

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3093  
(INCLUDING AMENDMENTS TO RESOLVE CONFLICTS)**

1 On page 1 of the printed bill, line 2, delete “, 338.095”.

2 Delete lines 4 through 25 and delete pages 2 and 3.

3 On page 4, delete lines 1 through 13 and insert:

4 **“SECTION 1. ORS 327.137 is amended to read:**

5 **“327.137. (1)(a) Every common or union high school district or education**  
6 **service district shall file a copy of its audit report with the Department of**  
7 **Education within six months of the end of the fiscal year for which the audit**  
8 **is required. The audit report shall include:**

9 **“(A) Information necessary for the computation required in the**  
10 **administration of ORS 327.006 to 327.133, 327.348, 327.731, 328.542 and**  
11 **530.115 and this section; and**

12 **“(B) If the district is a sponsor of any public charter schools, a copy**  
13 **of each annual audit forwarded to the district as required by ORS**  
14 **338.095 (4).**

15 **“(b) If the audit report, as submitted to the district, fails to provide the**  
16 **detail necessary for the computation required in the administration of ORS**  
17 **327.006 to 327.133, 327.348, 327.731, 328.542 and 530.115 and this section, the**  
18 **district shall submit the necessary information on forms provided by the de-**  
19 **partment within the time prescribed for filing the audit in this section.**

20 **“(c) The Superintendent of Public Instruction may withhold any**  
21 **payments from the State School Fund for a public charter school that,**

1 pursuant to ORS 338.155, are due to a district under ORS 327.095 if:

2 “(A) The audit report filed by the district fails to include the public  
3 charter school annual audit as required by paragraph (a)(B) of this  
4 subsection; and

5 “(B) The district has not filed the public charter school annual au-  
6 dit with the department by April 1.

7 “(d) If payments are withheld as provided by paragraph (c) of this  
8 subsection, the superintendent may allow payments to be made from  
9 the State School Fund to the district upon receipt of the annual audit  
10 or upon the meeting of any other conditions identified by rule of the  
11 State Board of Education.

12 “(e) Any district failing to file a copy of *[its]* an audit report under this  
13 section or a report under ORS 327.133 *[shall]* may not receive any payments  
14 from the State School Fund until *[such reports are]* the report is filed.

15 “(2) Notwithstanding the timeline provided by this section and pursuant  
16 to rules adopted by the State Board of Education, the superintendent *[of*  
17 *Public Instruction]* may waive a reporting date or specify an alternative date  
18 to provide the audit report or information if a human-created disaster or a  
19 natural disaster affects the ability of a school district or an education ser-  
20 vice district to provide the audit report or information by a specified date.

21 **“SECTION 2.** ORS 338.105 is amended to read:

22 “338.105. (1) During the term of a charter, the sponsor may terminate the  
23 charter on any of the following grounds:

24 “(a) Failure to meet the terms of an approved charter or this chapter.

25 “(b) Failure to meet the requirements for student performance stated in  
26 the charter.

27 “(c) Failure to correct a violation of a federal or state law that is de-  
28 scribed in ORS 338.115.

29 “(d) Failure to maintain insurance as described in the charter.

30 “(e) Failure to maintain financial stability.

1       “(f) Failure to maintain, for [*two*] **one** or more consecutive years, a sound  
2 financial management system described in the proposal submitted under ORS  
3 338.045 and incorporated into the written charter under ORS 338.065.

4       “(2)(a) If a charter is terminated under subsection (1) of this section, the  
5 sponsor shall notify the public charter school governing body at least 60 days  
6 prior to the proposed effective date of the termination. The notice shall state  
7 the grounds for the termination.

8       “(b) **If the grounds for termination include failure to maintain fi-**  
9 **ncial stability or failure to maintain a sound financial management**  
10 **system, the sponsor and the public charter school may agree to de-**  
11 **velop a plan to correct deficiencies. Under a plan to correct deficien-**  
12 **cies:**

13       “(A) **The public charter school may attempt to correct any defi-**  
14 **ciencies related to financial stability or to a sound financial manage-**  
15 **ment system by a date identified by the sponsor, which may not be less**  
16 **than 60 days from the date of the notice;**

17       “(B) **The proposed effective date of the termination may be ex-**  
18 **tended to the date identified under subparagraph (A) of this paragraph;**

19       “(C) **The sponsor may withhold up to 50 percent of the moneys owed**  
20 **to the public charter school while the public charter school is on the**  
21 **plan to correct deficiencies unless the withholding would create an**  
22 **undue hardship, as determined pursuant to rules of the State Board**  
23 **of Education; and**

24       “(D) **The sponsor must hold in trust any moneys withheld under**  
25 **subparagraph (C) of this paragraph until:**

26       “(i) **The public charter school complies with the plan to correct**  
27 **deficiencies, at which time the public charter school is entitled to the**  
28 **moneys held in trust; or**

29       “(ii) **The public charter school fails to comply with the plan to**  
30 **correct deficiencies, at which time the charter is terminated and the**

1 **public charter school forfeits any claim to the moneys held in trust.**

2 **“(c) A deadline to correct deficiencies under paragraph (b)(A) of this**  
3 **subsection may be extended by mutual agreement of the sponsor and**  
4 **the public charter school.**

5 **“(d) The public charter school governing body may request a hearing by**  
6 **the sponsor in relation to a termination of the charter or a plan to**  
7 **correct deficiencies.**

8 **“(3) A public charter school governing body may appeal a decision of a**  
9 **sponsor that is related to a termination of the charter or a plan to**  
10 **correct deficiencies to:**

11 **“(a) The state board if the sponsor is an entity described in ORS 338.005**  
12 **(5)(a) or (c). The board shall adopt by rule procedures to ensure a timely**  
13 **appeals process to prevent disruption of students’ education.**

14 **“(b) The circuit court pursuant to ORS 183.484 if the sponsor is the State**  
15 **Board of Education.**

16 **“(4)(a) Notwithstanding subsection (2) of this section, a sponsor may ter-**  
17 **minate a charter immediately and close a public charter school if the public**  
18 **charter school is endangering the health or safety of the students enrolled**  
19 **in the public charter school.**

20 **“(b) The public charter school governing body may request a hearing from**  
21 **the sponsor on the termination of the charter under this subsection. The**  
22 **sponsor shall hold a hearing within 10 days after receiving the request.**

23 **“(c) The public charter school governing body may appeal a decision of**  
24 **a sponsor under this subsection to the State Board of Education. The State**  
25 **Board of Education shall hold a hearing within 10 days after receiving the**  
26 **appeal request.**

27 **“(d) Throughout the appeals process, the public charter school shall re-**  
28 **main closed at the discretion of the sponsor unless the State Board of Edu-**  
29 **cation orders the sponsor to open the public charter school and not**  
30 **terminate the charter.**

1 “(5) Termination of a charter shall not abridge the public charter school’s  
2 legal authority to operate as a private or nonchartered public school.

3 “(6) If a charter is terminated or a public charter school is dissolved:

4 “(a) The assets of the public charter school that were purchased with  
5 public funds shall be given to the State Board of Education. The State Board  
6 of Education may disburse the assets of the public charter school to school  
7 districts or other public charter schools.

8 “(b) All student education records of the public charter school shall be  
9 transferred to the administrative office of the school district in which the  
10 public charter school was located.

11 “(7) A public charter school governing body may only terminate a charter,  
12 dissolve or close a public charter school at the end of a semester. If a charter  
13 is terminated by the public charter school governing body or a public charter  
14 school is closed or dissolved, the public charter school governing body shall  
15 notify the sponsor at least 180 days prior to the proposed effective date of  
16 the termination, closure or dissolution.

17 **“SECTION 3. If House Bill 2150 becomes law, section 2 of this 2013**  
18 **Act (amending ORS 338.105) is repealed and ORS 338.105, as amended**  
19 **by section 10, chapter \_\_, Oregon Laws 2013 (Enrolled House Bill 2150),**  
20 **is amended to read:**

21 “338.105. (1) During the term of a charter, the sponsor may terminate the  
22 charter on any of the following grounds:

23 “(a) Failure to meet the terms of an approved charter or this chapter.

24 “(b) Failure to meet the requirements for student performance stated in  
25 the charter.

26 “(c) Failure to correct a violation of a federal or state law that is de-  
27 scribed in ORS 338.115.

28 “(d) Failure to maintain insurance as described in the charter.

29 “(e) Failure to maintain financial stability.

30 “(f) Failure to maintain, for [*two*] **one** or more consecutive years, a sound

1 financial management system described in the proposal submitted under ORS  
2 338.045 and incorporated into the written charter under ORS 338.065.

3 “(2)(a) If a charter is terminated under subsection (1) of this section, the  
4 sponsor shall notify the public charter school governing body at least 60 days  
5 prior to the proposed effective date of the termination. The notice shall state  
6 the grounds for the termination.

7 “(b) If the grounds for termination include failure to maintain fi-  
8 nancial stability or failure to maintain a sound financial management  
9 system, the sponsor and the public charter school may agree to de-  
10 velop a plan to correct deficiencies. Under a plan to correct deficien-  
11 cies:

12 “(A) The public charter school may attempt to correct any defi-  
13 ciencies related to financial stability or to a sound financial manage-  
14 ment system by a date identified by the sponsor, which may not be less  
15 than 60 days from the date of the notice;

16 “(B) The proposed effective date of the termination may be ex-  
17 tended to the date identified under subparagraph (A) of this paragraph;

18 “(C) The sponsor may withhold up to 50 percent of the moneys owed  
19 to the public charter school while the public charter school is on the  
20 plan to correct deficiencies unless the withholding would create an  
21 undue hardship, as determined pursuant to rules of the State Board  
22 of Education; and

23 “(D) The sponsor must hold in trust any moneys withheld under  
24 subparagraph (C) of this paragraph until:

25 “(i) The public charter school complies with the plan to correct  
26 deficiencies, at which time the public charter school is entitled to the  
27 moneys held in trust; or

28 “(ii) The public charter school fails to comply with the plan to  
29 correct deficiencies, at which time the charter is terminated and the  
30 public charter school forfeits any claim to the moneys held in trust.

1       **“(c) A deadline to correct deficiencies under paragraph (b)(A) of this**  
2 **subsection may be extended by mutual agreement of the sponsor and**  
3 **the public charter school.**

4       **“(d) The public charter school governing body may request a hearing by**  
5 **the sponsor in relation to a termination of the charter or a plan to**  
6 **correct deficiencies.**

7       “(3) A public charter school governing body may appeal a decision of a  
8 sponsor under this section. The appeal shall be to:

9       “(a) The State Board of Education if the sponsor is an entity described  
10 in ORS 338.005 (5)(a) or (c). The State Board of Education shall:

11       “(A) Review only:

12       **“(i) The grounds for termination under this section as stated by the**  
13 **school district board; or**

14       **“(ii) A plan to correct deficiencies; and**

15       “(B) Adopt by rule procedures to ensure a timely appeals process to pre-  
16 vent disruption of students’ education.

17       “(b) The circuit court pursuant to ORS 183.484 if the sponsor is the State  
18 Board of Education.

19       “(4)(a) Notwithstanding subsection (2) of this section, a sponsor may ter-  
20 minate a charter immediately and close a public charter school if the public  
21 charter school is endangering the health or safety of the students enrolled  
22 in the public charter school.

23       “(b) The public charter school governing body may request a hearing from  
24 the sponsor on the termination of the charter under this subsection. The  
25 sponsor shall hold a hearing within 10 days after receiving the request.

26       “(c) The public charter school governing body may appeal a decision of  
27 a sponsor under this subsection to the State Board of Education. The State  
28 Board of Education shall hold a hearing within 10 days after receiving the  
29 appeal request.

30       “(d) Throughout the appeals process, the public charter school shall re-

1 main closed at the discretion of the sponsor unless the State Board of Edu-  
2 cation orders the sponsor to open the public charter school and not  
3 terminate the charter.

4 “(5) Termination of a charter shall not abridge the public charter school’s  
5 legal authority to operate as a private or nonchartered public school.

6 “(6) If a charter is terminated or a public charter school is dissolved:

7 “(a) The assets of the public charter school that were purchased with  
8 public funds shall be given to the State Board of Education. The State Board  
9 of Education may disburse the assets of the public charter school to school  
10 districts or other public charter schools.

11 “(b) All student education records of the public charter school shall be  
12 transferred to the administrative office of the school district in which the  
13 public charter school was located.

14 “(7) A public charter school governing body may only terminate a charter,  
15 dissolve or close a public charter school at the end of a semester. If a charter  
16 is terminated by the public charter school governing body or a public charter  
17 school is closed or dissolved, the public charter school governing body shall  
18 notify the sponsor at least 180 days prior to the proposed effective date of  
19 the termination, closure or dissolution.”.

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