

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3644

By: Dills and **Hardin (David)** of
the House

and

Taylor of the Senate

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11 COMMITTEE SUBSTITUTE

12 An Act relating to schools; amending 70 O.S. 2021,
13 Sections 3-135, 3-136, 3-137, and 3-142, which relate
14 to the Oklahoma Charter Schools Act; requiring
15 charter school to provide certain notice to sponsor;
16 directing sponsor to use performance framework for
17 charter school evaluation; authorizing development of
18 certain separate framework; adding minimum
19 requirements for framework; mandating annual
20 evaluation; directing presentation of results to
21 certain governing boards; defining term; subjecting
22 charter school to certain spending limitations;
23 directing charter school governing board to comply
24 with certain acts; subjecting charter school sponsor
 governing board to certain conflict of interest
 requirements; requiring charter school governing
 board to comply with certain instruction and
 continuing education requirements; modifying
 procedures for charter school contracts; permitting
 sponsor to require charter school to develop a
 corrective action plan; authorizing nonrenewal of
 contract in certain cases; specifying how sponsor fee
 should be used; requiring sponsor to publish certain
 report on its website; mandating sponsor to present
 report in public meeting; providing content for
 report; requiring sponsor board members to complete

1 sponsor workshop requirement; amending 70 O.S. 2021,
2 Section 5-200, which relates to management
3 organizations; adding definition for charter
4 management organization; requiring amounts paid to
5 certain organizations be pursuant to contract terms;
6 mandating disclosure pursuant to certain guidelines;
7 amending 70 O.S. 2021, Section 18-124, which relates
8 to limitations on administrative services
9 expenditures; providing applicability of limitation
10 to certain charter schools; clarifying calculation
11 for specified schools; modifying definition;
12 providing for codification; providing an effective
13 date; and declaring an emergency.

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

15 SECTION 1. AMENDATORY 70 O.S. 2021, Section 3-135, is
16 amended to read as follows:

17 Section 3-135. A. The sponsor of a charter school shall enter
18 into a written contract with the governing ~~body~~ board of the charter
19 school. The contract shall incorporate the provisions of the
20 charter of the charter school and contain, but shall not be limited
21 to, the following provisions:

22 1. A description of the program to be offered by the school
23 which complies with the purposes outlined in Section 3-136 of this
24 title;

2. Admission policies and procedures;

3. Management and administration of the charter school,
including that a majority of the charter governing board members are
residents of the State of Oklahoma and meet no less than quarterly

1 in a public meeting within the boundaries of the school district in
2 which the charter school is located or within the State of Oklahoma
3 in the instance of multiple charter school locations by the same
4 sponsor;

5 4. Requirements and procedures for program and financial
6 audits;

7 5. A description of how the charter school will comply with the
8 charter requirements set forth in the Oklahoma Charter Schools Act;

9 6. Assumption of liability by the charter school;

10 7. The term of the contract;

11 8. A description of the high standards of expectation and rigor
12 for charter school plans and assurance that charter school plans
13 adopted meet at least those standards;

14 9. Policies that require that the charter school be as equally
15 free and open to all students as traditional public schools;

16 10. Procedures that require students enrolled in the charter
17 school to be selected by lottery to ensure fairness if more students
18 apply than a school has the capacity to accommodate;

19 11. Policies that require the charter school to be subject to
20 the same academic standards and expectations as existing public
21 schools; ~~and~~

22 12. A description of the requirements and procedures for the
23 charter school to receive funding in accordance with statutory
24 requirements and guidelines for existing public schools; and

1 13. A requirement to promptly notify the sponsor in the
2 instance of any significant adverse actions, material findings of
3 noncompliance, or pending actions, claims, or proceedings in this
4 state relating to the charter school or an educational management
5 organization or charter management organization with which the
6 charter school has a contract.

7 B. A charter school shall not enter into an employment contract
8 with any teacher or other personnel until the charter school has a
9 contract with a sponsoring school district. The employment contract
10 shall set forth the personnel policies of the charter school,
11 including, but not limited to, policies related to certification,
12 professional development evaluation, suspension, dismissal and
13 nonreemployment, sick leave, personal business leave, emergency
14 leave, and family and medical leave. The contract shall also
15 specifically set forth the salary, hours, fringe benefits, and work
16 conditions. The contract may provide for employer-employee
17 bargaining, but the charter school shall not be required to comply
18 with the provisions of Sections 509.1 through 509.10 of this title.
19 The contract shall conform to all applicable provisions set forth in
20 Section 3-136 of this title.

21 Upon contracting with any teacher or other personnel, the
22 governing ~~body~~ board of the charter school shall, in writing,
23 disclose employment rights of the employees in the event the charter
24 school closes or the charter is not renewed.

1 No charter school may begin serving students without a charter
2 contract executed in accordance with the provisions of the Oklahoma
3 Charter Schools Act and approved in an open meeting of the sponsor.
4 The sponsor may establish reasonable preopening requirements or
5 conditions to monitor the start-up progress of newly approved
6 charter schools and ensure that each school is prepared to open
7 smoothly on the date agreed and to ensure that each school meets all
8 building, health, safety, insurance and other legal requirements for
9 the opening of a school.

10 C. The performance provisions within the charter contract shall
11 be based on a performance framework that clearly sets forth the
12 academic and operational performance indicators, ~~measures and~~
13 ~~metrics that will guide the evaluations of the~~ shall be used by
14 charter school sponsors to evaluate their respective charter school
15 by the sponsor schools. The sponsor may develop a separate
16 performance framework to evaluate a charter school that has been
17 designated by the State Department of Education as implementing an
18 alternative education program throughout the charter school. The
19 sponsor shall require a charter school to submit the data required
20 in this section in the identical format that is required by the
21 State Department of Education of all public schools in order to
22 avoid duplicative administrative efforts or allow a charter school
23 to provide permission to the Department to share all required data
24 with the sponsor of the charter school. The performance framework

1 shall serve as the minimum requirement for charter school
2 performance evaluation and shall include, but not be limited to, the
3 following indicators, ~~measures and metrics for, at a minimum:~~

- 4 1. Student academic proficiency;
- 5 2. Student academic growth;
- 6 3. Achievement gaps in both proficiency and growth between
7 major student subgroups;
- 8 4. Student attendance;
- 9 5. Recurrent enrollment from year to year as determined by the
10 methodology used for public schools in Oklahoma;
- 11 6. In the case of high schools, graduation rates as determined
12 by the methodology used for public schools in Oklahoma;
- 13 7. In the case of high schools, postsecondary readiness;
- 14 8. Financial performance and sustainability and compliance with
15 state and Internal Revenue Service financial reporting requirements;

16 ~~and~~

- 17 9. Audit findings or deficiencies;
- 18 10. Accreditation and timely reporting; and
- 19 11. Governing board performance and stewardship, including
20 compliance with all applicable laws, regulations and terms of the
21 charter contract.

22 The sponsor shall annually evaluate its charter schools according to
23 the performance framework. The results of the evaluation shall be

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1 presented to the governing board of the charter school and the
2 governing board of the charter school sponsor in an open meeting.

3 D. The sponsor shall not request any metric or data from a
4 charter school that it does not produce or publish for all school
5 sites in the district or under its sponsorship, unless the metric or
6 data is unique to a charter school.

7 E. A charter contract may provide for one or more schools by an
8 applicant to the extent approved by the sponsor and consistent with
9 applicable law. An applicant or the governing board of an applicant
10 may hold one or more charter contracts. Each charter school that is
11 part of a charter contract shall be separate and distinct from any
12 other charter school under the same charter contract. For the
13 purposes of this subsection, "separate and distinct" shall mean that
14 a charter school governing board with oversight of more than one
15 charter school shall not combine accounting, budgeting,
16 recordkeeping, admissions, employment, or policies and operational
17 decisions of the charter schools it oversees.

18 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-136, is
19 amended to read as follows:

20 Section 3-136. A. A charter school shall adopt a charter which
21 will ensure compliance with the following:

22 1. A charter school shall comply with all federal regulations
23 and state and local rules and statutes relating to health, safety,
24 civil rights and insurance. By January 1, 2000, the State

1 Department of Education shall prepare a list of relevant rules and
2 statutes which a charter school must comply with as required by this
3 paragraph and shall annually provide an update to the list;

4 2. A charter school shall be nonsectarian in its programs,
5 admission policies, employment practices, and all other operations.

6 A sponsor may not authorize a charter school or program that is
7 affiliated with a nonpublic sectarian school or religious
8 institution;

9 3. The charter school may provide a comprehensive program of
10 instruction for a prekindergarten program, a kindergarten program or
11 any grade between grades one and twelve. Instruction may be
12 provided to all persons between ~~the ages of~~ four (4) and twenty-one
13 (21) years of age. A charter school may offer a curriculum which
14 emphasizes a specific learning philosophy or style or certain
15 subject areas such as mathematics, science, fine arts, performance
16 arts, or foreign language. The charter of a charter school which
17 offers grades nine through twelve shall specifically address whether
18 the charter school will comply with the graduation requirements
19 established in Section 11-103.6 of this title. No charter school
20 shall be chartered for the purpose of offering a curriculum for deaf
21 or blind students that is the same or similar to the curriculum
22 being provided by or for educating deaf or blind students that are
23 being served by the Oklahoma School for the Blind or the Oklahoma
24 School for the Deaf;

1 4. A charter school shall participate in the testing as
2 required by the Oklahoma School Testing Program Act and the
3 reporting of test results as is required of a school district. A
4 charter school shall also provide any necessary data to the Office
5 of Accountability;

6 5. Except as otherwise provided for in the Oklahoma Charter
7 Schools Act and its charter, a charter school shall be exempt from
8 all statutes and rules relating to schools, boards of education, and
9 school districts;

10 6. A charter school, ~~to the extent possible,~~ shall be subject
11 to the same reporting requirements, financial audits, audit
12 procedures, and audit requirements as a school district. The State
13 Department of Education or State Auditor and Inspector may conduct
14 financial, program, or compliance audits. A charter school shall
15 use the Oklahoma Cost Accounting System to report financial
16 transactions to the sponsoring school district or sponsor. The
17 charter school shall be subject to the limitations on spending,
18 including provisions of the Oklahoma Constitution for any funds
19 received from the state, either through the State Department of
20 Education or other sources;

21 7. A charter school shall comply with all federal and state
22 laws relating to the education of children with disabilities in the
23 same manner as a school district;

1 8. A charter school shall provide for a governing ~~body~~ board
2 for the school which shall be responsible for the policies and
3 operational decisions of the charter school;

4 9. A charter school shall not be used as a method of generating
5 revenue for students who are being home schooled and are not being
6 educated at an organized charter school site;

7 10. A charter school ~~may~~ shall not charge tuition or fees;

8 11. A charter school shall provide instruction each year for at
9 least the number of days or hours required in Section 1-109 of this
10 title;

11 12. A charter school shall comply with the student suspension
12 requirements provided for in Section 24-101.3 of this title;

13 13. A charter school shall be considered a school district for
14 purposes of tort liability under The Governmental Tort Claims Act;

15 14. Employees of a charter school may participate as members of
16 the Teachers' Retirement System of Oklahoma in accordance with
17 applicable statutes and rules if otherwise allowed pursuant to law;

18 15. A charter school may participate in all health and related
19 insurance programs available to the employees of the sponsor of the
20 charter school;

21 16. A charter school and charter school governing board shall
22 comply with the Oklahoma Open Meeting Act and the Oklahoma Open
23 Records Act;

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1 17. The governing ~~body~~ board of a charter school and the
2 governing board of a charter school sponsor shall be subject to the
3 same conflict of interest requirements as a member of a local school
4 board including, but not limited to, Sections 5-113 and 5-124 of
5 this title; and

6 18. Members of the charter school governing board shall be
7 subject to the same instruction and continuing education
8 requirements as a member of a local school board and pursuant to
9 Section 5-110 of this title shall complete twelve (12) hours of
10 instruction within fifteen (15) months of appointment to the
11 governing board and pursuant to Section 5-110.1 of this title shall
12 attend continuing education; and

13 19. No later than September 1 of each year, the governing board
14 of each charter school formed pursuant to the Oklahoma Charter
15 Schools Act shall prepare a statement of actual income and
16 expenditures for the charter school for the fiscal year that ended
17 on the preceding June 30, in a manner compliant with Section 5-135
18 of this title. The statement of expenditures shall include
19 functional categories as defined in rules adopted by the State Board
20 of Education to implement the Oklahoma Cost Accounting System
21 pursuant to Section 5-145 of this title. Charter schools shall not
22 be permitted to submit estimates of expenditures or prorated amounts
23 to fulfill the requirements of this paragraph.

1 B. The charter of a charter school shall include a description
2 of the personnel policies, personnel qualifications, and method of
3 school governance, and the specific role and duties of the sponsor
4 of the charter school.

5 C. The charter of a charter school may be amended at the
6 request of the governing ~~body~~ board of the charter school and upon
7 the approval of the sponsor.

8 D. A charter school may enter into contracts and sue and be
9 sued.

10 E. The governing ~~body~~ board of a charter school ~~may~~ shall not
11 levy taxes or issue bonds.

12 F. The charter of a charter school shall include a provision
13 specifying the method or methods to be employed for disposing of
14 real and personal property acquired by the charter school upon
15 expiration or termination of the charter or failure of the ~~charter~~
16 school to continue operations. Except as otherwise provided, any
17 real or personal property purchased with state or local funds shall
18 be retained by the sponsoring school district or sponsor of the
19 charter school. If a charter school that was previously sponsored
20 by the board of education of a school district continues operation
21 within the school district under a new charter sponsored by an
22 entity authorized pursuant to Section 3-132 of this title, the
23 charter school may retain any personal property purchased with state
24 or local funds for use in the operation of the charter school until

1 termination of the new charter or failure of the charter school to
2 continue operations.

3 SECTION 3. AMENDATORY 70 O.S. 2021, Section 3-137, is
4 amended to read as follows:

5 Section 3-137. A. ~~An~~ The first approved contract ~~for~~ between
6 charter school and its sponsor shall be effective for five (5) years
7 from the first day of operation. A charter contract may be renewed
8 for successive five-year terms of duration, although the sponsor may
9 vary the term based on the performance, demonstrated capacities and
10 particular circumstances of each charter school. A sponsor may
11 grant renewal with specific conditions for necessary improvements to
12 a charter school.

13 B. Prior to the beginning of the fourth year of operation of a
14 charter school, the sponsor shall issue a charter school performance
15 report and charter renewal application guidance to the school and
16 the charter school board. The performance report shall summarize
17 the performance record to date of the charter school, based on the
18 data required by the Oklahoma Charter Schools Act, the annual
19 performance framework evaluation, the operating agreement review if
20 the charter school contracts with an educational management
21 organization or charter management organization, and the charter
22 contract and taking into consideration the percentage of at-risk
23 students enrolled in the school, ~~and~~. The performance report shall
24 provide notice of any weaknesses ~~or~~, concerns, violations, or

1 deficiencies perceived by the sponsor concerning the charter school
2 that may jeopardize its position in seeking renewal if not timely
3 rectified. If there are weaknesses, concerns, violations, or
4 deficiencies the sponsor may require a charter school to develop a
5 corrective action plan and corresponding timeline to remedy any
6 weaknesses, concerns, violations, or deficiencies. ~~The~~ If the
7 sponsor requires a corrective action plan, the charter school shall
8 have forty-five (45) days to respond to the performance report and
9 submit any corrections or clarifications for the report. If the
10 charter school does not substantially complete the corrective action
11 plan, the sponsor may choose not to renew the charter contract
12 pursuant to the requirements of this section.

13 C. 1. Prior to the beginning of the fifth year of operation,
14 the charter school may apply for renewal of the contract with the
15 sponsor. The renewal application guidance shall, at a minimum,
16 provide an opportunity for the charter school to:

- 17 a. present additional evidence, beyond the data contained
18 in the performance report, supporting its case for
19 charter renewal,
- 20 b. describe improvements undertaken or planned for the
21 school, and
- 22 c. detail the plan for the next charter term for the
23 school.

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1 2. The renewal application guidance shall include or refer
2 explicitly to the criteria that will guide the renewal decisions of
3 the sponsor, which shall be based on the performance framework set
4 forth in the charter contract and consistent with the Oklahoma
5 Charter Schools Act.

6 D. The sponsor may deny the request for renewal if it
7 determines the charter school has failed to complete the obligations
8 of the contract or comply with the provisions of the Oklahoma
9 Charter Schools Act. A sponsor shall give written notice of its
10 intent to deny the request for renewal at least eight (8) months
11 prior to expiration of the contract. In making charter renewal
12 decisions, a sponsor shall:

13 1. Ground decisions on evidence of the performance of the
14 school over the term of the charter contract in accordance with the
15 performance framework set forth in the charter contract and shall
16 take into consideration the percentage of at-risk students enrolled
17 in the school;

18 2. Grant renewal to schools that have achieved the standards,
19 targets and performance expectations as stated in the charter
20 contract and are organizationally and fiscally viable and have been
21 faithful to the terms of the contract and applicable law;

22 3. Ensure that data used in making renewal decisions are
23 available to the school and the public; and
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1 4. Provide a public report summarizing the evidence used as the
2 basis for each decision.

3 E. If a sponsor denies a request for renewal, the governing
4 board of the sponsor may, if requested by the charter school,
5 proceed to binding arbitration as provided for in subsection G of
6 Section 3-134 of this title.

7 F. A sponsor may terminate a contract during the term of the
8 contract for failure to meet the requirements for student
9 performance contained in the contract and performance framework,
10 failure to meet the standards of fiscal management, violations of
11 the law or other good cause. The sponsor shall give at least ninety
12 (90) days' written notice to the governing board prior to
13 terminating the contract. The governing board may request, in
14 writing, an informal hearing before the sponsor within fourteen (14)
15 days of receiving notice. The sponsor shall conduct an informal
16 hearing before taking action. If a sponsor decides to terminate a
17 contract, the governing board may, if requested by the charter
18 school, proceed to binding arbitration as provided for in subsection
19 G of Section 3-134 of this title.

20 G. 1. Beginning in the 2016-2017 school year, the State Board
21 of Education shall identify charter schools in the state that are
22 ranked in the bottom five percent (5%) of all public schools as
23 determined pursuant to Section 1210.545 of this title.

1 2. At the time of its charter renewal, based on an average of
2 the current year and the two (2) prior operating years, a sponsor
3 may close a charter school site identified as being among the bottom
4 five percent (5%) of public schools in the state. The average of
5 the current year and two (2) prior operating years shall be
6 calculated by using the percentage ranking for each year divided by
7 three, as determined by this subsection.

8 3. If there is a change to the calculation described in Section
9 1210.545 of this title that results in a charter school site that
10 was not ranked in the bottom five percent (5%) being ranked in the
11 bottom five percent (5%), then the sponsor shall use the higher of
12 the two rankings to calculate the ranking of the charter school
13 site.

14 4. In the event that a sponsor fails to close a charter school
15 site consistent with this subsection, the sponsor shall appear
16 before the State Board of Education to provide support for its
17 decision. The State Board of Education may, by majority vote,
18 uphold or overturn the decision of the sponsor. If the decision of
19 the sponsor is overturned by the State Board of Education, the Board
20 may implement one of the following actions:

21 a. transfer the sponsorship of the charter school
22 identified in this paragraph to another sponsor,
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1 b. order the closure of the charter school identified in
2 this paragraph at the end of the current school year,
3 or

4 c. order the reduction of any administrative fee
5 collected by the sponsor that is applicable to the
6 charter school identified in this paragraph. The
7 reduction shall become effective at the beginning of
8 the month following the month the hearing of the
9 sponsor is held by the State Board of Education.

10 5. A charter school that is closed by the State Board of
11 Education pursuant to paragraph 4 of this subsection shall not be
12 granted a charter by any other sponsor.

13 6. The requirements of this subsection shall not apply to a
14 charter school that has been designated by the State Department of
15 Education as implementing an alternative education program
16 throughout the charter school.

17 7. In making a school site closure decision, the State Board of
18 Education shall consider the following:

19 a. enrollment of students with special challenges such as
20 drug or alcohol addiction, prior withdrawal from
21 school, prior incarceration or other special
22 circumstances,

23 b. high mobility of the student population resulting from
24 the specific purpose of the charter school,

- 1 c. annual improvement in the performance of students
2 enrolled in the charter school compared with the
3 performance of students enrolled in the charter school
4 in the immediately preceding school year, and
5 d. whether a majority of students attending the charter
6 school under consideration for closure would likely
7 revert to attending public schools with lower academic
8 achievement, as demonstrated pursuant to Section
9 1210.545 of this title.

10 8. If the State Board of Education has closed or transferred
11 authorization of at least twenty-five percent (25%) of the charter
12 schools chartered by one sponsor pursuant to paragraph 4 of this
13 subsection, the authority of the sponsor to authorize new charter
14 schools may be suspended by the Board until the Board approves the
15 sponsor to authorize new charter schools. A determination under
16 this paragraph to suspend the authority of a sponsor to authorize
17 new charter schools shall identify the deficiencies that, if
18 corrected, will result in the approval of the sponsor to authorize
19 new charter schools.

20 H. If a sponsor terminates a contract or the charter school is
21 closed, the closure shall be conducted in accordance with the
22 following protocol:

23 1. Within two (2) calendar weeks of a final closure
24 determination, the sponsor shall meet with the governing board and

1 leadership of the charter school to establish a transition team
2 composed of school staff, applicant staff and others designated by
3 the applicant that will attend to the closure, including the
4 transfer of students, student records and school funds;

5 2. The sponsor and transition team shall communicate regularly
6 and effectively with families of students enrolled in the charter
7 school, as well as with school staff and other stakeholders, to keep
8 them apprised of key information regarding the closure of the school
9 and their options and risks;

10 3. The sponsor and transition team shall ensure that current
11 instruction of students enrolled in the charter school continues per
12 the charter agreement for the remainder of the school year;

13 4. The sponsor and transition team shall ensure that all
14 necessary and prudent notifications are issued to agencies,
15 employees, insurers, contractors, creditors, debtors and management
16 organizations; and

17 5. The governing board of the charter school shall continue to
18 meet as necessary to take actions needed to wind down school
19 operations, manage school finances, allocate resources and
20 facilitate all aspects of closure.

21 I. A sponsor shall develop revocation and nonrenewal processes
22 that are consistent with the Oklahoma Charter Schools Act and that:
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1 1. Provide the charter school with a timely notification of the
2 prospect of revocation or nonrenewal and of the reasons for possible
3 closure;

4 2. Allow the charter school a reasonable amount of time in
5 which to prepare a response;

6 3. Provide the charter school with an opportunity to submit
7 documents and give testimony in a public hearing challenging the
8 rationale for closure and in support of the continuation of the
9 school at an orderly proceeding held for that purpose and prior to
10 taking any final nonrenewal or revocation decision related to the
11 school;

12 4. Allow the charter school access to representation by counsel
13 to call witnesses on its behalf;

14 5. Permit the recording of the proceedings; and

15 6. After a reasonable period for deliberation, require a final
16 determination be made and conveyed in writing to the charter school.

17 J. If a sponsor revokes or does not renew a charter, the
18 sponsor shall clearly state in a resolution the reasons for the
19 revocation or nonrenewal.

20 K. 1. Before a sponsor may issue a charter to a charter school
21 governing ~~body~~ board that has had its charter terminated or has been
22 informed that its charter will not be renewed by the current
23 sponsor, the sponsor shall request to have the proposal reviewed by
24 the State Board of Education at a hearing. The State Board of

1 Education shall conduct a hearing in which the sponsor shall present
2 information indicating that the proposal of the organizer is
3 substantively different in the areas of deficiency identified by the
4 current sponsor from the current proposal as set forth within the
5 charter with its current sponsor.

6 2. After the State Board of Education conducts a hearing
7 pursuant to this subsection, the Board shall either approve or deny
8 the proposal.

9 3. If the proposal is denied, no sponsor may issue a charter to
10 the charter school governing ~~body~~ board.

11 L. If a contract is not renewed, the governing board of the
12 charter school may submit an application to a proposed new sponsor
13 as provided for in Section 3-134 of this title.

14 M. If a contract is not renewed or is terminated according to
15 this section, a student who attended the charter school may enroll
16 in the resident school district of the student or may apply for a
17 transfer in accordance with Section 8-103 of this title.

18 SECTION 4. AMENDATORY 70 O.S. 2021, Section 3-142, is
19 amended to read as follows:

20 Section 3-142. A. The student membership and attendance of the
21 charter school shall be considered separate from the student
22 membership and attendance of the sponsor for the purpose of
23 calculating enrollment and funding including weighted average daily
24 membership pursuant to Section 18-201.1 of this title and State Aid

1 pursuant to Section 18-200.1 of this title. A charter school shall
2 receive the State Aid allocation, federal funds to which it is
3 eligible and qualifies for and any other state-appropriated revenue
4 generated by its students for the applicable year. Not more than
5 three percent (3%) of the State Aid allocation may be charged by the
6 sponsor as a fee for administrative services rendered. For purposes
7 of this section, the fee for administrative services shall be used
8 by the sponsor to provide oversight and services to the charter
9 schools it sponsors. A charter school sponsor shall publish a
10 detailed report on its website and present the report in a public
11 meeting to the charter school governing board and the charter school
12 sponsor governing board. The report shall provide sponsor
13 performance and stewardship, including compliance with all
14 applicable laws, regulations, and terms of the charter contract and
15 listing expenses related to oversight and services provided by the
16 sponsor to its charter schools. The State Board of Education shall
17 determine the policy and procedure for making payments to a charter
18 school. The fee for administrative services as authorized in this
19 subsection shall only be assessed on the State Aid allocation amount
20 and shall not be assessed on any other appropriated amounts. A
21 sponsor of a charter school shall not charge any additional State
22 Aid allocation or charge the charter school any additional fee above
23 the amounts allowed by this subsection unless the additional fees
24 are for additional services rendered. The charter school sponsor

1 shall provide to the State Department of Education financial records
2 documenting any state funds charged by the sponsor for
3 administrative services rendered for the previous year.

4 B. 1. The weighted average daily membership for the first year
5 of operation of a charter school shall be determined initially by
6 multiplying the actual enrollment of students as of August 1 by
7 1.333. The charter school shall receive revenue equal to that which
8 would be generated by the estimated weighted average daily
9 membership calculated pursuant to this paragraph. At midyear, the
10 allocation for the charter school shall be adjusted using the first
11 quarter weighted average daily membership for the charter school
12 calculated pursuant to subsection A of this section.

13 2. For the purpose of calculating weighted average daily
14 membership pursuant to Section 18-201.1 of this title and State Aid
15 pursuant to Section 18-200.1 of this title, the weighted average
16 daily membership for the first year of operation of a full-time
17 statewide virtual charter school sponsored by the Statewide Virtual
18 Charter School Board shall be determined by multiplying the actual
19 enrollment of students as of August 1 by 1.333. The full-time
20 virtual charter school shall receive revenue equal to that which
21 would be generated by the estimated weighted average daily
22 membership calculated pursuant to this paragraph. At midyear, the
23 allocation for the full-time statewide virtual charter school shall
24 be adjusted using the first quarter weighted average daily

1 membership for the virtual charter school calculated pursuant to
2 subsection A of this section.

3 C. Except as explicitly authorized by state law, a charter
4 school shall not be eligible to receive state-dedicated, local or
5 county revenue; provided, a charter school may be eligible to
6 receive any other aid, grants or revenues allowed to other schools.
7 A charter school shall be considered a local education agency for
8 purposes of funding.

9 D. Any unexpended funds received by a charter school may be
10 reserved and used for future purposes. The governing ~~body~~ board of
11 a charter school shall not levy taxes or issue bonds. If otherwise
12 allowed by law, the governing ~~body~~ board of a charter school may
13 enter into private contracts for the purposes of borrowing money
14 from lenders. If the governing ~~body~~ board of the charter school
15 borrows money, the charter school shall be solely responsible for
16 repaying the debt, and the state or the sponsor shall not in any way
17 be responsible or obligated to repay the debt.

18 E. Any charter school which chooses to lease property shall be
19 eligible to receive current government lease rates.

20 F. Except as otherwise provided in this subsection, each
21 charter school shall pay to the Charter School Closure Reimbursement
22 Revolving Fund created in subsection G of this section an amount
23 equal to Five Dollars (\$5.00) per student based on average daily
24 membership, as defined by paragraph 2 of Section 18-107 of this

1 title, during the first nine (9) weeks of the school year. Each
2 charter school shall complete the payment every school year within
3 thirty (30) days after the first nine (9) weeks of the school year.
4 If the Charter School Closure Reimbursement Revolving Fund has a
5 balance of One Million Dollars (\$1,000,000.00) or more on July 1, no
6 payment shall be required the following school year.

7 G. There is hereby created in the State Treasury a revolving
8 fund for the State Department of Education to be designated the
9 "Charter School Closure Reimbursement Revolving Fund". The fund
10 shall be a continuing fund, not subject to fiscal year limitations,
11 and shall consist of all monies received by the State Department of
12 Education from charter schools as provided in subsection F of this
13 section. All monies accruing to the credit of said fund are hereby
14 appropriated and may be budgeted and expended by the State
15 Department of Education for the purpose of reimbursing charter
16 school sponsors for costs incurred due to the closure of a charter
17 school. Expenditures from said fund shall be made upon warrants
18 issued by the State Treasurer against claims filed as prescribed by
19 law with the Director of the Office of Management and Enterprise
20 Services for approval and payment. The State Department of
21 Education may promulgate rules regarding sponsor eligibility for
22 reimbursement.

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1 SECTION 5. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 3-145.9 of Title 70, unless
3 there is created a duplication in numbering, reads as follows:

4 Beginning with the 2022-2023 school year, members of a charter
5 school sponsor governing board shall complete a sponsor workshop
6 requirement.

7 1. If the charter school sponsor governing board has required
8 school board or agency board training, the Charter School Sponsor
9 and Educational Management Organization Component, if applicable,
10 shall be included in the sponsor workshop.

11 2. If the charter school sponsor governing board does not have
12 required school board or agency board training, the sponsor shall
13 designate a compliance representative to complete a sponsor workshop
14 through the Federal Charter School Programs grant holder for a
15 minimum of two (2) hours but not to exceed twelve (12) hours.

16 SECTION 6. AMENDATORY 70 O.S. 2021, Section 5-200, is
17 amended to read as follows:

18 Section 5-200. A. As used in this ~~section,~~ "educational title:

19 1. "Educational management organization" means a for-profit or
20 nonprofit organization that receives public funds to provide
21 administration and management services for a charter school,
22 statewide virtual charter school, or traditional public school; and

23 2. "Charter management organization" means a nonprofit
24 organization that receives public funds to provide administration

1 and management services for a charter school, statewide virtual
2 charter school, or traditional public school.

3 B. A charter school that contracts with an educational
4 management organization or charter management organization shall use
5 the Oklahoma Cost Accounting System (OCAS) to report the total
6 amount paid to an educational management organization or charter
7 management organization pursuant to the terms of the contract as
8 well as actual itemized expenditure information for the goods or
9 services provided by the management organization as defined by OCAS
10 expenditure codes, including the total compensation package of the
11 superintendent including the base salary, insurance, retirement and
12 other fringe benefits.

13 C. ~~Any~~ Pursuant to Internal Revenue Service guidelines, any
14 owner of an educational management organization or charter
15 management organization shall be required to disclose to the
16 governing board of the school in a public meeting any ownership
17 position in any business that contracts or proposes to contract with
18 the same public school that the educational management organization
19 or charter management organization is managing.

20 D. Whenever any person shall enter into a contract with any
21 school district or public charter school in the state to teach in
22 such school district or public charter school the contract shall be
23 binding on the teacher and on the board of education until the
24 teacher legally has been discharged from the teaching position or

1 released by the board of education from the contract. Except as
2 provided in Section 5-106A of ~~Title 70 of the Oklahoma Statutes~~ this
3 title, until such teacher has been thus discharged or released, the
4 teacher shall not have authority to enter into a contract with any
5 other board of education in Oklahoma for the same time covered by
6 the original contract. If upon written complaint by the board of
7 education in a district any teacher is reported to have failed to
8 obey the terms of the contract previously made and to have entered
9 into a contract with another board of education, including a public
10 charter school board of education, without having been released from
11 the former contract except as provided in Section 5-106A of ~~Title 70~~
12 ~~of the Oklahoma Statutes~~ this title, the teacher, upon being found
13 to be employed full-time for another public school, including a
14 public charter school in the state, at a hearing held before the
15 State Board of Education, shall have such teacher's certificate
16 suspended for the remainder of the term for which the contract was
17 made.

18 SECTION 7. AMENDATORY 70 O.S. 2021, Section 18-124, is
19 amended to read as follows:

20 Section 18-124. A. Any school district with an average daily
21 attendance (ADA) of more than one thousand five hundred (1,500)
22 students for the preceding year which expends for administrative
23 services in the 2005-06 school year or any school year thereafter,
24 less expenditures for legal services, more than five percent (5%) of

1 the amount it expends for total expenditures, less expenditures for
2 legal services, shall have the amount which exceeds the five percent
3 (5%) withheld the following year from the Foundation and Salary
4 Incentive Aid for the school district.

5 B. Any school district with an average daily attendance (ADA)
6 of more than five hundred (500) students but not more than one
7 thousand five hundred (1,500) students for the preceding year which
8 expends for administrative services in the 2005-06 school year or
9 any school year thereafter, less expenditures for legal services,
10 more than seven percent (7%) of the amount it expends for total
11 expenditures, less expenditures for legal services, shall have the
12 amount which exceeds the seven percent (7%) withheld the following
13 year from the Foundation and Salary Incentive Aid for the school
14 district.

15 C. Any school district with an average daily attendance (ADA)
16 of five hundred (500) or fewer students for the preceding year which
17 expends for administrative services in the 2005-06 school year or
18 any school year thereafter, less expenditures for legal services,
19 more than eight percent (8%) of the amount it expends for total
20 expenditures, less expenditures for legal services, shall have the
21 amount which exceeds the eight percent (8%) withheld the following
22 year from the Foundation and Salary Incentive Aid for the school
23 district.

24

1 D. The provisions of this section shall apply to charter
2 schools which contract with an educational management organization
3 or a charter management organization as defined in Section 5-200 of
4 this title. The expenditure limits shall not exceed the percentages
5 prescribed in subsections A, B, and C of this section, and the
6 calculation of administrative services for schools which contract
7 with an educational management organization or a charter management
8 organization shall be the combined amount of administrative services
9 expended by the charter school and the educational management
10 organization or charter management organization.

11 E. For purposes of this section, "administrative services"
12 means costs associated with:

- 13 1. Staff for the board of education;
- 14 2. The secretary/clerk for the board of education;
- 15 3. Staff relations;
- 16 4. Negotiations staff;
- 17 5. Immediate staff of the superintendent, any elementary
18 superintendent or any assistant superintendent;
- 19 6. Any superintendent, elementary superintendent, or assistant
20 superintendent;
- 21 7. Any employee of a school district employed as a director,
22 coordinator, supervisor, or who has responsibility for
23 administrative functions of a school district; ~~and~~
- 24 8. Any consultant hired by the school district; and

1 9. Administrative services paid to an educational management
2 organization or a charter management organization as defined in
3 Section 5-200 of this title.

4 ~~F.~~ F. If an employee of a school district is employed in a
5 position where part of the employee's time is spent as an
6 administrator and part of the time is spent in nonadministrative
7 functions, the percentage of time spent as an administrator shall be
8 included as administrative services. A superintendent who spends
9 part of the time performing exempted nonadministrative services such
10 as teaching in the classroom, serving as a principal, counselor, or
11 library media specialist, can code up to forty percent (40%) of
12 their salary to other nonadministrative functions. The total amount
13 of time a superintendent of a school district spends performing
14 services for a school district shall be included as administrative
15 services even if part of the time the superintendent is performing
16 nonexempted nonadministrative service functions. The total amount
17 received by a superintendent from the school district as salary, for
18 the performance of administrative and nonexempted nonadministrative
19 services, shall be recorded under the code for superintendent salary
20 as provided for in the Oklahoma Cost Accounting System.

21 ~~F.~~ G. Each school site within a school district shall take
22 steps to ensure that the administrative costs for the school comply
23 with the expenditure limits established for school districts in this
24 section.

1 ~~G.~~ H. Funds withheld pursuant to the provisions of this section
2 shall be distributed through the State Aid formula to the districts
3 not so penalized.

4 ~~H.~~ I. For the 2003-04 and 2004-05 school year, school districts
5 shall report to the State Department of Education the costs
6 associated with administrative services for the school district as
7 defined in subsection ~~D~~ E of this section.

8 SECTION 8. This act shall become effective July 1, 2022.

9 SECTION 9. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

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14 COMMITTEE REPORT BY: COMMITTEE ON COMMON EDUCATION, dated 02/16/2022
15 - DO PASS, As Amended and Coauthored.

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