

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 1395

By: Dills

AS INTRODUCED

An Act relating to virtual charter schools; amending Section 5, Chapter 367, O.S.L. 2012, as last amended by Section 1, Chapter 293, O.S.L. 2015 (70 O.S. Supp. 2018, Section 3-145.3), which relates to powers and duties of the Statewide Virtual Charter School Board; subjecting virtual charter school to same financial reporting requirements as school districts; authorizing financial, program or compliance audits; requiring virtual charter school to use the Oklahoma Cost Accounting System; mandating disclosure of financial transaction details; specifying information to be disclosed; directing reporting of certain contracts; providing for contract information to be reported; prescribing State Department of Education to include appropriate codes in System; withholding payment of State Aid until information is reported; requiring governing body of virtual charter school be responsible for policies; subjecting governing body to same conflict of interest mandates as school board members; directing State Superintendent of Public Instruction to report virtual charter school funding and performance; specifying to whom and when to report information; and providing an effective date.

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
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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, to the extent possible, shall be
10 subject to the same reporting requirements, financial audits, audit
11 procedures and audit requirements as a school district. The State
12 Department of Education or State Auditor and Inspector may conduct
13 financial, program or compliance audits. A virtual charter school
14 shall use the Oklahoma Cost Accounting System (OCAS) to report
15 financial transactions to the State Department of Education. A
16 virtual charter school shall provide details regarding all financial
17 transactions including all information required by Section 5-135.4
18 of this title such that the State Department of Education may
19 provide the following information to the public:

- 20 1. The OCAS code designation for each expenditure;
- 21 2. The name and principal location of the entity or recipient
22 of the funds, excluding release of information relating to an
23 individual's place of residence and release of information

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1 prohibited by subsection D of Section 24A.7 of Title 51 of the
2 Oklahoma Statutes or by federal law relating to privacy rights;
3 3. The amount of funds expended;
4 4. The type of transaction;
5 5. A descriptive purpose of the funding action or expenditure;
6 6. The budgeted and audited actual expenditure figures for each
7 fiscal year, ensuring each set of figures can be identified as
8 budgeted or audited figures;
9 7. The per-pupil expenditure as defined in Section 1-124 of
10 this title;
11 8. The total compensation package of the superintendent as
12 defined by the requirements of the OCAS including a listing of the
13 base salary, insurance, retirement and other fringe benefits
14 including exempted nonadministrative services such as teaching in
15 the classroom or serving as a principal, counselor or library media
16 specialist pursuant to subsection E of Section 18-124 of this title;
17 9. Current personnel reports; and
18 10. 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 that includes the amount of compensation and wages
22 received by each virtual charter school superintendent,
23 administrator, manager, owner and board member for the compensation,
24 wages and gifts received either directly or indirectly from the

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

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

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

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

19 I. The State Superintendent of Public Instruction shall:

20 1. Not less than annually, report to the State Board of
21 Education at a regular meeting the academic performance, revenues
22 and expenditures of statewide virtual charter schools, the status of
23 compliance for reporting administrative fees and other requirements;
24 and

1 2. Report to the chairs of the appropriations subcommittees for
2 education of the Senate and House of Representatives on June 30 and
3 December 31 of each year the performance and funding status of
4 statewide virtual charter schools.

5 SECTION 2. This act shall become effective November 1, 2019.

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