

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1395 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Sheila Dills _____

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1395

By: Dills

7 PROPOSED COMMITTEE SUBSTITUTE

8 An Act relating to school financial disclosures;
9 amending Section 5, Chapter 367, O.S.L. 2012, as last
10 amended by Section 1, Chapter 293, O.S.L. 2015 (70
11 O.S. Supp. 2018, Section 3-145.3), which relates to
12 powers and duties of the Statewide Virtual Charter
13 School Board; subjecting virtual charter school to
14 same financial reporting requirements as school
15 districts; authorizing financial, program or
16 compliance audits; requiring virtual charter school
17 to use the Oklahoma Cost Accounting System; requiring
18 governing body of virtual charter school be
19 responsible for policies; subjecting governing body
20 to same conflict of interest mandates as school board
21 members; requiring compliance with instruction and
22 continuing education requirements; mandating at least
23 an annual report of virtual charter school funding
24 and performance; prescribing report to be published
on website; defining term; mandating disclosure of
financial details when school contracts with an
educational management organization; specifying
information to be disclosed; directing reporting of
certain contracts; providing for contract information
to be reported; requiring State Department of
Education to include appropriate reporting codes;
withholding payment of State Aid until information is
reported; providing for codification; and declaring
an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1 SECTION 1. AMENDATORY Section 5, Chapter 367, O.S.L.
2 2012, as last amended by Section 1, Chapter 293, O.S.L. 2015 (70
3 O.S. Supp. 2018, Section 3-145.3), is amended to read as follows:

4 Section 3-145.3 A. Subject to the requirements of the Oklahoma
5 Charter Schools Act, the Statewide Virtual Charter School Board
6 shall:

7 1. Provide oversight of the operations of statewide virtual
8 charter schools in this state;

9 2. Establish a procedure for accepting, approving and
10 disapproving statewide virtual charter school applications and a
11 process for renewal or revocation of approved charter school
12 contracts which minimally meet the procedures set forth in the
13 Oklahoma Charter Schools Act;

14 3. Make publicly available a list of supplemental online
15 courses which have been reviewed and certified by the Statewide
16 Virtual Charter School Board to ensure that the courses are high
17 quality options and are aligned with the subject matter standards
18 adopted by the State Board of Education pursuant to Section 11-103.6
19 of this title. The Statewide Virtual Charter School Board shall
20 give special emphasis on listing supplemental online courses in
21 science, technology, engineering and math (STEM), foreign language
22 and advanced placement courses. School districts shall not be
23 limited to selecting supplemental online courses that have been
24

1 reviewed and certified by the Statewide Virtual Charter School Board
2 and listed as provided for in this paragraph; and

3 4. In conjunction with the Office of Management and Enterprise
4 Services, negotiate and enter into contracts with supplemental
5 online course providers to offer a state rate price to school
6 districts for supplemental online courses that have been reviewed
7 and certified by the Statewide Virtual Charter School Board and
8 listed as provided for in paragraph 3 of this subsection.

9 B. Each statewide virtual charter school which has been
10 approved and sponsored by the Board or any virtual charter school
11 for which the Board has assumed sponsorship of as provided for in
12 Section 3-145.5 of this title shall be considered a statewide
13 virtual charter school and the geographic boundaries of each
14 statewide virtual charter school shall be the borders of the state.

15 C. Each statewide virtual charter school approved by the
16 Statewide Virtual Charter School Board shall be eligible to receive
17 federal funds generated by students enrolled in the charter school
18 for the applicable year. Each statewide virtual charter school
19 shall be considered a separate local education agency for purposes
20 of reporting and accountability.

21 D. As calculated as provided for in Section 3-142 of this
22 title, a statewide virtual charter school shall receive the State
23 Aid allocation and any other state-appropriated revenue generated by
24 students enrolled in the virtual charter school for the applicable

1 year, less up to five percent (5%) of the State Aid allocation,
2 which may be retained by the Statewide Virtual Charter School Board
3 for administrative expenses and to support the mission of the Board.
4 A statewide virtual charter school shall be eligible for any other
5 funding any other charter school is eligible for as provided for in
6 Section 3-142 of this title. Each statewide virtual charter school
7 shall be considered a separate local education agency for purposes
8 of reporting and accountability.

9 E. A virtual charter school shall be subject to the same
10 reporting requirements, financial audits, audit procedures and audit
11 requirements as a school district. The State Department of
12 Education or State Auditor and Inspector may conduct financial,
13 program or compliance audits. A virtual charter school shall use
14 the Oklahoma Cost Accounting System (OCAS) to report financial
15 transactions to the State Department of Education.

16 F. A virtual charter school governing body shall be responsible
17 for the policies that govern the operational decisions of the
18 virtual charter school. The governing body of a virtual charter
19 school shall be subject to the same conflict of interest
20 requirements as a member of a local school board including, but not
21 limited to, Sections 5-113 and 5-124 of this title. Members of the
22 governing body of a virtual charter school shall be subject to the
23 same instruction and continuing education requirements as a member
24 of a local school board and pursuant to Section 5-110 of this title,

1 complete twelve (12) hours of instruction within fifteen (15) months
2 of appointment to the governing body, and pursuant to Section 5-
3 110.1 of this title, attend continuing education.

4 G. Students enrolled full-time in a statewide virtual charter
5 school sponsored by the Statewide Virtual Charter School Board shall
6 not be authorized to participate in any activities administered by
7 the Oklahoma Secondary Schools Activities Association. However, the
8 students may participate in intramural activities sponsored by a
9 statewide virtual charter school, an online provider for the charter
10 school or any other outside organization.

11 ~~F.~~ H. The decision of the Statewide Virtual Charter School
12 Board to deny, nonrenew or terminate the charter contract of a
13 statewide virtual charter school may be appealed to the State Board
14 of Education within thirty (30) days of the decision by the
15 Statewide Virtual Charter School Board. The State Board of
16 Education shall act on the appeal within sixty (60) days of receipt
17 of the request from the statewide virtual charter school applicant.
18 The State Board of Education may reverse the decision of the
19 Statewide Virtual Charter School Board or may remand the matter back
20 to the Statewide Virtual Charter School Board for further proceeding
21 as directed.

22 I. The State Superintendent of Public Instruction shall not
23 less than annually report to the State Board of Education at a
24 regular meeting the academic performance, revenues and expenditures

1 of statewide virtual charter schools, the status of compliance for
2 reporting administrative fees and other requirements and publish the
3 report on the Department website.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 5-200 of Title 70, unless there
6 is created a duplication in numbering, reads as follows:

7 A. As used in this section, "educational management
8 organization" means a for-profit or nonprofit organization that
9 receives public funds to provide administration and management
10 services for a charter school, statewide virtual charter school or
11 traditional public school.

12 B. Any charter school, statewide virtual charter school or
13 traditional public school that enters into a contract with an
14 educational management organization shall provide details for all
15 financial transactions expended by the organization on behalf of the
16 school, including all information required by Section 5-135.4 of
17 this title, such that the State Department of Education may provide
18 to the public an affirmation and financial disclosure statement to
19 identify potential conflicts of interest and fully and completely
20 disclose the material facts about any actual or potential conflicts
21 of interest which includes the amount of compensation and wages
22 received by each school superintendent, administrator, manager,
23 owner and board member for the compensation, wages and gifts
24 received either directly or indirectly from the management contract,

1 the contracted charter management organization or the educational
2 management contract, as applicable.

3 C. A charter school, statewide virtual charter school or
4 traditional public school shall report any contract for
5 administrative fees for the purpose of providing administrative,
6 managerial or operational services, regardless of how calculated,
7 which are paid to a nonprofit or for-profit corporation, individual
8 or any entity regardless of legal form or taxable status. The
9 report of contracts for administrative fees shall include the name
10 of the person or entity with which the school has contracted, the
11 amount to be paid for the services and details about the services to
12 be provided. The Department shall include appropriate codes within
13 the Oklahoma Cost Accounting System (OCAS) to account for these
14 administrative fees and shall include the administrative fees in the
15 calculation of administrative costs as set forth in subsection D of
16 Section 18-124 of this title. Failure to comply with this provision
17 shall result in the withholding of State Aid until the detailed
18 report of contracts for administrative fees is submitted to the
19 Department.

20 SECTION 3. It being immediately necessary for the preservation
21 of the public peace, health or safety, an emergency is hereby
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1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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