

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools (40 points)**

*Oregon Law Supporting Charter School Creation and Operation*

Oregon adopted its charter school law in 1999. Ten years later, Oregon charter schools are doing well and growing. Oregon has just over 100 charter schools, with roughly a dozen new schools opening each year. Oregon's original 11 charter schools began operation in 2000-2001 with a total enrollment of 622 students. At the end of the 2008-09 school year, according to the Oregon Report Card, charter schools were serving nearly 15,400 students, or 2.7% of the state's public school enrollment.

Charter schools are authorized and governed under the provisions of Chapter 338, Oregon Revised Statutes (ORS), as well as Oregon Administrative Rules (OAR) 581-020-0310 through 581-020-0395.

The stated mission of nearly 30% of Oregon's charter schools is to meet the educational needs of at-risk, inner-city, non-mainstream, or under-represented student populations. All charter school applications must have a plan to address the needs of low-achieving students.

*Legislative Intent for Charter Schools*

As noted in ORS 338.015, the Legislature intended the public charter school law as a way for education stakeholders "to take responsible risks to create new, innovative and more flexible ways of educating children within the public school system."

*No Prohibition or Inhibition of Charter School Growth*

Oregon charter schools and their enrollment continue to grow. Oregon law does not set limits on the number of charter schools that can be created. On the contrary, state law supports the creation and operation of charter schools in a number of ways. According to the 2008-09 charter school evaluation report cited above, Oregon's charter school enrollment has doubled in the past few years, and schools continue to apply and open. The report notes that 12 additional schools received incentive grants during the 2008-09

year and most will likely open by fall 2011. Based on previous experience, according to the report, “it is reasonable to assume charter school enrollment will continue to grow.”

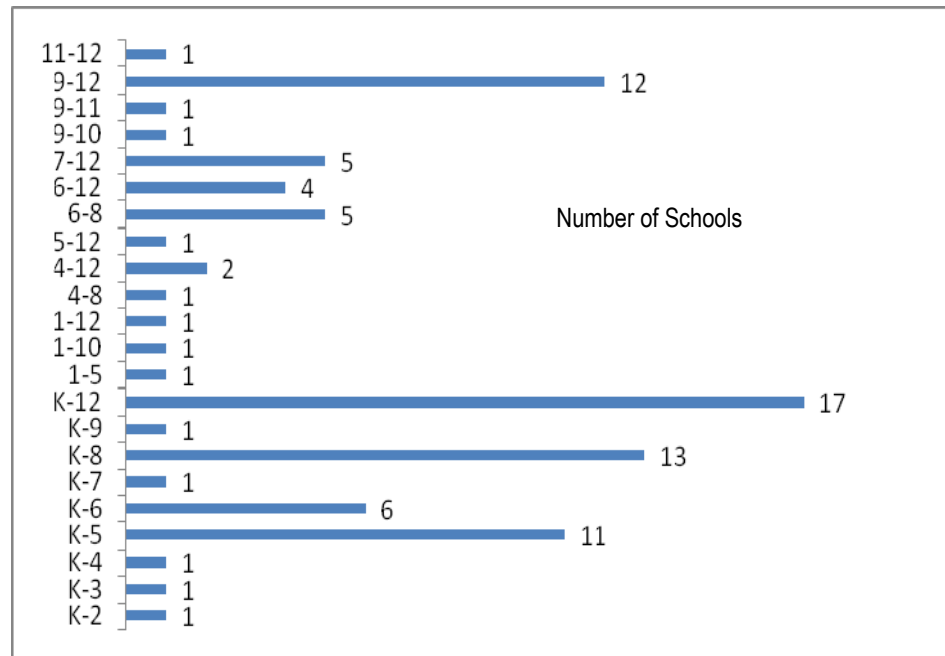
Oregon’s support for charter school growth was recognized by the United States Department of Education in 2008 with a \$9.5 million Charter School Program grant award. Oregon, one of only five states to receive this competitive award under the USED’s Charter Schools Program, was cited for “strong annual growth in the number of charter schools that school districts are authorizing.”

Most Oregon charter schools are independently operated and relatively small, with average enrollment around 138 and only one exceeding 500: an online charter school with about 2,500 students. Thirty-six charter schools have less than 100 students. Oregon has only two charter operators with more than two schools; the largest has six.

The figure at right illustrates the various grade configurations among the state’s 88 charter schools as of October 2008.

Under ORS 338.075 if a school district board does not approve a charter application, the applicant (pursuant to ORS 338.055) may request the State Board of Education to play a role in mediating the dispute. If, after mediation, a school district still refuses to grant a charter, the State Board may willingly become the charter school sponsor or be compelled to do so following an independent review. The Oregon Department of

**Oregon Charter School Grade Configurations in 2008-09**



Source: *Oregon Charter Schools 2008-09 Evaluation Report*

Education sponsors three charters at present under this provision.

### ***Charter School Formation***

ORS 338.035 provides that a public charter school may be established as a new public school, from an existing public school or a portion of the school, or from an existing alternative education program, as defined in ORS 336.615. Before a public charter school may operate it must be approved by a sponsor, be established as a nonprofit organization under the laws of Oregon, and have applied to qualify as an exempt organization under section 501(c)(3) of the Internal Revenue Code.

An applicant seeking to establish a public charter school must submit a proposal pursuant to ORS 338.045 to the school board of the district within which the charter school will be located. This portion of the law requires a charter school developer to provide detailed information about 25 elements of the proposed school, including the school's philosophy and mission, governance structure, projected enrollment, target student population, financial plan, school calendar, and services to special student populations, among other things. Under ORS 338.065 once a school board approves a proposal based on a thorough analysis of several key criteria, it becomes the charter sponsor. The applicant and sponsor then develop a written charter that authorizes formation and operation of the charter school. An initial charter is in effect for up to five years and is subject to renewal by its sponsor at the end of that period. The rigor of the chartering process required by Oregon law supports the establishment of only high-quality charter schools.

RTTT application guidelines request for each of the last five years the number of charter school applications made in the state, the number of charter school applications approved, and the number of charter school applications denied and reasons for the denials (academic, financial, low enrollment, other). These are all local decisions that districts are not required to report, so aggregate data is not available. However, in the past decade, 30 charter school applicants turned down by local boards have appealed to ODE. The State Board of Education mediated successfully for three of them, which were then sponsored by local districts. The State Board sponsored another four, three of which are still operating. All others were turned down or withdrew from the process, except for one whose appeal is currently pending.

### ***Charter School Accountability Requirements***

Under ORS 338.095, public charter schools are held accountable operationally, financially, and academically in a number of ways. Additionally, the State monitors its performance in meeting benchmarks for overall charter school development and growth.

A school must file a report at least once a year to its sponsor and the State Board of Education revealing how it is complying with state law. A delegate of the sponsor must visit the school at least once a year to review the school's compliance with the provisions of its charter.

The school is required to have an annual financial audit in accordance with the Municipal Audit Law, ORS 297.405 to 297.555 and 297.990. The annual audit must be forwarded to the sponsor, the State Board of Education, and ODE.

The State Board of Education may require public charter schools to file reports with the Department of Education as necessary to enable the department to gather information on public charter schools for inclusion in the Oregon Report Card issued pursuant to ORS 329.115.

Charter schools participate in the Oregon Assessment of Knowledge and Skills (OAKS) statewide assessment and are rated under both No Child Left Behind AYP and the Oregon Report Card for assessment scores and a variety of other indicators.

The Oregon Department of Education annually monitors its progress on a number of aggregate charter school performance measures which it includes in its Grant Performance Report to the U.S. Department of Education. As described in the State's 2008-09 charter school evaluation report, here is a sampling of benchmarks met by Oregon's charter school program:

- Benchmark: By 2008 there will be 10,000 students served by charter schools in the State of Oregon. *Result: October 2008 enrollment exceeded 14,500 and by October 2009, reached 15,400.*
- Benchmark: At least 75% of charter schools receiving Oregon School Report Cards will have ratings of satisfactory or above in all areas. *Result: In the 2008-09 OAKS assessment, 92% were rated satisfactory or outstanding.*
- Benchmark: Oregon will compare the percentage of charter schools meeting AYP to the percentage of non-charter public schools meeting AYP and compare the most effective programs. *Result: In 2008-09 charter schools performed comparably*

*to non-charter public schools at all testing levels. In Oregon, 79% of charter schools met AYP as compared to 70% of traditional public schools.*

- Benchmark: The percentage of charter schools that receive a “low” or “unacceptable” rating on the Oregon State Report Card and the percentage of Title I charter schools not meeting AYP will decrease each year. *According to Oregon assessment data, charter schools receiving a “low” or “unacceptable” rating have gone from 33% of rated schools in 2005-06, to 23% in 2006-07, to 17% in 2007-08, and to 8% in 2008-09.*

### ***Charter School Closure***

In Oregon, charter schools may be closed using three methods: (1) the school closes itself; (2) the charter of the school is not renewed; or (3) the charter of the school is terminated. Oregon Revised Statute 338.105 provides that a sponsor may terminate the charter on any of five grounds: (1) failure to meet the terms of an approved charter or the State charter law; (2) failure to meet the requirements for student performance stated in the charter, (3) failure to correct a violation of a federal or state law that is described in ORS 338.115, (4) failure to maintain insurance as described in the charter, or (5) failure to maintain financial stability. The same statute allows a sponsor to immediately close a charter school for health or safety issues.

Oregon charter school sponsors have terminated or not renewed ten charter schools of the total 120 opened over the past ten years, based on school failure to meet performance commitments within charter contracts. Charter schools have closed for a variety of reasons, according to the state charter school evaluation report for 2008-09. The most prevalent are financial instability or facility deficiencies raising health or safety concerns. Some have failed to maintain sufficient enrollment (the state minimum is 25 students). The 10 closed charter schools remained open for an average of 36 months prior to closure. Another ten charter schools have converted or reverted to alternative schools or other district-operated schools. The ability to terminate or not renew charters that fail to perform in the academic, financial or operational areas outlined in their contract contributes to Oregon’s ability to ensure that its charter schools are high quality.

### ***Charter School Operational Funding***

Charter schools are funded within the framework of Oregon public school funding. Oregon public school operations are funded by a combination of property tax receipts, State General Fund school support grants, and in special cases, revenue bonds approved by school district voters. Because of property tax limitations passed by voters statewide during the 1990s, the State now provides about 75% of local school funding, which takes up about half of the State's General Fund budget.

Charter schools receive a share of public school funding through Oregon's funding formula from what are called state general purpose grants. Oregon's funding formula provides approximately 85% of all operating funds received by districts. The grants are made based on school enrollment expressed in weighted average daily membership (ADMw). Under ORS 338.155 if a school district is the sponsor of a charter school, it must fund the charter school's operations for kindergarten through grade 8 at no less than 80% of the district's funding per ADMw, and grades 9 through 12 at no less than 90% of the district's funding per ADMw. If a charter school is sponsored by the State Board of Education, the school district in which it resides must pass through at least 90% of its funding per ADMw for grades K through 8, and 95% for grades 9 through 12. Some sponsors fund their charter schools at a percentage higher than the minimum.

However, outside of the general purpose grants, Oregon law does not require that charter schools receive any other state, local, or federal education funds. Because, the law does not require districts to pass through local special levies, capital funds, federal title dollars or other supplemental funding, the actual per-pupil funding of charter schools varies depending on district policies—with most in the range of 55-65% of the district average.

### ***Charter School Development Support***

To promote charter school quality, ORS 338.185 directs the Department of Education to award grants to public charter schools that have a charter approved by a sponsor or to applicants that wish to establish or expand a public charter school. Under rules adopted by the State Board of Education, ODE awards grants on the basis of need, giving priority to public charter schools serving at-risk youth. Since 2005, under its Incentive Grant Program for charter school development, ODE has distributed more than \$65

million in such funds provided by the federal Charter School Program Grant in amounts up for \$505,000 per charter school for planning, implementation, and further development.

### ***Facilities Support***

The State of Oregon does not fund facilities for local school districts or for public charter schools, but in regard to public charter schools, ORS 338.045 (5) requires school districts, education service districts, and other public bodies, as defined in ORS 174.109, to make available to the public lists of vacant and unused public buildings and portions of buildings that may be suitable for the operation of a public charter school. However, nothing in that part of the statute requires the owner of a building on the list to sell or lease the building or any portion of the building to a public charter school or a public charter school governing body.

### ***Innovative, Autonomous Public Schools***

There are a substantial number of non-charter public schools in Oregon that are both innovative and autonomous. Most of them are alternative schools, which have seen rapid growth in recent years. Also, in the past seven years, the Oregon Small Schools Initiative, funded by private foundation grants, assisted 14 school districts in creating 38 small schools – 17 of them autonomous and non-charter.

### ***Alternative Schools***

Oregon Revised Statutes 336.615 to 336.675 authorize Oregon school districts to operate public or private alternative education programs, meaning schools or separate class groups designed to best serve students' educational needs and interests and to assist students in achieving the academic standards of the school district and the State. ORS 336.625, in particular, directs school districts, in implementing alternative education programs, to maintain learning situations that are flexible with regard to environment, time, structure and pedagogy.

In the spring of 2009, according to the Oregon Report Card 2008-09, there were 484 alternative education schools or programs within schools (a 5.7% increase over the previous year). These programs served 21,561 students (20,146 of them in high school), nearly a 44% increase from 15,018 the previous spring. The 484 programs break down into 40% resident in local school districts,

31% in private programs contracted by public entities, 13% in community colleges, 8% in education service districts, and the balance in other settings.

School districts offer students enrolled in alternative programs a variety of guidance and career counseling services, tutoring, small group instruction, online learning opportunities, career-related learning experiences, and proficiency credit options.

### ***Oregon Small Schools Initiative Schools***

The Oregon Small Schools Initiative (OSSI) began in 2003 with a \$25 million grant from the Bill & Melinda Gates Foundation and the Meyer Memorial Trust to demonstrate the effectiveness of small, well-structured high schools in raising overall achievement and closing the achievement gap among traditionally underserved student populations.

The Initiative helped school districts create 38 schools, 17 of them autonomous and non-charter. Distinguishing features of the autonomous schools have been responsibility for and authority over budgets, curriculum, scheduling, staffing, leadership and governance, and space to carry out their vision of schooling, all supported by school district policies and bargaining unit agreements.

Among the 17 autonomous schools, which enroll more than 4,600 students, 14 were formed through the conversion of five comprehensive high schools and another three were started as new stand-alone schools. Among the other 21 schools in the initiative, three of the autonomous schools are charter schools. Eighteen conversion schools did not acquire their own school identification numbers and operated as small learning communities within comprehensive high schools.

Three- and four-year outcome data for 2007-08 among OSSI schools show that they dramatically raised the achievement rate in state OAKS assessments for their most challenged subgroup students, even though these students lagged state averages. Graduation rates for OSSI students increased to the point that they slightly exceeded the Oregon state average. OSSI schools also produced lower annual dropout rates than Oregon schools as a whole, with notable improvement among schools with the most challenged students.

**Appendix F.1** contains descriptions of exemplary Oregon innovative, autonomous public schools from among alternative



schools and schools in the Oregon Small Schools Initiative. Among those featured, Beaverton's Health and Science School is particularly interesting because it was deliberately designed around proficiency-based practice. It is one of two OSSSI schools serving as a field model on proficiency-based practice in the Gates-funded Oregon Proficiency Project noted in Section (A) of this application.

**(F)(3) Demonstrating other significant reform conditions (5 points)**

***Essential Skills.*** As required by OAR 581-022-0615, Oregon students, beginning in 2012, must demonstrate proficiency in certain essential skills to receive a high school diploma. These are process skills such as reading, writing, and applied mathematics that are deemed critical for post-secondary success. Essential skills can be applied in a variety of courses, subjects, experiences and settings. Under the timeline adopted by the State Board of Education in August 2009, assessments will be phased in. In 2012 students will first be assessed for their ability to read and comprehend a variety of texts. In 2013 assessments for clear and accurate writing will be added. In 2014 assessments will begin for applied mathematics. In the years beyond, the State will phase in requirements in other essential skills such as listening and speaking, critical thinking, using technology, and teamwork.

***Credit in Applied Academics.*** Under Oregon's Credit Options Rule (OAR 581-022-1131), students can earn credits toward graduation through a number of well-defined options besides seat time in class. One of these is applied academics. For example, in a decision paper published in 2007, the State Board of Education broadened the definition of what could qualify as courses that meet math and science requirements. The Board endorsed the concept of meeting math requirements through courses such as integrated math, applied math, construction math, and business math as long as they meet the content threshold of Algebra 1 and higher. Similar flexibility is encouraged in courses offered for science credit.

Career and technical education (CTE), integrated academic course sequences, project-based learning and other examples of applied academics are alternative delivery models for academic content. Students may earn full or partial academic credit by