

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 HOUSE BILL NO. 3403

6 By: Lowe (Dick)

7 COMMITTEE SUBSTITUTE

8 An Act relating to schools; amending 70 O.S. 2021,  
9 Section 1-118, which relates to school district  
10 building funds; including purchase and maintenance of  
11 school buses as authorized expenditure; amending 70  
12 O.S. 2021, Section 3-104, as amended by Section 1,  
13 Chapter 290, O.S.L. 2023 (70 O.S. Supp. 2023, Section  
14 3-104), which relates to State Board of Education  
15 powers and duties; modifying definition; providing an  
16 effective date; and declaring an emergency.

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

18 SECTION 1. AMENDATORY 70 O.S. 2021, Section 1-118, is  
19 amended to read as follows:

20 Section 1-118. The building fund of any school district shall  
21 consist of all monies derived from the proceeds of a building fund  
22 levy of not to exceed five (5) mills in any year, voted by the  
23 people of a school district pursuant to the provisions of Article X,  
24 Section 10 of the Oklahoma Constitution, monies appropriated by the  
state for the purpose of capital expenditures or projects, monies

1 allocated to a school district by the State Board of Education from  
2 the State Public Common School Building Equalization Fund, and  
3 monies donated to a school district for the purpose of capital  
4 projects or improvements and may be used for erecting, remodeling,  
5 repairing, or maintaining school buildings, for purchasing  
6 furniture, equipment, and computer software to be used on or for  
7 school district property, for repairing and maintaining computer  
8 systems and equipment, for paying energy and utility costs, for  
9 purchasing telecommunications utilities and services, for paying  
10 fire and casualty insurance premiums for school facilities, for  
11 purchasing security systems, for paying salaries of security  
12 personnel, for purchasing school buses, or for one or more, or all,  
13 of such purposes. Proceeds of such levies shall not be required to  
14 be used during the year for which a levy is made but may accumulate  
15 from year to year until adequate for the purposes intended. The  
16 building fund may also consist of monies allocated to a school  
17 district via the federal Coronavirus Response and Relief  
18 Supplemental Appropriation Act of 2021 (CRRSA) and the federal  
19 American Rescue Plan Act of 2021 (ARP). The building fund  
20 hereinabove defined is hereby declared to be a current expense fund,  
21 but shall not be considered a part of the general operating fund.  
22 No monies derived from the proceeds of the school levies made  
23 pursuant to the provisions of Article X, Section 9 of the Oklahoma  
24

1 Constitution may be placed in the building fund provided by this  
2 section.

3 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-104, as  
4 amended by Section 1, Chapter 290, O.S.L. 2023 (70 O.S. Supp. 2023,  
5 Section 3-104), is amended to read as follows:

6 Section 3-104. A. The supervision of the public school system  
7 of Oklahoma shall be vested in the State Board of Education and,  
8 subject to limitations otherwise provided by law, the State Board of  
9 Education shall:

10 1. Adopt policies and make rules for the operation of the  
11 public school system of the state;

12 2. Appoint, prescribe the duties, and fix the compensation of a  
13 secretary, an attorney, and all other personnel necessary for the  
14 proper performance of the functions of the State Board of Education.  
15 The secretary shall not be a member of the Board;

16 3. Submit to the Governor a departmental budget based upon  
17 major functions of the Department as prepared by the Superintendent  
18 of Public Instruction and supported by detailed data on needs and  
19 proposed operations as partially determined by the budgetary needs  
20 of local school districts filed with the State Board of Education  
21 for the ensuing fiscal year. Appropriations therefor shall be made  
22 in lump-sum form for each major item in the budget as follows:

23 a. State Aid to schools,  
24

- 1           b.    the supervision of all other functions of general and  
2                    special education including general control, free  
3                    textbooks, school lunch, Indian education, and all  
4                    other functions of the Board and an amount sufficient  
5                    to adequately staff and administer these services, and  
6            c.    the Board shall determine the details by which the  
7                    budget and the appropriations are administered.  
8                    Annually, the Board shall make preparations to  
9                    consolidate all of the functions of the Department in  
10                   such a way that the budget can be based on two items,  
11                   administration and aid to schools. A maximum amount  
12                   for administration shall be designated as a part of  
13                   the total appropriation;

14           4.    On the first day of December preceding each regular session  
15 of the Legislature, prepare and deliver to the Governor and the  
16 Legislature a report for the year ending June 30 immediately  
17 preceding the regular session of the Legislature. The report shall  
18 contain:

- 19           a.    detailed statistics and other information concerning  
20                    enrollment, attendance, expenditures including State  
21                    Aid, and other pertinent data for all public schools  
22                    in this state,  
23            b.    reports from each and every division within the State  
24                    Department of Education as submitted by the State

1 Superintendent of Public Instruction and any other  
2 division, department, institution, or other agency  
3 under the supervision of the Board,

4 c. recommendations for the improvement of the public  
5 school system of the state,

6 d. a statement of the receipts and expenditures of the  
7 State Board of Education for the past year, and

8 e. a statement of plans and recommendations for the  
9 management and improvement of public schools and such  
10 other information relating to the educational  
11 interests of the state as may be deemed necessary and  
12 desirable;

13 5. Provide for the formulation and adoption of curricula,  
14 courses of study, and other instructional aids necessary for the  
15 adequate instruction of pupils in the public schools;

16 6. Have authority in matters pertaining to the licensure and  
17 certification of persons for instructional, supervisory, and  
18 administrative positions and services in the public schools of the  
19 state subject to the provisions of Section 6-184 of this title, and  
20 shall formulate rules governing the issuance and revocation of  
21 certificates for superintendents of schools, principals,  
22 supervisors, librarians, clerical employees, school nurses, school  
23 bus drivers, visiting teachers, classroom teachers, and for other  
24 personnel performing instructional, administrative, and supervisory

1 services, but not including members of boards of education and other  
2 employees who do not work directly with pupils, and may charge and  
3 collect reasonable fees for the issuance of such certificates:

- 4 a. the State Department of Education shall not issue a  
5 certificate to and shall revoke the certificate of any  
6 person who has been convicted, whether upon a verdict  
7 or plea of guilty or upon a plea of nolo contendere,  
8 or received a suspended sentence or any probationary  
9 term for a crime or an attempt to commit a crime  
10 provided for in Section 843.5 of Title 21 of the  
11 Oklahoma Statutes if the offense involved sexual abuse  
12 or sexual exploitation as those terms are defined in  
13 Section 1-1-105 of Title 10A of the Oklahoma Statutes,  
14 Section 741, 843.1, if the offense included sexual  
15 abuse or sexual exploitation, 865 et seq., 885, 888,  
16 891, 1021, 1021.2, 1021.3, 1040.13a, 1087, 1088,  
17 1111.1, 1114 or 1123 of Title 21 of the Oklahoma  
18 Statutes or who enters this state and who has been  
19 convicted, received a suspended sentence, or received  
20 a deferred judgment for a crime or attempted crime  
21 which, if committed or attempted in this state, would  
22 be a crime or an attempt to commit a crime provided  
23 for in any of the laws,  
24

1           b.   all funds collected by the State Department of  
2           Education for the issuance of certificates to  
3           instructional, supervisory, and administrative  
4           personnel in the public schools of the state shall be  
5           deposited in the "Teachers' Certificate Fund" in the  
6           State Treasury and may be expended by the State Board  
7           of Education to finance the activities of the State  
8           Department of Education necessary to administer the  
9           program, for consultative services, publication costs,  
10          actual and necessary travel expenses as provided in  
11          the State Travel Reimbursement Act incurred by persons  
12          performing research work, and other expenses found  
13          necessary by the State Board of Education for the  
14          improvement of the preparation and certification of  
15          teachers in Oklahoma.  Provided, any unobligated  
16          balance in the Teachers' Certificate Fund in excess of  
17          Ten Thousand Dollars (\$10,000.00) on June 30 of any  
18          fiscal year shall be transferred to the General  
19          Revenue Fund of this state.  Until July 1, 1997, the  
20          State Board of Education shall have authority for  
21          approval of teacher education programs.  The State  
22          Board of Education shall also have authority for the  
23          administration of teacher residency and professional  
24

1 development, subject to the provisions of the Oklahoma  
2 Teacher Preparation Act;

3 7. Promulgate rules governing the classification, inspection,  
4 supervision, and accrediting of all public nursery, kindergarten,  
5 elementary and secondary schools, and on-site educational services  
6 provided by public school districts or state-accredited private  
7 schools in partial hospitalization programs, day treatment programs,  
8 and day hospital programs as defined in this act for persons between  
9 the ages of three (3) and twenty-one (21) years of age in the state.  
10 However, no school shall be denied accreditation solely on the basis  
11 of average daily attendance.

12 Any school district which maintains an elementary school and  
13 faces the necessity of relocating its school facilities because of  
14 construction of a lake, either by state or federal authority, which  
15 will inundate the school facilities, shall be entitled to receive  
16 probationary accreditation from the State Board of Education for a  
17 period of five (5) years after September 5, 1975, and any school  
18 district, otherwise qualified, shall be entitled to receive  
19 probationary accreditation from the State Board of Education for a  
20 period of two (2) consecutive years to attain the minimum average  
21 daily attendance. The Head Start and public nurseries or  
22 kindergartens operated from Community Action Program funds shall not  
23 be subjected to the accrediting rules of the State Board of  
24 Education. Neither will the State Board of Education make rules



1 affecting the operation of the public nurseries and kindergartens  
2 operated from federal funds secured through Community Action  
3 Programs even though they may be operating in the public schools of  
4 the state. However, any of the Head Start or public nurseries or  
5 kindergartens operated under federal regulations may make  
6 application for accrediting from the State Board of Education but  
7 will be accredited only if application for the approval of the  
8 programs is made. The status of no school district shall be changed  
9 which will reduce it to a lower classification until due notice has  
10 been given to the proper authorities thereof and an opportunity  
11 given to correct the conditions which otherwise would be the cause  
12 of such reduction.

13 Private and parochial schools may be accredited and classified  
14 in like manner as public schools or, if an accrediting association  
15 is approved by the State Board of Education, by procedures  
16 established by the State Board of Education to accept accreditation  
17 by such accrediting association, if application is made to the State  
18 Board of Education for such accrediting;

19 8. Be the legal agent of the State of Oklahoma to accept, in  
20 its discretion, the provisions of any Act of Congress appropriating  
21 or apportioning funds which are now, or may hereafter be, provided  
22 for use in connection with any phase of the system of public  
23 education in Oklahoma. It shall prescribe such rules as it finds  
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1 necessary to provide for the proper distribution of such funds in  
2 accordance with the state and federal laws;

3 9. Be and is specifically hereby designated as the agency of  
4 this state to cooperate and deal with any officer, board, or  
5 authority of the United States Government under any law of the  
6 United States which may require or recommend cooperation with any  
7 state board having charge of the administration of public schools  
8 unless otherwise provided by law;

9 10. Be and is hereby designated as the "State Educational  
10 Agency" referred to in Public Law 396 of the 79th Congress of the  
11 United States, which law states that the act may be cited as the  
12 "National School Lunch Act", and the State Board of Education is  
13 hereby authorized and directed to accept the terms and provisions of  
14 the act and to enter into such agreements, not in conflict with the  
15 Constitution of Oklahoma or the Constitution and Statutes of the  
16 United States, as may be necessary or appropriate to secure for this  
17 state the benefits of the school lunch program established and  
18 referred to in the act;

19 11. Have authority to secure and administer the benefits of the  
20 National School Lunch Act, Public Law 396 of the 79th Congress of  
21 the United States, in this state and is hereby authorized to employ  
22 or appoint and fix the compensation of such additional officers or  
23 employees and to incur such expenses as may be necessary for the  
24 accomplishment of the above purpose, administer the distribution of

1 any state funds appropriated by the Legislature required as federal  
2 matching to reimburse on children's meals;

3 12. Accept and provide for the administration of any land,  
4 money, buildings, gifts, donation, or other things of value which  
5 may be offered or bequeathed to the schools under the supervision or  
6 control of the Board;

7 13. Have authority to require persons having administrative  
8 control of all school districts in Oklahoma to make such regular and  
9 special reports regarding the activities of the schools in the  
10 districts as the Board may deem needful for the proper exercise of  
11 its duties and functions. Such authority shall include the right of  
12 the State Board of Education to withhold all state funds under its  
13 control, to withhold official recognition, including accrediting,  
14 until such required reports have been filed and accepted in the  
15 office of the Board and to revoke the certificates of persons  
16 failing or refusing to make such reports;

17 14. Have general supervision of the school lunch program. The  
18 State Board of Education may sponsor workshops for personnel and  
19 participants in the school lunch program and may develop, print, and  
20 distribute free of charge or sell any materials, books, and  
21 bulletins to be used in the school lunch programs. There is hereby  
22 created in the State Treasury a revolving fund for the Board, to be  
23 designated the School Lunch Workshop Revolving Fund. The fund shall  
24 consist of all fees derived from or on behalf of any participant in

1 any such workshop sponsored by the State Board of Education, or from  
2 the sale of any materials, books, and bulletins, and funds shall be  
3 disbursed for expenses of such workshops and for developing,  
4 printing, and distributing of the materials, books, and bulletins  
5 relating to the school lunch program. The fund shall be  
6 administered in accordance with Section 155 of Title 62 of the  
7 Oklahoma Statutes;

8 15. Prescribe all forms for school district and county officers  
9 to report to the State Board of Education where required. The State  
10 Board of Education shall also prescribe a list of appropriation  
11 accounts by which the funds of school districts shall be budgeted,  
12 accounted for, and expended; and it shall be the duty of the State  
13 Auditor and Inspector in prescribing all budgeting, accounting, and  
14 reporting forms for school funds to conform to such lists;

15 16. Provide for the establishment of a uniform system of pupil  
16 and personnel accounting, records, and reports;

17 17. Have authority to provide for the health and safety of  
18 school children and school personnel while under the jurisdiction of  
19 school authorities;

20 18. Provide for the supervision of the transportation of  
21 pupils;

22 19. Have authority, upon request of the local school board, to  
23 act in behalf of the public schools of the state in the purchase of  
24 transportation equipment;

1       20. Have authority and is hereby required to perform all duties  
2 necessary to the administration of the public school system in  
3 Oklahoma as specified in the Oklahoma School Code; and, in addition  
4 thereto, those duties not specifically mentioned herein if not  
5 delegated by law to any other agency or official;

6       21. Administer the State Public Common School Building  
7 Equalization Fund established by Section 32 of Article X of the  
8 Oklahoma Constitution. Any monies as may be appropriated or  
9 designated by the Legislature, other than ad valorem taxes, any  
10 other funds identified by the State Department of Education, which  
11 may include, but not be limited to, grants-in-aid from the federal  
12 government for building purposes, the proceeds of all property that  
13 shall fall to the state by escheat, penalties for unlawful holding  
14 of real estate by corporations, and capital gains on assets of the  
15 permanent school funds, shall be deposited in the State Public  
16 Common School Building Equalization Fund. The fund shall be used to  
17 aid school districts and charter schools in acquiring buildings,  
18 subject to the limitations fixed by Section 32 of Article X of the  
19 Oklahoma Constitution. It is hereby declared that the term  
20 "acquiring buildings" as used in Section 32 of Article X of the  
21 Oklahoma Constitution shall mean acquiring or improving school  
22 sites~~;~~ constructing, repairing, remodeling, or equipping buildings~~;~~  
23 ~~or~~ acquiring school furniture, fixtures, or equipment; or any  
24 expenditure which qualifies as a "building fund" expenditure as used

1 in Section 1-118 of this title. It is hereby declared that the term  
2 "school districts" as used in Section 32 of Article X of the  
3 Oklahoma Constitution shall mean school districts and eligible  
4 charter schools as defined in subsection B of this section. The  
5 State Board of Education shall disburse redbud school grants  
6 annually from the State Public Common School Building Equalization  
7 Fund to public schools and eligible charter schools pursuant to  
8 subsection B of this section. The Board shall promulgate rules for  
9 the implementation of disbursing redbud school grants pursuant to  
10 this section. The State Board of Education shall prescribe rules  
11 for making grants of aid from, and for otherwise administering, the  
12 fund pursuant to the provisions of this paragraph, and may employ  
13 and fix the duties and compensation of technicians, aides, clerks,  
14 stenographers, attorneys, and other personnel deemed necessary to  
15 carry out the provisions of this paragraph. The cost of  
16 administering the fund shall be paid from monies appropriated to the  
17 State Board of Education for the operation of the State Department  
18 of Education. From monies apportioned to the fund, the State  
19 Department of Education may reserve not more than one-half of one  
20 percent (1/2 of 1%) for purposes of administering the fund;

21 22. Recognize that the Director of the Oklahoma Department of  
22 Corrections shall be the administrative authority for the schools  
23 which are maintained in the state reformatories and shall appoint  
24 the principals and teachers in such schools. Provided, that rules

1 of the State Board of Education for the classification, inspection,  
2 and accreditation of public schools shall be applicable to such  
3 schools; and such schools shall comply with standards set by the  
4 State Board of Education; and

5 23. Have authority to administer a revolving fund which is  
6 hereby created in the State Treasury, to be designated the  
7 Statistical Services Revolving Fund. The fund shall consist of all  
8 monies received from the various school districts of the state, the  
9 United States Government, and other sources for the purpose of  
10 furnishing or financing statistical services and for any other  
11 purpose as designated by the Legislature. The State Board of  
12 Education is hereby authorized to enter into agreements with school  
13 districts, municipalities, the United States Government,  
14 foundations, and other agencies or individuals for services,  
15 programs, or research projects. The Statistical Services Revolving  
16 Fund shall be administered in accordance with Section 155 of Title  
17 62 of the Oklahoma Statutes.

18 B. 1. The redbud school grants shall be determined by the  
19 State Department of Education as follows:

20 a. divide the county four-mill levy revenue by four to  
21 determine the nonchargeable county four-mill revenue  
22 for each school district,

23 b. determine the amount of new revenue generated by the  
24 five-mill building fund levy as authorized by Section

1 10 of Article X of the Oklahoma Constitution for each  
2 school district as reported in the Oklahoma Cost  
3 Accounting System for the preceding fiscal year,

4 c. add the amounts calculated in subparagraphs a and b of  
5 this paragraph to determine the nonchargeable millage  
6 for each school district,

7 d. add the nonchargeable millage in each district  
8 statewide as calculated in subparagraph c of this  
9 paragraph and divide the total by the average daily  
10 membership in public schools statewide based on the  
11 preceding school year's average daily membership,  
12 according to the provisions of Section 18-107 of this  
13 title. This amount is the statewide nonchargeable  
14 millage per student, known as the baseline local  
15 funding per student,

16 e. all eligible charter schools shall be included in  
17 these calculations as unique school districts,  
18 separate from the school district that may sponsor the  
19 eligible charter school, and the total number of  
20 districts shall be used to determine the statewide  
21 average baseline local funding per student,

22 f. for each school district or eligible charter school  
23 which is below the baseline local funding per student,  
24 the Department shall subtract the baseline local



1 funding per student from the average nonchargeable  
2 millage per student of the school district or eligible  
3 charter school to determine the nonchargeable millage  
4 per student shortfall for each district,

5 g. the nonchargeable millage per student shortfall for a  
6 school district or eligible charter school shall be  
7 multiplied by the average daily membership of the  
8 preceding school year of the eligible school district  
9 or eligible charter school. This amount shall be the  
10 redbud school grant amount for the school district or  
11 eligible charter school, and

12 h. if the appropriation for each fiscal year by the  
13 Legislature to the State Public Common School Building  
14 Equalization Fund created in Section 32, Article X of  
15 the Oklahoma Constitution exceeds the amount necessary  
16 to provide the redbud school grants in the amounts as  
17 calculated pursuant to the provisions of subparagraph  
18 g of this paragraph, the redbud school grant amounts  
19 shall be determined by:

20 (1) calculating the highest possible percentile to  
21 the hundredth decimal place of the nonchargeable  
22 millage per student shortfall for all school  
23 districts and eligible charter schools with the  
24 available funds, and

1 (2) the nonchargeable millage per student shortfall  
2 for each district shall be subtracted by the  
3 highest possible percentile to the hundredth  
4 decimal place. The total of this calculation  
5 shall be multiplied by the preceding school  
6 year's average daily membership, according to the  
7 provisions of Section 18-107 of this title.

8 This amount shall be the redbud school grant amount  
9 for the school district or eligible charter school for  
10 that fiscal year.

11 2. For fiscal year 2022, monies for the redbud school grants  
12 shall be expended from the funds apportioned pursuant to Section 426  
13 of Title 63 of the Oklahoma Statutes. If funds are insufficient,  
14 the Department shall promulgate rules to permit a decrease to the  
15 baseline local funding per student to the highest amount allowed  
16 with the funding available.

17 3. As used in this section, "eligible charter school" shall  
18 mean a charter school which is sponsored pursuant to the provisions  
19 of the Oklahoma Charter Schools Act. Provided, however, "eligible  
20 charter school" shall not include a charter school sponsored by the  
21 Statewide Virtual Charter School Board but shall only include those  
22 which provide in-person or blended instruction, as provided by  
23 Section 1-111 of this title, to not less than two-thirds (2/3) of  
24 students as the primary means of instructional service delivery.

1           4. The Department shall develop a program to acknowledge the  
2 redbud school grant recipients and shall include elected members of  
3 the House of Representatives and Senate who represent the school  
4 districts and eligible charter schools.

5           5. The Department shall create a dedicated page on its website  
6 listing annual redbud school grant recipients, amount awarded to  
7 each recipient, and other pertinent information about the Redbud  
8 School Funding Act.

9           6. The Department shall provide the Chair of the House  
10 Appropriations and Budget Committee and the Chair of the Senate  
11 Appropriations Committee no later than February 1 of each year with  
12 an estimate of the upcoming year's redbud school grant allocation as  
13 prescribed by this section.

14           7. In the event of a failure of revenue pursuant to the  
15 Oklahoma State Finance Act, the redbud grants otherwise authorized  
16 in subsection B of this section shall be reduced proportionately to  
17 the reduction in the amount of money appropriated to the State Board  
18 of Education for the financial support of public schools for the  
19 fiscal year in which the failure of revenue occurs.

20           SECTION 3. This act shall become effective July 1, 2024.

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

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