



DEPARTMENT OF EDUCATION

34 CFR Chapter II

CFDA Number: 84.282P

Final Definitions, Requirements, and Selection Criteria.
Charter Schools Program (CSP)--Charter School Exemplary
Collaboration Awards

AGENCY: Office of Innovation and Improvement, Department
of Education.

ACTION: Final definitions, requirements, and selection
criteria.

SUMMARY: The Assistant Deputy Secretary for Innovation and
Improvement announces final definitions, requirements, and
selection criteria under the Charter Schools Program--
Charter School Exemplary Collaboration Awards
(Collaboration Awards). The Assistant Deputy Secretary may
use one or more of these definitions, requirements, and
selection criteria for competitions in fiscal year (FY)
2012 and later years. We take this action to create
incentives for high-quality charter schools to collaborate
with non-chartered public schools and non-chartered local
educational agencies (LEAs) to share and transfer best
educational and operational practices at the elementary and

secondary school levels; and disseminate information about these collaborations nationwide.

EFFECTIVE DATE: These final definitions, requirements, and selection criteria are effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

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If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Purpose of Program:

The purpose of the Charter Schools Program (CSP) is to increase national understanding of the charter schools model by--

(1) Providing financial assistance for the planning, program design, and initial implementation of charter schools;

(2) Evaluating the effects of charter schools, including the effects on students, student academic achievement, staff, and parents;

(3) Expanding the number of high-quality charter schools available to students across the Nation; and

(4) Encouraging the States to provide support to charter schools for facilities financing in an amount that is more commensurate with the amount the States have typically provided for traditional public schools.

The purpose of the Collaboration Awards competition (CFDA 84.282P) is to encourage high-quality charter schools (as defined in this notice) to partner with non-chartered public schools (as defined in this notice) and non-chartered LEAs (as defined in this notice) to share and transfer best educational and operational practices, and to disseminate information about such practices. By promoting strong partnerships and supporting the dissemination of information about the activities carried out through the partnerships, these Collaboration Awards should facilitate the exchange of best practices between public charter schools, non-chartered public schools, and non-chartered LEAs; and help the United States Department of Education (Department) identify and publicize successful collaborations. The Collaboration Awards competition is

designed to encourage public charter schools, non-chartered public schools, and non-chartered LEAs to share resources and responsibilities; build trust and teamwork; boost academic excellence; and provide students and their parents with a range of effective educational options. The Department, through the Collaboration Awards competition, aims to increase national understanding of the charter schools model.

Program Authority:

The CSP is authorized under 20 U.S.C. 7221-7221i; CSP national activities are authorized under 20 U.S.C. 7221d.

The Department published a notice of proposed definitions, requirements, and selection criteria (NPP) for the Collaboration Awards in the Federal Register on April 25, 2012 (77 FR 24690). The NPP contained background information and our reasons for proposing the particular definitions, requirements, and selection criteria.

There are differences between the definitions, requirements, and selection criteria proposed in the NPP and these final definitions, requirements, and selection criteria, as discussed in the Analysis of Comments and Changes section elsewhere in this notice. The most significant changes are as follows: (1) clarifying that only high-quality charter schools are eligible to apply for

Collaboration Awards; (2) adding a definition for "high-quality charter school"; (3) creating an additional selection criterion, "Quality of the lead applicant," which allows consideration of the extent to which an applicant is a high-quality charter school; (4) changing the title of the first selection criterion from "Record of and potential for success" to "Record of and potential for success of collaboration"; (5) altering the title of the Collaboration Awards competition from "Exemplary Charter School Collaboration Awards" to "Charter School Exemplary Collaboration Awards" in order to emphasize that the collaboration itself must be exemplary; and (6) adding "school climate" and access to charter schools for students with disabilities to the list of potential areas suitable for a collaboration.

Public Comment: In response to our invitation in the NPP, eight parties submitted comments on the proposed definitions, requirements, and selection criteria.

Generally, we do not address technical and other minor changes. In addition, we do not address general comments that raise concerns not directly related to the definitions, requirements, or selection criteria.

Analysis of Comments and Changes: An analysis of the comments and any changes in the definitions, requirements,

and selection criteria since publication of the NPP follows.

Priorities

Comment: One commenter suggested that we create a new priority, not included in the NPP, to encourage collaboration between public charter schools and non-chartered public schools that aims to improve access to charter schools for students with disabilities. The commenter stated that disseminating information about successful collaborations related to improving access to charter schools for students with disabilities would also make a positive contribution to the field of special education.

Discussion: We agree that improving access to charter schools for students with disabilities is important, and an area in which charter schools frequently look for best practices and models. Because this is the first year of the competition, however, we believe that it is best to encourage applications from a broad range of charter schools and to avoid requirements or priorities that might discourage potential applicants from applying. This does not preclude the possibility of a priority related to improving access to charter schools for students with disabilities being included in future years.

Change: We decline to create a priority to encourage collaboration between public charter schools and non-chartered public schools that aims to improve access to charter schools for students with disabilities. The Final Application Requirements section of this notice, however, lists examples of areas that might be appropriate for collaboration. This list includes access to charter schools by students with disabilities as an area suitable for collaboration. We have removed "students with other special needs" from the list in the Final Application Requirements section of areas that might be appropriate for collaboration because it duplicates other areas listed: "special education services and access to charter schools by students with disabilities" and "English learners."

Definitions

Comment: One commenter suggested that the proposed definition of "collaboration" align more closely with the intent of the Collaboration Awards as described in the NPP's Summary and Purpose of Program sections. The commenter recommended an expanded and more detailed definition of "collaboration" that incorporates much of the language used in the Summary and Purpose of Program sections.

Discussion: We decline to revise the definition of "collaboration" because a more detailed definition could be unnecessarily restrictive and could limit how applicants think about collaboration. The final definition reads, "Collaboration refers to the activities of a partnership in which two or more organizations or entities work together to accomplish a common goal, which may involve sharing or transferring of best practices or strategies." We consider this definition appropriate because it provides applicants the flexibility to be creative in continuing, modifying, or expanding their collaborations.

Change: None.

Comment: Two commenters recommended that we define "exemplary" in order to clarify the expectations and standards for applicants and to help them determine whether their schools are qualified to apply for an award.

Discussion: The Collaboration Awards competition is designed to identify exemplary partnerships between high-quality public charter schools and non-chartered public schools and non-chartered LEAs, as well as to support the dissemination of information about the activities carried out through the partnerships. To clarify the requirements for both the applicant and the collaboration, we are making

several revisions to the final requirements, definitions, and selection criteria.

Changes: (1) We have changed the competition's title from "Exemplary Charter School Collaboration Awards" to "Charter School Exemplary Collaboration Awards" to emphasize that the collaboration itself must be exemplary. (2) We have revised paragraph (a)(1) of the Final Program Requirements section of this notice to clarify that eligible applicants must be high-quality charter schools. (3) We have included a definition of "high-quality charter school" in this notice. Our definition is similar to the definition of "high-quality charter school" provided in the notice of final priorities for the replication and expansion of high-quality charter schools (CFDA No.84.282M), published in the Federal Register on July 12, 2011 (76 FR 40901). (4) We have changed the title of the first selection criterion from "Record of and potential for success" to "Record of and potential for success of collaboration." (5) We have added a selection criterion, "Quality of the lead applicant." This criterion will allow reviewers to provide points to applicants based on the extent to which the lead applicant is a high-quality charter school.

Eligibility Requirements

Comment: Three commenters recommended that high-performing magnet schools be allowed to apply for Collaboration Awards. They cited what they believe is a wealth of outstanding and innovative programs in magnet schools that are worth sharing with others. All three commenters noted that some of the Nation's highest-quality schools today are magnet schools that began as low-performing schools with students from low-income families admitted by lottery.

Discussion: We agree that there are numerous high-performing magnet schools that are worthy of participating in a collaborative initiative. Because the Collaboration Awards are authorized under the CSP, however, only charter schools are the lead applicants. In order to qualify for a Collaboration Award, a charter school must enter into a partnership with a non-chartered public school (as defined in this notice) or a non-chartered LEA (as defined in this notice). Magnet schools are non-chartered public schools and, as such, would be eligible to participate in this competition as partners with high-quality charter schools.

Change: None.

Comment: None.

Discussion: The NPP stated in the Proposed Eligibility Requirements section that "an applicant may submit more than one application if each application proposes to carry

out substantially different authorized activities." We are removing this language from the Final Eligibility Requirements because applicants do not need specific authorization to submit more than one application for a Collaboration Award. Applicants should be aware, however, that it is highly unlikely that more than one application from the same applicant will be approved for funding because the Department anticipates making only a limited amount of funding available for Collaboration Awards and it is within the Secretary's discretion to fund applications out of rank order in order to achieve geographic diversity.

Change: We have removed the statement in the Eligibility section that "An applicant may submit more than one application if each application proposes to carry out substantially different authorized activities."

Application Requirements

Comment: One commenter suggested that we revise the Application Requirements section to include "school climate" on the list of areas that may be suitable for a collaboration. The commenter cited the recent movie "Bully," which documented the effects of bullying, and stated that communities and schools want to learn from others about providing all students with a safe learning environment. The commenter also cited parts of the ESEA

that support the importance of a safe and positive school climate for all students. Finally, the commenter cited research that links a positive school climate to many indicators of a school's success.

Discussion: We agree that a healthy school climate is an important factor in achieving positive educational outcomes. Bullying is one of many issues (drugs and gangs are examples of others) that can have a negative effect on the school environment.

Change: We have revised paragraph (a)(3) of the Final Application Requirements section of this notice to include school climate on the list of potential areas suitable for a collaboration.

Selection Criteria

Comment: One commenter recommended that we incorporate the following three indicators of operational quality into the first proposed selection criterion, "Record of and potential for success of the collaboration": (1) financial performance and sustainability; (2) performance and stewardship; and (3) parent and community engagement. The commenter noted that these three indicators were developed and published by a well-respected consortium of charter school organizations as a tool to help the charter school community determine operational quality.

Discussion: We agree that indicators similar to those recommended by the commenter will help applicants demonstrate operational quality and improve the overall quality of applications received. Applicants can use these indicators to show more clearly the extent to which their proposed collaboration and dissemination plans will improve operational practices and productivity among all partners in the collaboration.

Change: We have incorporated three indicators similar to those suggested by the commenter in the first selection criterion, "Record of and potential for success of the collaboration." The element in the NPP stated: "Improved operational practices and productivity among all partners." The revised element (B)(i) of the first selection criterion now reads: "Improved operational practices and productivity among all partners in such areas as financial performance and sustainability, governing board performance and stewardship, and parent and community engagement."

Comment: One commenter suggested that we expand the first proposed selection criterion, "Record of and potential for success of the collaboration," to include four indicators of academic quality: (1) student achievement level; (2) student progress over time; (3) postsecondary readiness and success; and (4) student engagement.

Discussion: Three of the four indicators that the commenter lists were included in the first selection criterion proposed in the NPP and are also included in the Final Selection Criteria. The first selection criterion contains an element, "Improved student achievement," which peer reviewers will use to judge how the collaboration has improved student achievement in the past, as well as how it will improve student achievement in the future. The first selection criterion also addresses postsecondary readiness and success with elements such as improved high school graduation rates, improved rates of college matriculation and college graduation, and improved rates of attendance and graduation from other postsecondary (i.e., non-college) institutions or programs. However, the first selection criterion, as proposed, did not address student engagement. We agree with the commenter that it should do so and have expanded it accordingly.

Change: We have revised element (B)(iii) in the first selection criterion, "Record of and potential for success of the collaboration," by adding two factors related to student engagement--attendance and retention. The revised element now reads, "Improved student attendance and retention, and improved high school graduation rates."

Comment: One commenter noted that the NPP states that the proposed selection criteria for this competition were designed to expand the number of high-quality charter schools, among other things. The commenter stated, however, that the competition's proposed selection criteria would not encourage applicants to address issues or undertake activities designed primarily to increase the number of high-quality charter schools. The commenter recommended adding a selection criterion aimed at encouraging applicants to develop a collaboration project that might increase the number of high-quality charter schools nationwide and improve services to students attending these schools. Specifically, the commenter recommended a new selection criterion that would reward collaborators for jointly: (1) developing a process to ensure equitable funding for public charter schools and non-chartered public schools; (2) sharing data and information among schools; and (3) developing and implementing activities in schools, such as teacher professional development, building maintenance, and nutrition programs.

Discussion: The commenter is correct in that one purpose of these Collaboration Awards is to increase national understanding of the charter school model by expanding the

number of high-quality charter schools available to students nationwide. We also agree that the commenter's proposed selection criterion (and its three elements) would promote this purpose. We believe, however, that the definitions, requirements, and selection criteria set forth in this notice will be more effective not only in increasing the number of high-quality charter schools available to students across the Nation, but also, in promoting the other purposes of the Collaboration Awards.

Change: Although we decline to add the new selection criterion proposed by the commenter, we have revised section (a)(1) of the Eligibility Requirements of this notice to allow public charter schools that do not qualify as high-quality charter schools (as defined in this notice) to be included as partners in the collaboration so long as (1) the lead applicant is a high-quality charter school; (2) the lead applicant is separate and distinct from other charter schools included as partners in the collaboration; and (3) at least one non-chartered public school (as defined in this notice) or non-chartered LEA (as defined in this notice) also is a part of the collaboration. We also have added a sentence to section (a)(2) of the Eligibility Requirements section of this notice to clarify that public charter schools that are not high-quality charter schools

are ineligible to serve as the lead applicant or fiscal agent; and revised section (b)(4) of this notice (Funding Restrictions) to allow collaborations to expand by adding public charter schools that are not high-quality charter schools, as described in the grant application. We think these changes further support the goal of increasing the number of high-quality charter schools.

FINAL PROGRAM REQUIREMENTS:

The Assistant Deputy Secretary for Innovation and Improvement establishes the following program requirements for the Collaboration Awards. We may apply one or more of these requirements in any year in which this program is in effect.

(a) Eligibility:

(1) Eligible applicants must be high-quality charter schools (as defined in this notice) that apply in partnership with at least one non-chartered public school (as defined in this notice) or non-chartered LEA (as defined in this notice) and have the support of the partner(s) to participate in the Collaboration Awards competition in accordance with requirements in the Final Application Requirements section of this notice. Other public charter schools that do not qualify as high-quality charter schools may be included in the collaboration so

long as (1) the lead applicant is a high-quality charter school; (2) the lead applicant is separate and distinct from any other charter schools included as partners in the collaboration; and (3) at least one non-chartered public school (as defined in this notice) or non-chartered LEA (as defined in this notice) also is a part of the collaboration.

(2) The partnership must comply with the requirements for group applications set forth in 34 CFR 75.127-75.129.

Note: Only an eligible entity (a high-quality charter school) may apply for a grant or be the fiscal agent for a grant. Thus, neither a non-chartered public school (as defined in this notice) nor a non-chartered LEA (as defined in this notice) is eligible to serve as the lead applicant or fiscal agent for a Collaboration Award. Nor is a public charter school that is not a high-quality charter school eligible to serve as the lead applicant or fiscal agent.

(3) Eligible applicants may not have any significant compliance issues (as defined in this notice), including in the areas of student safety, financial management, and statutory or regulatory compliance.

(b) Funding Restrictions: A Collaboration Award recipient must use the grant funds for one or more of the following: (1) continuing the collaboration for which it

received the award, as described in its grant application; (2) modifying the collaboration for which it received the award, as described in the grant application; (3) expanding the collaboration for which it received the award by adding additional areas of collaboration, as described in the grant application; (4) expanding the collaboration for which it received the award by adding additional partners (non-chartered public schools (as defined in this notice), non-chartered LEAs (as defined in this notice), or public charter schools that are not high-quality charter schools), as described in the grant application. Collaboration Award recipients also must use a portion of the grant funds to disseminate information about the collaboration activities to other public schools, including public charter schools, non-chartered public schools (as defined in this notice), and non-chartered LEAs (as defined in this notice). All activities carried out under the Collaboration Awards must fall within the scope of authorized activities set forth in section 5205(a) of the ESEA.

FINAL APPLICATION REQUIREMENTS:

The Assistant Deputy Secretary for Innovation and Improvement establishes the following application requirements for the CSP Collaboration Awards competition.

We may apply one or more of these requirements in any year in which this program is in effect.

An applicant for a Collaboration Award must--

(a) Provide a detailed narrative describing (1) the applicant's past or existing collaboration (which may involve more than one partner); (2) the applicant's proposal to continue, modify, or expand (by adding new areas of collaboration or new partners) the collaboration; and (3) the applicant's plan to disseminate information about the collaboration (which may include information about best practices) to other public schools, including public charter schools, non-chartered public schools, and non-chartered LEAs.

The proposed collaboration may focus on a wide range of areas within the scope of activities authorized under section 5205(a) of the ESEA. The list of potential areas includes, but is not limited to, curriculum and instruction, data management and sharing, organization and management, personnel, facilities, finances, Federal programs, standards, assessments, special education services and access to charter schools by students with disabilities, English learners, student transportation, professional development and training, and school climate.

(b) Provide written assurances from authorized officials of the entities involved in the partnership that all participants--

- Agree to submit an application for an award under the competition and have read, understand, and agree with the application for the competition; and

- Authorize the executive summary or narrative of the application, with proprietary information redacted, to be published on the U.S. Department of Education's Web site (ed.gov), data.ed.gov, the National Charter School Resource Center Web site (charterschoolcenter.org), or any other Web site or publication deemed appropriate by the Secretary;

(c) Submit a partnership agreement that meets the requirements of 34 CFR 75.128(b);

(d) Provide a clear description of the goals and desired outcomes of the proposed collaboration and current or proposed measures that would be used to gauge success in meeting those goals and desired outcomes;

(e) Describe any past, existing, or anticipated obstacles to implementing the collaboration or to disseminating information about the collaboration, and the strategies that were or will be used to overcome those obstacles;

(f) Specify how the award money will be used to implement the collaboration and to disseminate information about the collaboration in accordance with section 5205(a) of the ESEA; and

(g) Specify how the award money will be allocated between the lead applicant and the partner(s) named in the application, including the specific activities that will be carried out by the lead applicant and its partner(s).

DEFINITIONS:

In addition to the definitions in section 5210 of the ESEA, which include the definition of "charter school," we are establishing the following definitions for the Collaboration Awards competition. We may apply one or more of these definitions in any year in which we make awards under a Collaboration Awards competition.

Collaboration means the activities of a partnership in which two or more organizations or entities work together to accomplish a common goal, which may involve sharing or transferring best practices or strategies.

High-quality charter school means a charter school (as defined in section 5210(1) of the ESEA) that has no significant compliance issue (as defined in this notice) and shows evidence of strong academic results for the past three years (or over the life of the school if the school

has been open for fewer than three years), based on the following factors:

(1) Increased student achievement (as defined in this notice) and attainment for all students, including, as applicable, educationally disadvantaged students served by the charter school.

(2) Either--

(i) Demonstrated success in closing historic achievement gaps for the subgroups of students described in section 1111(b)(2)(C)(v)(II) of the ESEA at the charter school; or

(ii) No significant achievement gaps between any of the subgroups of students described in section 1111(b)(2)(C)(v)(II) of the ESEA at the charter school and significant gains in student achievement (as defined in this notice) with all populations of students served by the charter school.

(3) Results (including, where applicable and available, performance on statewide tests, attendance and retention rates, high school graduation rates, college attendance rates, and college persistence rates) for low-income and other educationally disadvantaged students served by the charter school that are above the average achievement results for such students in the State.

Non-chartered local educational agency (LEA) means an LEA that does not qualify as a charter school as defined in section 5210(1) of the ESEA or under State law.

Non-chartered public school means a public school that does not qualify as a charter school under section 5210(1) of the ESEA or under State law.

Significant compliance issue means a violation that did, will, or could lead to the revocation of a school's charter.

Student achievement means--

(a) For tested grades and subjects: (1) a student's score on the State's assessments under the ESEA; and (2) as appropriate, other measures of student learning, such as those described in paragraph (b) of this definition, provided they are rigorous and comparable across schools.

(b) For non-tested grades and subjects: alternative measures of student learning and performance, such as student scores on pre-tests and end-of-course tests; student performance on English language proficiency assessments; and other measures of student achievement that are rigorous and comparable across schools.

FINAL SELECTION CRITERIA:

The Secretary establishes the following selection criteria for Collaboration Awards competitions and may

apply one or more of these criteria alone or in combination with one or more selection criteria (1) based on the CSP authorizing statute or (2) in 34 CFR 75.210, in any year in which this program is in effect. In the notice inviting applications or the application package, or both, we will announce the maximum possible points assigned to each criterion.

The Secretary may make awards to the top-rated applications proposing to carry out activities in specific areas of focus (e.g., curriculum and instruction, data management and sharing, organization and management) within the scope of authorized activities under section 5205(a) of the ESEA. In a particular year, the Secretary may restrict applications to one or more areas of focus. Additionally, in making awards, the Secretary may fund applications out of rank order in order to ensure that the Collaboration Awards are distributed throughout each area of the Nation or a State.

(1) Record of and potential for success of collaboration. (A) The extent to which the applicant's past or existing collaboration has improved educational outcomes and operational practices; and (B) The extent to which the applicant's proposed collaboration and

dissemination plan will achieve one or more of the following demonstrable results:

(i) Improved operational practices and productivity among all partners in such areas as financial performance and sustainability, governing board performance and stewardship, and parent and community engagement.

(ii) Improved student achievement (as defined in this notice).

(iii) Improved student attendance and retention, and improved high school graduation rates.

(iv) Improved rates of college matriculation and college graduation.

(v) Improved rates of attendance and graduation from other postsecondary (i.e., non-college) institutions or programs.

(2) Quality of the lead applicant. (A) The degree, including the consistency over the past three years, to which the applicant has demonstrated success in significantly increasing student achievement (as defined in this notice) and attainment for all students, including, as applicable, educationally disadvantaged students served by the charter school.

(B) Either--

(i) The degree, including the consistency over the past three years, to which the applicant has demonstrated success in closing historic achievement gaps for the subgroups of students described in section 1111(b)(2)(C)(v)(II) of the ESEA at the charter school; or

(ii) The degree, including the consistency over the past three years, to which there have not been significant achievement gaps between any of the subgroups of students described in section 1111(b)(2)(C)(v)(II) of the ESEA at the charter school and to which significant gains in student achievement (as defined in this notice) have been made with all populations of students served by the charter school.

(C) The degree, including the consistency over the past three years, to which the applicant has achieved results (including, where applicable and available, performance on statewide tests, student attendance and retention rates, high school graduation rates, college attendance rates, and college persistence rates) for students from low-income families and other educationally disadvantaged students served by the charter school that are above the average academic achievement results for such students attending other public schools in the State.

(3) Quality of the project design. The extent to which the applicant proposes a high-quality plan to use its Collaboration Award funds to improve educational outcomes and operational practices in public schools, including public charter schools.

(4) Potential for scalability. The extent to which the applicant's proposed collaboration can be replicated or adapted beyond the participating partners by other public schools or LEAs, including public charter schools and charter school LEAs, and sustained over the long-term.

(5) Innovation. The extent to which the applicant demonstrates that its proposed collaboration, as well as its dissemination plan, are either (a) substantially different from other efforts in its area of focus; or (b) substantially more effective than similar efforts in its area of focus.

Final Definitions, Requirements, and Selection Criteria

Note: This notice does not preclude us from proposing additional priorities, requirements, definitions, or selection criteria, subject to meeting applicable rulemaking requirements.

Note: This notice does not solicit applications. In any year in which we choose to use one or more of these

definitions, requirements, and selection criteria we invite applications through a notice in the Federal Register.

Executive Orders 12866 and 13563

Regulatory Impact Analysis

Under Executive Order 12866, the Secretary must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive order and subject to review by the Office of Management and Budget (OMB). Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action likely to result in a rule that may--

(1) Have an annual effect on the economy of \$100 million or more, or adversely affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments or communities in a material way (also referred to as an "economically significant" rule);

(2) Create serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles stated in the Executive order.

This final regulatory action is not a significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866.

We have also reviewed this final regulatory action under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency--

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and taking into account--among other things and to the extent practicable--the costs of cumulative regulations;

(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental,

public health and safety, and other advantages;
distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including economic incentives--such as user fees or marketable permits--to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." The Office of Information and Regulatory Affairs of OMB has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

We are issuing these final definitions, requirements, and selection criteria only on a reasoned determination that their benefits justify their costs. In choosing among alternative regulatory approaches, we selected those approaches that maximize net benefits. The Department

believes that this regulatory action is consistent with the principles in Executive Order 13563.

We also have determined that this regulatory action does not unduly interfere with State, local, and Tribal governments in the exercise of their governmental functions.

In accordance with both Executive orders, the Department has assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action. The potential costs are those resulting from statutory requirements and those we have determined as necessary for administering the Department's programs and activities.

Paperwork Reduction Act of 1995: The Paperwork Reduction Act of 1995 does not require you to respond to a collection of information unless it displays a valid OMB control number. The collection of information is approved under OMB control number 1855-0026.

Intergovernmental Review: This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive Order is to foster an intergovernmental partnership and a strengthened federalism. The Executive Order relies on processes

developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of our specific plans and actions for this program.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to either of the program contact persons listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available via the Federal Digital System at: www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

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Dated: July 25, 2012

James H. Shelton, III,
Assistant Deputy Secretary for
Innovation and Improvement.

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