

1 financial details when school contracts with an
2 educational management organization; specifying
3 information to be disclosed; directing reporting of
4 certain contracts; providing for contract information
5 to be reported; requiring State Department of
6 Education to include appropriate reporting codes;
7 withholding payment of State Aid until information is
8 reported; providing for codification; and declaring
9 an emergency.

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

11 SECTION 1. AMENDATORY Section 5, Chapter 367, O.S.L.

12 2012, as last amended by Section 1, Chapter 293, O.S.L. 2015 (70
13 O.S. Supp. 2018, Section 3-145.3), is amended to read as follows:

14 Section 3-145.3 A. Subject to the requirements of the Oklahoma
15 Charter Schools Act, the Statewide Virtual Charter School Board
16 shall:

17 1. Provide oversight of the operations of statewide virtual
18 charter schools in this state;

19 2. Establish a procedure for accepting, approving and
20 disapproving statewide virtual charter school applications and a
21 process for renewal or revocation of approved charter school
22 contracts which minimally meet the procedures set forth in the
23 Oklahoma Charter Schools Act;

24 3. Make publicly available a list of supplemental online
courses which have been reviewed and certified by the Statewide
Virtual Charter School Board to ensure that the courses are high

1 quality options and are aligned with the subject matter standards
2 adopted by the State Board of Education pursuant to Section 11-103.6
3 of this title. The Statewide Virtual Charter School Board shall
4 give special emphasis on listing supplemental online courses in
5 science, technology, engineering and math (STEM), foreign language
6 and advanced placement courses. School districts shall not be
7 limited to selecting supplemental online courses that have been
8 reviewed and certified by the Statewide Virtual Charter School Board
9 and listed as provided for in this paragraph; and

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

16 B. Each statewide virtual charter school which has been
17 approved and sponsored by the Board or any virtual charter school
18 for which the Board has assumed sponsorship of as provided for in
19 Section 3-145.5 of this title shall be considered a statewide
20 virtual charter school and the geographic boundaries of each
21 statewide virtual charter school shall be the borders of the state.

22 C. Each statewide virtual charter school approved by the
23 Statewide Virtual Charter School Board shall be eligible to receive
24 federal funds generated by students enrolled in the charter school

1 for the applicable year. Each statewide virtual charter school
2 shall be considered a separate local education agency for purposes
3 of reporting and accountability.

4 D. As calculated as provided for in Section 3-142 of this
5 title, a statewide virtual charter school shall receive the State
6 Aid allocation and any other state-appropriated revenue generated by
7 students enrolled in the virtual charter school for the applicable
8 year, less up to five percent (5%) of the State Aid allocation,
9 which may be retained by the Statewide Virtual Charter School Board
10 for administrative expenses and to support the mission of the Board.
11 A statewide virtual charter school shall be eligible for any other
12 funding any other charter school is eligible for as provided for in
13 Section 3-142 of this title. Each statewide virtual charter school
14 shall be considered a separate local education agency for purposes
15 of reporting and accountability.

16 E. A virtual charter school shall be subject to the same
17 reporting requirements, financial audits, audit procedures and audit
18 requirements as a school district. The State Department of
19 Education or State Auditor and Inspector may conduct financial,
20 program or compliance audits. A virtual charter school shall use
21 the Oklahoma Cost Accounting System (OCAS) to report financial
22 transactions to the State Department of Education.

23 F. A virtual charter school governing body shall be responsible
24 for the policies that govern the operational decisions of the

1 virtual charter school. The governing body of a virtual charter
2 school shall be subject to the same conflict of interest
3 requirements as a member of a local school board including, but not
4 limited to, Sections 5-113 and 5-124 of this title. Members of the
5 governing body of a virtual charter school shall be subject to the
6 same instruction and continuing education requirements as a member
7 of a local school board and pursuant to Section 5-110 of this title,
8 complete twelve (12) hours of instruction within fifteen (15) months
9 of appointment to the governing body, and pursuant to Section 5-
10 110.1 of this title, attend continuing education.

11 G. Students enrolled full-time in a statewide virtual charter
12 school sponsored by the Statewide Virtual Charter School Board shall
13 not be authorized to participate in any activities administered by
14 the Oklahoma Secondary Schools Activities Association. However, the
15 students may participate in intramural activities sponsored by a
16 statewide virtual charter school, an online provider for the charter
17 school or any other outside organization.

18 ~~F.~~ H. The decision of the Statewide Virtual Charter School
19 Board to deny, nonrenew or terminate the charter contract of a
20 statewide virtual charter school may be appealed to the State Board
21 of Education within thirty (30) days of the decision by the
22 Statewide Virtual Charter School Board. The State Board of
23 Education shall act on the appeal within sixty (60) days of receipt
24 of the request from the statewide virtual charter school applicant.

1 The State Board of Education may reverse the decision of the
2 Statewide Virtual Charter School Board or may remand the matter back
3 to the Statewide Virtual Charter School Board for further proceeding
4 as directed.

5 I. The State Superintendent of Public Instruction shall not
6 less than annually report to the State Board of Education at a
7 regular meeting the academic performance, revenues and expenditures
8 of statewide virtual charter schools, the status of compliance for
9 reporting administrative fees and other requirements and publish the
10 report on the Department website.

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

14 A. As used in this section, "educational management
15 organization" means a for-profit or nonprofit organization that
16 receives public funds to provide administration and management
17 services for a charter school, statewide virtual charter school or
18 traditional public school.

19 B. Any charter school, statewide virtual charter school or
20 traditional public school that enters into a contract with an
21 educational management organization shall provide details for all
22 financial transactions expended by the organization on behalf of the
23 school, including all information required by Section 5-135.4 of
24 this title, such that the State Department of Education may provide

1 to the public an affirmation and financial disclosure statement to
2 identify potential conflicts of interest and fully and completely
3 disclose the material facts about any actual or potential conflicts
4 of interest which includes the amount of compensation and wages
5 received by each school superintendent, administrator, manager,
6 owner and board member for the compensation, wages and gifts
7 received either directly or indirectly from the management contract,
8 the contracted charter management organization or the educational
9 management contract, as applicable.

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

1 report of contracts for administrative fees is submitted to the
2 Department.

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

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8 COMMITTEE REPORT BY: COMMITTEE ON COMMON EDUCATION, dated 02/20/2019
9 - DO PASS, As Amended and Coauthored.

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