the funds made available by this Act or any other Act may be awarded to a charter school that contracts with a for-profit entity to operate, oversee or manage the activities of the school.

We hope that you will take this significant step to ensure that federal education funding goes to the institutions that best serve the interests of students across the country.

² <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2020/a05s0013.pdf>

³ <https://oese.ed.gov/offices/office-of-discretionary-grants-support-services/charter-school-programs/charter-schools-program-grants-for-replications-and-expansion-of-high-quality-charter-schools/awards/>

⁴ <https://www.aasa.org/SchoolAdministratorArticle.aspx?id=14510>

⁵ <https://www.publiccharters.org/about-charter-schools/charter-school-faq>

If you have any questions about this request, please contact Leslie Zelenko (Leslie.Zelenko@mail.house.gov) in Congressman Pocan's office or Jaime Cobham (Jaime.Cobham@mail.house.gov) in Congressman Bowman's office.

Sincerely,



Jamaal Bowman
Member of Congress



Mark Pocan
Member of Congress

/s/ André Carson
Member of Congress

/s/ Jesús G. "Chuy" García
Member of Congress

/s/ Raúl M. Grijalva
Member of Congress

/s/ Jahana Hayes
Member of Congress

/s/ Pramila Jayapal
Member of Congress

/s/ Andy Levin
Member of Congress

/s/ Alexandria Ocasio-Cortez
Member of Congress

/s/ Ilhan Omar
Member of Congress

/s/ Katie Porter
Member of Congress

/s/ Mary Gay Scanlon
Member of Congress

/s/ Jan Schakowsky
Member of Congress

/s/ Thomas R. Suozzi
Member of Congress

/s/ Frederica S. Wilson
Member of Congress