

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass
Vote: 6 - 2 - 1
Yeas: Fagan, Gomberg, Gorsek, Huffman, Reardon, Gelser
Nays: Parrish, Whisnant
Exc.: Sprenger
Prepared By: Rick Berkobien, Administrator
Meeting Dates: 3/22, 4/12

WHAT THE MEASURE DOES: Allows sponsor to terminate charter of public charter school for failure of school to have audit prepared or failure to forward audit information. Requires school district sponsoring charter school to include information in annual audit to Oregon Department of Education (ODE) as part of audit report for school district, and allows ODE to withhold State School Fund payments if information is not submitted. Allows sponsor to terminate charter for failure to maintain sound financial system, and to develop plan to correct deficiencies with sponsor. Requires school district board to consider prior history of applicant in operating a public charter school or providing educational services when considering proposal for charter school.

ISSUES DISCUSSED:

- All Prep Charter School
- Meaning of term “sound financial system”
- Timing of reporting
- Protections that exist for charters
- Background and purpose for legislation

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: A charter school can be immediately terminated if the health and safety of students is at risk. A charter school may also be terminated for failing to meet the terms of an approved charter or ORS 338, failing to meet the requirements for student performance, failing to correct a violation of a federal or state law that is described in ORS 338.115, failing to maintain insurance as described in the charter, or failing to maintain financial stability.

According to the Oregon Department of Education, between 1999 and June 2006, Oregon saw seventy-eight charter schools open and sixteen subsequently close either through termination of the contract or a non-renewal process. During the 2005-06 school year, two charter schools were terminated and three others were non-renewed at the end of their contract by their authorizers. The sixteen charter school closures represent 20 percent of all Oregon charter schools. Nationally, charter schools have an 11percent closure rate. The two most prevalent reasons for charter school closure in Oregon are financial instability and/or enrollment issues. These closures typically occurred at the end of a contract period when the authorizer decided not to continue the contract. Authorizing boards chose to non-renew three charter schools mainly due to financial concerns and three non-renewals were for lack of enrollment. One charter contract was non-renewed due to failure to meet contract provisions.