

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 59th Legislature (2023)

4   HOUSE BILL 2414

                                  By: Johns

10                                   AS INTRODUCED

11           An Act relating to schools; amending 70 O.S. 2021,  
12           Sections 3-135, 3-136, 3-137, and 3-142, which relate  
13           to the Oklahoma Charter Schools Act; requiring  
14           charter school to provide certain notice to sponsor;  
15           directing sponsor to use performance framework for  
16           charter school evaluation; authorizing development of  
17           certain separate framework; adding minimum  
18           requirements for framework; mandating annual  
19           evaluation; directing presentation of results to  
20           certain governing boards; defining term; subjecting  
21           charter school to certain spending limitations;  
22           prohibiting charter school from providing instruction  
23           to certain students; directing charter school  
24           governing board to comply with certain acts;  
              subjecting charter school sponsor governing board to  
              certain conflict of interest requirements; modifying  
              procedures for charter school contracts; requiring  
              sponsor 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;  
              amending 70 O.S. 2021, Section 3-145.3, which relates  
              to duties of the Statewide Virtual Charter School  
              Board; requiring compliance with the Oklahoma Charter  
              Schools Act; modifying limitation on fee for  
              administrative expenses and support; subjecting  
              certain charter schools to the same purchasing

1 procedures and compliance requirements as school  
2 districts; prohibiting commingling of certain school  
3 funds; modifying instruction and continuing education  
4 obligations for certain governing board members;  
5 establishing requirements for governing boards which  
6 contract with educational management organizations;  
7 prescribing duties for board membership; requiring  
8 State Department of Education and sponsor to publish  
9 certain contracts on their websites; directing  
10 Department to publish list of fees paid; subjecting  
11 certain board members to instruction and continuing  
12 education requirements; prohibiting certain conflicts  
13 of interest and pecuniary gain; disallowing certain  
14 appointments or selections of members; requiring  
15 sponsor board members to complete instruction and  
16 continuing education requirements; specifying entity  
17 to pay for instruction and continuing education;  
18 prescribing requirements for instruction and  
19 continuing education; defining term; designating  
20 certain funds as public funds; prohibiting transfer  
21 or conversion of state funds to private funds;  
22 clarifying provision; requiring payments from charter  
23 schools to comply with certain provisions; directing  
24 organization to provide certain documents; subjecting  
certain funds to audit, transparency, oversight and  
financial reporting; requiring certain funds to  
remain public funds; prescribing grade for  
participation in certain extracurricular or  
educational activities; declaring certain property to  
remain public property of the charter school;  
mandating an operating agreement review of certain  
charter schools; establishing procedures for review;  
requiring written agreement for certain expenditures;  
mandating criminal history record checks for certain  
personnel; prescribing process and payment of checks;  
prohibiting certain activities by educational  
management organizations; amending 70 O.S. 2021,  
Section 5-200, which relates to educational  
management organizations; requiring amounts paid to  
certain organizations be pursuant to contract terms;  
mandating disclosure pursuant to certain guidelines;  
amending 70 O.S. 2021, Section 18-124, which relates  
to limitations on administrative services  
expenditures; providing applicability of limitation  
to certain charter schools; clarifying calculation  
for specified schools; modifying definition;

1 providing for codification; providing an effective  
2 date; and declaring an emergency.

3  
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

7 Section 3-135. A. The sponsor of a charter school shall enter  
8 into a written contract with the governing ~~body~~ board of the charter  
9 school. The contract shall incorporate the provisions of the  
10 charter of the charter school and contain, but shall not be limited  
11 to, the following provisions:

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

15 2. Admission policies and procedures;

16 3. Management and administration of the charter school,  
17 including that a majority of the charter governing board members are  
18 residents of the State of Oklahoma and meet no less than quarterly  
19 in a public meeting within the boundaries of the school district in  
20 which the charter school is located or within the State of Oklahoma  
21 in the instance of multiple charter school locations by the same  
22 sponsor;

23 4. Requirements and procedures for program and financial  
24 audits;

- 1        5. A description of how the charter school will comply with the
- 2 charter requirements set forth in the Oklahoma Charter Schools Act;
- 3        6. Assumption of liability by the charter school;
- 4        7. The term of the contract;
- 5        8. A description of the high standards of expectation and rigor
- 6 for charter school plans and assurance that charter school plans
- 7 adopted meet at least those standards;
- 8        9. Policies that require that the charter school be as equally
- 9 free and open to all students as traditional public schools;
- 10       10. Procedures that require students enrolled in the charter
- 11 school to be selected by lottery to ensure fairness if more students
- 12 apply than a school has the capacity to accommodate;
- 13       11. Policies that require the charter school to be subject to
- 14 the same academic standards and expectations as existing public
- 15 schools; ~~and~~
- 16       12. A description of the requirements and procedures for the
- 17 charter school to receive funding in accordance with statutory
- 18 requirements and guidelines for existing public schools; and
- 19       13. A requirement to promptly notify the sponsor in the
- 20 instance of any significant adverse actions, material findings of
- 21 noncompliance, or pending actions, claims, or proceedings in this
- 22 state relating to the charter school or an educational management
- 23 organization with which the charter school has a contract.
- 24

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

15       Upon contracting with any teacher or other personnel, the  
16 governing ~~body~~ board of the charter school shall, in writing,  
17 disclose employment rights of the employees in the event the charter  
18 school closes or the charter is not renewed.

19       No charter school may begin serving students without a charter  
20 contract executed in accordance with the provisions of the Oklahoma  
21 Charter Schools Act and approved in an open meeting of the sponsor.  
22 The sponsor may establish reasonable preopening requirements or  
23 conditions to monitor the start-up progress of newly approved  
24 charter schools and ensure that each school is prepared to open

1 smoothly on the date agreed and to ensure that each school meets all  
2 building, health, safety, insurance and other legal requirements for  
3 the opening of a school.

4 C. The performance provisions within the charter contract shall  
5 be based on a performance framework that clearly sets forth the  
6 academic and operational performance indicators, ~~measures and~~  
7 ~~metrics that will guide the evaluations of the~~ shall be used by  
8 charter school sponsors to evaluate their respective charter school  
9 by the sponsor schools. The sponsor may develop a separate  
10 performance framework to evaluate a charter school that has been  
11 designated by the State Department of Education to implement an  
12 alternative education program throughout the charter school. The  
13 sponsor shall require a charter school to submit the data required  
14 in this section in the identical format that is required by the  
15 State Department of Education of all public schools in order to  
16 avoid duplicative administrative efforts or allow a charter school  
17 to provide permission to the Department to share all required data  
18 with the sponsor of the charter school. The performance framework  
19 shall serve as the minimum requirement for charter school  
20 performance evaluation and shall include, but not be limited to, the  
21 following indicators, ~~measures and metrics for, at a minimum:~~

- 22 1. Student academic proficiency;
- 23 2. Student academic growth;

3. Achievement gaps in both proficiency and growth between major student subgroups;
4. Student attendance;
5. Recurrent enrollment from year to year as determined by the methodology used for public schools in Oklahoma;
6. In the case of high schools, graduation rates as determined by the methodology used for public schools in Oklahoma;
7. In the case of high schools, postsecondary readiness;
8. Financial performance and sustainability and compliance with state and Internal Revenue Service financial reporting requirements;
- ~~and~~
9. Audit findings or deficiencies;
10. Accreditation and timely reporting; and
11. Governing board performance and stewardship, including compliance with all applicable laws, regulations and terms of the charter contract.

The sponsor shall annually evaluate its charter schools according to the performance framework. The results of the evaluation shall be presented to the governing board of the charter school and the governing board of the charter school sponsor in an open meeting and posted on the website of the charter school.

D. The sponsor shall not request any metric or data from a charter school that it does not produce or publish for all school

1 sites in the district or under its sponsorship, unless the metric or  
2 data is unique to a charter school.

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

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

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

18 1. A charter school shall comply with all federal regulations  
19 and state and local rules and statutes relating to health, safety,  
20 civil rights and insurance. By January 1, 2000, the State  
21 Department of Education shall prepare a list of relevant rules and  
22 statutes which a charter school must comply with as required by this  
23 paragraph and shall annually provide an update to the list;



1        2. A charter school shall be nonsectarian in its programs,  
2 admission policies, employment practices, and all other operations.  
3 A sponsor may not authorize a charter school or program that is  
4 affiliated with a nonpublic sectarian school or religious  
5 institution;

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

22        4. A charter school shall participate in the testing as  
23 required by the Oklahoma School Testing Program Act and the  
24 reporting of test results as is required of a school district. A

1 charter school shall also provide any necessary data to the Office  
2 of Accountability;

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

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

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

21 8. A charter school shall provide for a governing ~~body~~ board  
22 for the school which shall be responsible for the policies and  
23 operational decisions of the charter school;

1        9. A charter school shall not provide or otherwise supplement  
2 instruction of students enrolled in private schools or be used as a  
3 method of generating revenue for students who are being home  
4 schooled and are not being educated at an organized charter school  
5 site;

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

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

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

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

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

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

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

23       17. The governing ~~body~~ board of a charter school and the  
24 governing board of a charter school sponsor shall be subject to the

1 same conflict of interest requirements as a member of a local school  
2 board; and

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

14 B. The charter of a charter school shall include a description  
15 of the personnel policies, personnel qualifications, and method of  
16 school governance, and the specific role and duties of the sponsor  
17 of the charter school.

18 C. The charter of a charter school may be amended at the  
19 request of the governing ~~body~~ board of the charter school and upon  
20 the approval of the sponsor.

21 D. A charter school may enter into contracts and sue and be  
22 sued.

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

1 F. The charter of a charter school shall include a provision  
2 specifying the method or methods to be employed for disposing of  
3 real and personal property acquired by the charter school upon  
4 expiration or termination of the charter or failure of the charter  
5 school to continue operations. Except as otherwise provided, any  
6 real or personal property purchased with state or local funds shall  
7 be retained by the sponsoring school district or sponsor of the  
8 charter school. If a charter school that was previously sponsored  
9 by the board of education of a school district continues operation  
10 within the school district under a new charter sponsored by an  
11 entity authorized pursuant to Section 3-132 of this title, the  
12 charter school may retain any personal property purchased with state  
13 or local funds for use in the operation of the charter school until  
14 termination of the new charter or failure of the charter school to  
15 continue operations.

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

18 Section 3-137. A. ~~An~~ The first approved contract ~~for~~ between a  
19 charter school and its sponsor shall be effective for five (5) years  
20 from the first day of operation. A charter contract may be renewed  
21 for successive five-year terms of duration, although the sponsor may  
22 vary the term based on the performance, demonstrated capacities and  
23 particular circumstances of each charter school. A sponsor may  
24

1 grant renewal with specific conditions for necessary improvements to  
2 a charter school.

3 B. Prior to the beginning of the fourth year of operation of a  
4 charter school, the sponsor shall issue a charter school performance  
5 report and charter renewal application guidance to the school and  
6 the charter school governing board. The performance report shall  
7 summarize the performance record to date of the charter school,  
8 based on the data required by the Oklahoma Charter Schools Act, the  
9 annual performance framework evaluation, the operating agreement  
10 review if the charter school contracts with an educational  
11 management organization, and the charter contract and taking into  
12 consideration the percentage of at-risk students enrolled in the  
13 school, ~~and~~. The performance report shall provide notice of any  
14 weaknesses ~~or~~, concerns, violations, or deficiencies perceived by  
15 the sponsor concerning the charter school that may jeopardize its  
16 position in seeking renewal if not timely rectified, and the charter  
17 school sponsor shall develop a corrective action plan and  
18 corresponding timeline to remedy any violations or deficiencies.  
19 The charter school shall have forty-five (45) days to respond to the  
20 performance report and submit any corrections or clarifications for  
21 the report. If the charter school does not substantially complete  
22 the corrective action plan developed by the sponsor, the sponsor may  
23 choose not to renew the charter contract pursuant to the  
24 requirements of this section.

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

- 5 a. present additional evidence, beyond the data contained  
6 in the performance report, supporting its case for  
7 charter renewal,
- 8 b. describe improvements undertaken or planned for the  
9 school, and
- 10 c. detail the plan for the next charter term for the  
11 school.

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

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

1        1. Ground decisions on evidence of the performance of the  
2 school over the term of the charter contract in accordance with the  
3 performance framework set forth in the charter contract and shall  
4 take into consideration the percentage of at-risk students enrolled  
5 in the school;

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

10       3. Ensure that data used in making renewal decisions are  
11 available to the school and the public; and

12       4. Provide a public report summarizing the evidence used as the  
13 basis for each decision.

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

18       F. A sponsor may terminate a contract during the term of the  
19 contract for failure to meet the requirements for student  
20 performance contained in the contract and performance framework,  
21 failure to meet the standards of fiscal management, violations of  
22 the law or other good cause. The sponsor shall give at least ninety  
23 (90) days' written notice to the governing board prior to  
24 terminating the contract. The governing board may request, in



1 writing, an informal hearing before the sponsor within fourteen (14)  
2 days of receiving notice. The sponsor shall conduct an informal  
3 hearing before taking action. If a sponsor decides to terminate a  
4 contract, the governing board may, if requested by the charter  
5 school, proceed to binding arbitration as provided for in subsection  
6 G of Section 3-134 of this title.

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

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

18 3. If there is a change to the calculation described in Section  
19 1210.545 of this title that results in a charter school site that  
20 was not ranked in the bottom five percent (5%) being ranked in the  
21 bottom five percent (5%), then the sponsor shall use the higher of  
22 the two rankings to calculate the ranking of the charter school  
23 site.  
24

1       4. In the event that a sponsor fails to close a charter school  
2 site consistent with this subsection, the sponsor shall appear  
3 before the State Board of Education to provide support for its  
4 decision. The State Board of Education may, by majority vote,  
5 uphold or overturn the decision of the sponsor. If the decision of  
6 the sponsor is overturned by the State Board of Education, the Board  
7 may implement one of the following actions:

- 8           a. transfer the sponsorship of the charter school  
9               identified in this paragraph to another sponsor,
- 10          b. order the closure of the charter school identified in  
11               this paragraph at the end of the current school year,  
12               or
- 13          c. order the reduction of any administrative fee  
14               collected by the sponsor that is applicable to the  
15               charter school identified in this paragraph. The  
16               reduction shall become effective at the beginning of  
17               the month following the month the hearing of the  
18               sponsor is held by the State Board of Education.

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

22       6. The requirements of this subsection shall not apply to a  
23 charter school that has been designated by the State Department of  
24

1 Education as implementing an alternative education program  
2 throughout the charter school.

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

5 a. enrollment of students with special challenges such as  
6 drug or alcohol addiction, prior withdrawal from  
7 school, prior incarceration or other special  
8 circumstances,

9 b. high mobility of the student population resulting from  
10 the specific purpose of the charter school,

11 c. annual improvement in the performance of students  
12 enrolled in the charter school compared with the  
13 performance of students enrolled in the charter school  
14 in the immediately preceding school year, and

15 d. whether a majority of students attending the charter  
16 school under consideration for closure would likely  
17 revert to attending public schools with lower academic  
18 achievement, as demonstrated pursuant to Section  
19 1210.545 of this title.

20 8. If the State Board of Education has closed or transferred  
21 authorization of at least twenty-five percent (25%) of the charter  
22 schools chartered by one sponsor pursuant to paragraph 4 of this  
23 subsection, the authority of the sponsor to authorize new charter  
24 schools may be suspended by the Board until the Board approves the

1 sponsor to authorize new charter schools. A determination under  
2 this paragraph to suspend the authority of a sponsor to authorize  
3 new charter schools shall identify the deficiencies that, if  
4 corrected, will result in the approval of the sponsor to authorize  
5 new charter schools.

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

9 1. Within two (2) calendar weeks of a final closure  
10 determination, the sponsor shall meet with the governing board and  
11 leadership of the charter school to establish a transition team  
12 composed of school staff, applicant staff and others designated by  
13 the applicant that will attend to the closure, including the  
14 transfer of students, student records and school funds;

15 2. The sponsor and transition team shall communicate regularly  
16 and effectively with families of students enrolled in the charter  
17 school, as well as with school staff and other stakeholders, to keep  
18 them apprised of key information regarding the closure of the school  
19 and their options and risks;

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

23 4. The sponsor and transition team shall ensure that all  
24 necessary and prudent notifications are issued to agencies,

1 employees, insurers, contractors, creditors, debtors and management  
2 organizations; and

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

7 I. A sponsor shall develop revocation and nonrenewal processes  
8 that are consistent with the Oklahoma Charter Schools Act and that:

9 1. Provide the charter school with a timely notification of the  
10 prospect of revocation or nonrenewal and of the reasons for possible  
11 closure;

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

14 3. Provide the charter school with an opportunity to submit  
15 documents and give testimony in a public hearing challenging the  
16 rationale for closure and in support of the continuation of the  
17 school at an orderly proceeding held for that purpose and prior to  
18 taking any final nonrenewal or revocation decision related to the  
19 school;

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

22 5. Permit the recording of the proceedings; and

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

1 J. If a sponsor revokes or does not renew a charter, the  
2 sponsor shall clearly state in a resolution the reasons for the  
3 revocation or nonrenewal.

4 K. 1. Before a sponsor may issue a charter to a charter school  
5 governing ~~body~~ board that has had its charter terminated or has been  
6 informed that its charter will not be renewed by the current  
7 sponsor, the sponsor shall request to have the proposal reviewed by  
8 the State Board of Education at a hearing. The State Board of  
9 Education shall conduct a hearing in which the sponsor shall present  
10 information indicating that the proposal of the organizer is  
11 substantively different in the areas of deficiency identified by the  
12 current sponsor from the current proposal as set forth within the  
13 charter with its current sponsor.

14 2. After the State Board of Education conducts a hearing  
15 pursuant to this subsection, the Board shall either approve or deny  
16 the proposal.

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

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

22 M. If a contract is not renewed or is terminated according to  
23 this section, a student who attended the charter school may enroll  
24

1 in the resident school district of the student or may apply for a  
2 transfer in accordance with Section 8-103 of this title.

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

5 Section 3-142. A. The student membership and attendance of the  
6 charter school shall be considered separate from the student  
7 membership and attendance of the sponsor for the purpose of  
8 calculating enrollment and funding including weighted average daily  
9 membership pursuant to Section 18-201.1 of this title and State Aid  
10 pursuant to Section 18-200.1 of this title. A charter school shall  
11 receive the State Aid allocation, federal funds to which it is  
12 eligible and qualifies for and any other state-appropriated revenue  
13 generated by its students for the applicable year. Not more than  
14 three percent (3%) of the State Aid allocation may be charged by the  
15 sponsor as a fee for administrative services rendered. For purposes  
16 of this section, the fee for administrative services shall be used  
17 by the sponsor to provide oversight and services to the charter  
18 schools it sponsors. A charter school sponsor shall publish a  
19 detailed report on its website listing expenses related to oversight  
20 and services provided by the sponsor to its charter schools. The  
21 State Board of Education shall determine the policy and procedure  
22 for making payments to a charter school. The fee for administrative  
23 services as authorized in this subsection shall only be assessed on  
24 the State Aid allocation amount and shall not be assessed on any

1 other appropriated amounts. A sponsor of a charter school shall not  
2 charge any additional State Aid allocation or charge the charter  
3 school any additional fee above the amounts allowed by this  
4 subsection unless the additional fees are for additional services  
5 rendered. The charter school sponsor shall provide to the State  
6 Department of Education financial records documenting any state  
7 funds charged by the sponsor for administrative services rendered  
8 for the previous year.

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

18 2. For the purpose of calculating weighted average daily  
19 membership pursuant to Section 18-201.1 of this title and State Aid  
20 pursuant to Section 18-200.1 of this title, the weighted average  
21 daily membership for the first year of operation of a full-time  
22 statewide virtual charter school sponsored by the Statewide Virtual  
23 Charter School Board shall be determined by multiplying the actual  
24 enrollment of students as of August 1 by 1.333. The full-time



1 virtual charter school shall receive revenue equal to that which  
2 would be generated by the estimated weighted average daily  
3 membership calculated pursuant to this paragraph. At midyear, the  
4 allocation for the full-time statewide virtual charter school shall  
5 be adjusted using the first quarter weighted average daily  
6 membership for the virtual charter school calculated pursuant to  
7 subsection A of this section.

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

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

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

1 F. Except as otherwise provided in this subsection, each  
2 charter school shall pay to the Charter School Closure Reimbursement  
3 Revolving Fund created in subsection G of this section an amount  
4 equal to Five Dollars (\$5.00) per student based on average daily  
5 membership, as defined by paragraph 2 of Section 18-107 of this  
6 title, during the first nine (9) weeks of the school year. Each  
7 charter school shall complete the payment every school year within  
8 thirty (30) days after the first nine (9) weeks of the school year.  
9 If the Charter School Closure Reimbursement Revolving Fund has a  
10 balance of One Million Dollars (\$1,000,000.00) or more on July 1, no  
11 payment shall be required the following school year.

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

1 Services for approval and payment. The State Department of  
2 Education may promulgate rules regarding sponsor eligibility for  
3 reimbursement.

4 SECTION 5. AMENDATORY 70 O.S. 2021, Section 3-145.3, is  
5 amended to read as follows:

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

9 1. Provide oversight of the operations of statewide virtual  
10 charter schools in this state;

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

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

1 limited to selecting supplemental online courses that have been  
2 reviewed and certified by the Statewide Virtual Charter School Board  
3 and listed as provided for in this paragraph; and

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

10 B. Except as otherwise provided by law, each statewide virtual  
11 charter school which has been approved and sponsored by the Board  
12 shall be subject to and comply with the requirements of the Oklahoma  
13 Charter Schools Act. Each statewide virtual charter school which  
14 has been approved and sponsored by the Board or any virtual charter  
15 school for which the Board has assumed sponsorship of as provided  
16 for in Section 3-145.5 of this title shall be considered a statewide  
17 virtual charter school and, except as provided in subsection H of  
18 this section, the geographic boundaries of each statewide virtual  
19 charter school shall be the borders of the state.

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

1 shall be considered a separate local education agency for purposes  
2 of reporting and accountability.

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

15 E. A virtual charter school or a charter school which contracts  
16 with an educational management organization shall be subject to the  
17 same reporting requirements, financial audits, audit procedures and  
18 audit requirements as a school district and the compliance  
19 requirements provided in Section 3-136 of this title. The State  
20 Department of Education or State Auditor and Inspector may conduct  
21 financial, program or compliance audits. A virtual charter school  
22 or a charter school which contracts with an educational management  
23 organization shall use the Oklahoma Cost Accounting System (OCAS) to  
24 report financial transactions to the State Department of Education.

1 An educational management organization, as defined in Section 5-200  
2 of this title, which contracts with more than one school district  
3 shall not commingle funds of the schools.

4 F. A virtual charter school governing ~~body~~ board shall be  
5 responsible for the policies that govern the operational decisions  
6 of the virtual charter school. The governing ~~body~~ board of a  
7 virtual charter school shall be subject to the same conflict of  
8 interest requirements as a member of a local school board including,  
9 but not limited to, Sections 5-113 and 5-124 of this title. Members  
10 appointed to the governing ~~body~~ board of a virtual charter school  
11 ~~after July 1, 2019,~~ shall be subject to the same instruction and  
12 continuing education requirements as a member of a local school  
13 board and pursuant to Section 5-110 of this title, complete twelve  
14 (12) hours of instruction within fifteen (15) months of appointment  
15 to the governing ~~body~~ board, and pursuant to Section 5-110.1 of this  
16 title, attend continuing education. The instruction and continuing  
17 education shall include a minimum of two (2) hours of instruction  
18 and continuing education by the State Auditor and Inspector or an  
19 entity approved by the State Auditor and Inspector. Members  
20 appointed to the governing board of a virtual charter school prior  
21 to July 1, 2019, shall comply with the requirements of this  
22 subsection and, within fifteen (15) months of the effective date of  
23 this act, shall complete twelve (12) hours of instruction pursuant  
24 to Section 5-110 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       H. 1. Beginning with the 2021-2022 school year, a public  
9 school student who wishes to enroll in a virtual charter school  
10 shall be considered a transfer student from their resident school  
11 district. A virtual charter school shall pre-enroll any public  
12 school student whose parent expresses intent to enroll in the  
13 district. Upon pre-enrollment, the State Department of Education  
14 shall initiate a transfer on a form to be completed by the receiving  
15 virtual charter school. Upon approval of the receiving virtual  
16 charter school, the student may begin instructional activities.  
17 Upon notice that a public school student has transferred to a  
18 virtual charter school, the resident school district shall transmit  
19 the student's records within three (3) school days.

20       2. The State Department of Education shall notify the  
21 Legislature and Governor if it determines that the information  
22 technology infrastructure necessary to process the transfer of  
23 students to a virtual charter school is inadequate and one (1)  
24 additional school year is needed for implementation.

1        3. A public school student may transfer to one statewide  
2 virtual charter school at any time during a school year. For  
3 purposes of this subsection, "school year" shall mean July 1 through  
4 the following June 30. After one statewide virtual charter school  
5 transfer during a school year, no public school student shall be  
6 permitted to transfer to any other statewide virtual charter school  
7 without the concurrence of both the resident school district and the  
8 receiving virtual charter school. A student shall have a grace  
9 period of fifteen (15) school days from the first day of enrollment  
10 in a statewide virtual charter school to withdraw without academic  
11 penalty and shall continue to have the option of one virtual charter  
12 school transfer without the concurrence of both districts during  
13 that same school year. A statewide virtual charter school student  
14 that has utilized the allowable one transfer pursuant to this  
15 subsection shall not be permitted to transfer to another district or  
16 other statewide virtual charter school without first notifying his  
17 or her resident district and initiating a new transfer. Upon  
18 cancellation of a transfer the virtual charter school shall transmit  
19 the student's records to the student's new school district within  
20 three (3) school days. Students enrolled in a statewide virtual  
21 charter school shall not be required to submit a virtual charter  
22 transfer for consecutive years of enrollment. Any student enrolled  
23 in a statewide virtual charter school the year prior to the

24



1 implementation of this section shall not be required to submit a  
2 transfer in order to remain enrolled.

3 4. For purposes of this subsection, "parent" shall mean the  
4 parent of the student or person having custody of the student as  
5 provided for in paragraph 1 of subsection A of Section 1-113 of this  
6 title.

7 I. 1. A student shall be eligible to enroll in a statewide  
8 virtual charter school if he or she is a student whose parent or  
9 legal guardian is transferred or is pending transfer to a military  
10 installation within this state while on active military duty  
11 pursuant to an official military order.

12 2. A statewide virtual charter school shall accept applications  
13 by electronic means for enrollment and course registration for  
14 students described in paragraph 1 of this subsection.

15 3. The parent or legal guardian of a student described in  
16 paragraph 1 of this subsection shall provide proof of residence in  
17 this state within ten (10) days after the published arrival date  
18 provided on official documentation. A parent or legal guardian may  
19 use the following addresses as proof of residence:

- 20 a. a temporary on-base billeting facility,
- 21 b. a purchased or leased home or apartment, or
- 22 c. federal government or public-private venture off-base  
23 military housing.

1       4. The provisions of paragraph 3 of subsection H of this  
2 section shall apply to students described in paragraph 1 of this  
3 subsection.

4       5. For purposes of this subsection:

5           a. "active military duty" means full-time military duty  
6 status in the active uniformed service of the United  
7 States including members of the National Guard and  
8 Military Reserve on active duty orders, and

9           b. "military installation" means a base, camp, post,  
10 station, yard, center, homeport facility for any ship  
11 or other installation under the jurisdiction of the  
12 Department of Defense or the United States Coast  
13 Guard.

14       J. A virtual charter school shall not accept or deny a transfer  
15 based on ethnicity, national origin, gender, income level, disabling  
16 condition, proficiency in the English language, measure of  
17 achievement, aptitude or athletic ability.

18       K. The decision of the Statewide Virtual Charter School Board  
19 to deny, ~~nonrenew~~ not renew, 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 SECTION 6. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 3-145.9 of Title 70, unless  
7 there is created a duplication in numbering, reads as follows:

8 A. Beginning with the 2023-2024 school year, any governing  
9 board of a charter school which contracts with an educational  
10 management organization as defined in Section 5-200 of Title 70 of  
11 the Oklahoma Statutes shall:

12 1. Consist of a minimum of five (5) members, including one  
13 member who shall be a parent, grandparent, legal guardian or  
14 learning coach of a student who attends the charter school. As used  
15 in this paragraph, "learning coach" means a designated person who  
16 has the primary responsibility of being actively involved in all  
17 school-related work and activities of a student. The bylaws of the  
18 charter school shall set specific terms of service for charter  
19 school governing board members;

20 2. Meet at least one time per month;

21 3. Adopt a charter which shall ensure compliance with the same  
22 requirements and guidelines as provided in Section 3-136 of Title 70  
23 of the Oklahoma Statutes;

24

1        4. Appoint a board clerk, minute clerk and encumbrance clerk as  
2 provided in Section 5-119 of Title 70 of the Oklahoma Statutes and a  
3 treasurer as provided in Section 5-114 of Title 70 of the Oklahoma  
4 Statutes. Upon appointment, the board clerk, minute clerk,  
5 encumbrance clerk and treasurer shall attend and complete at least  
6 eight (8) hours of instruction offered by the Office of the State  
7 Auditor and Inspector or other organizations or associations  
8 representing school administrators or district boards of education  
9 in this state as approved by the State Auditor and Inspector. Each  
10 year the encumbrance clerk and treasurer shall complete at least  
11 three (3) hours of continuing education offered by the Office of the  
12 State Auditor and Inspector or other organizations or associations  
13 representing school administrators or district boards of education  
14 in this state as approved by the State Auditor and Inspector. If  
15 the board clerk, minute clerk, encumbrance clerk or treasurer is  
16 also a member of the charter school governing board, his or her  
17 completed instruction and continuing education requirements in this  
18 paragraph shall count toward the board instruction and continuing  
19 education requirements provided in subsection F of Section 3-145.3  
20 of Title 70 of the Oklahoma Statutes; and

21        5. Submit to the State Department of Education copies of any  
22 contract executed between the charter school governing board or  
23 charter school sponsor governing board and an educational management  
24 organization. The Department and the sponsor shall publish the

1 contracts on their websites and the Department shall publish a list  
2 of all the management fees paid by charter schools or charter school  
3 sponsors to educational management organizations.

4 B. Beginning with the 2023-2024 school year, members of a  
5 charter school governing board which contracts with an educational  
6 management organization shall:

7 1. Be subject to the instruction and continuing education  
8 requirements as provided in subsection F of Section 3-145.3 of Title  
9 70 of the Oklahoma Statutes;

10 2. Be subject to the same conflict of interest requirements as  
11 a member of a local school board including, but not limited to,  
12 Sections 5-113 and 5-124 of Title 70 of the Oklahoma Statutes. No  
13 member shall receive pecuniary gain, incidentally or otherwise, from  
14 the earnings of the educational management organization or school;  
15 and

16 3. Not be appointed or selected by any person affiliated with  
17 the educational management organization.

18 SECTION 7. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 3-145.10 of Title 70, unless  
20 there is created a duplication in numbering, reads as follows:

21 A. Beginning with the 2023-2024 school year, members of a  
22 charter school sponsor governing board that sponsors a charter  
23 school which contracts with an educational management organization  
24 shall complete instruction and continuing education.

1        1. The instruction and continuing education shall be provided  
2 in accordance with Sections 5-110 and 5-110.1 of Title 70 of the  
3 Oklahoma Statutes and shall include a minimum of two (2) hours of  
4 instruction and continuing education by the Office of the State  
5 Auditor and Inspector or an entity approved by the State Auditor and  
6 Inspector.

7        2. The governing board of a charter school sponsor shall pay  
8 for the costs of instruction and continuing education for its board  
9 members.

10       3. Each member shall complete at least twelve (12) hours of  
11 instruction within the first year of his or her appointment or  
12 within fifteen (15) months after the effective date of this act.

13       4. After completing the initial twelve (12) hours of  
14 instruction provided in paragraph 3 of this subsection, each member  
15 shall annually complete at least three (3) hours of continuing  
16 education.

17       B. As used in this section, "educational management  
18 organization" shall have the same meaning as in Section 5-200 of  
19 Title 70 of the Oklahoma Statutes.

20       SECTION 8.       NEW LAW       A new section of law to be codified  
21 in the Oklahoma Statutes as Section 3-145.11 of Title 70, unless  
22 there is created a duplication in numbering, reads as follows:

23       A. 1. State funds appropriated to any charter school which  
24 contracts with an educational management organization as defined in

1 Section 5-200 of Title 70 of the Oklahoma Statutes, including the  
2 State Aid allocation and any other state-appropriated revenue  
3 pursuant to Section 3-142 of Title 70 of the Oklahoma Statutes,  
4 shall remain public funds maintained in public accounts subject to  
5 audit, transparency, oversight and financial reporting and shall not  
6 be transferred or converted in any way to private funds except for  
7 funds which are paid for charter school expenses and funds which are  
8 paid to the educational management organization from the charter  
9 school pursuant to the terms of the contract and in accordance with  
10 state law and Internal Revenue Service requirements. If there is  
11 any question or potential discrepancy regarding use of funds paid to  
12 the educational management organization by the State Department of  
13 Education, charter school governing board, or charter school  
14 sponsor, the educational management organization shall provide  
15 invoices and financial documentation to the requesting entity  
16 proving the educational management organization is following the  
17 terms of the contract and is in compliance with the law.

18 2. Any state funds which are designated as student learning  
19 funds are appropriated for the benefit of the student, including  
20 extracurricular and educational activity funds, and shall remain  
21 public funds maintained in public accounts subject to audit,  
22 transparency, oversight and financial reporting and expended in  
23 accordance with purchasing requirements provided in Section 5-135 of  
24 Title 70 of the Oklahoma Statutes. Students shall receive a grade

1 for participation in extracurricular or educational activities as  
2 described in this subsection.

3 3. Any property purchased with public funds pursuant to this  
4 section may be assigned to employees or students of the charter  
5 school for charter school employment or extracurricular or  
6 educational purposes, but shall remain public property of the  
7 charter school.

8 B. In the third year of the charter school contract term, the  
9 State Auditor and Inspector or an auditor selected from a list of  
10 auditors approved and maintained by the State Auditor and Inspector  
11 shall conduct an operating agreement review of each charter school  
12 which contracts with an educational management organization to  
13 verify that the charter school and the educational management  
14 organization are following the terms of the contract and complying  
15 with state law and Internal Revenue Service requirements. The  
16 auditor may request additional documentation from the charter school  
17 or educational management organization to address any question or  
18 potential discrepancy. The charter school sponsor shall pay for the  
19 expenses related to the review, oversee the review and provide a  
20 full report of the review to the governing boards of the charter  
21 school and the charter school sponsor.

22 C. Every provider or entity that contracts with a charter  
23 school for expenditure of state funds pursuant to paragraph 2 of  
24 subsection A of this section shall:



1        1. Have an agreement in writing with the charter school which  
2 clearly states the goods or services being provided by the provider  
3 or entity pursuant to the contract and the costs thereof and that  
4 such goods, services and employees of the provider or entity comply  
5 with federal and state laws; and

6        2. Have on file with the State Department of Education a  
7 current Oklahoma criminal history record check from the Oklahoma  
8 State Bureau of Investigation or equivalent criminal history record  
9 check from another state as well as a national criminal history  
10 record check as defined in Section 150.9 of Title 74 of the Oklahoma  
11 Statutes for every owner and employee of the provider or entity who  
12 will have contact with students pursuant to the contract. Upon  
13 receipt of the Oklahoma criminal history record check or equivalent  
14 criminal history record check from another state, the provider or  
15 entity may begin extracurricular or educational activities until  
16 receipt of the national criminal history record check. The provider  
17 or entity shall be responsible for the cost of the criminal history  
18 record checks. Results of the checks shall be included as a  
19 requirement of the contract and reported to the governing board of  
20 the charter school.

21        D. An educational management organization shall not:

22        1. Manage or control the governing board of a charter school,  
23 including, but not limited to, setting meeting agendas, adopting  
24

1 charter school policies or making budget decisions on behalf of the  
2 charter school;

3 2. Employ a charter school superintendent who is also an owner  
4 of the educational management organization, unless the ownership  
5 stake held by the superintendent is less than ten percent (10%);

6 3. Employ legal counsel who also represents the charter school  
7 or charter school governing board which has an agreement with the  
8 educational management organization; and

9 4. Request public employees, including, but not limited to,  
10 teachers and other charter school employees, to complete tasks or  
11 perform duties that the educational management organization has been  
12 contracted to fulfill.

13 SECTION 9. AMENDATORY 70 O.S. 2021, Section 5-200, is  
14 amended to read as follows:

15 Section 5-200. A. As used in this section, "educational  
16 management organization" means a for-profit or nonprofit  
17 organization that receives public funds to provide administration  
18 and management services for a charter school, statewide virtual  
19 charter school or traditional public school.

20 B. A charter school that contracts with an educational  
21 management organization shall use the Oklahoma Cost Accounting  
22 System (OCAS) to report the total amount paid to an educational  
23 management organization pursuant to the terms of the contract as  
24 well as actual itemized expenditure information for the goods or

1 services provided by the management organization as defined by OCAS  
2 expenditure codes, including the total compensation package of the  
3 superintendent including the base salary, insurance, retirement and  
4 other fringe benefits.

5 C. ~~Any~~ Pursuant to Internal Revenue Service guidelines, any  
6 owner of an educational management organization shall be required to  
7 disclose to the governing board of the school in a public meeting  
8 any ownership position in any business that contracts or proposes to  
9 contract with the same public school that the educational management  
10 organization is managing.

11 D. Whenever any person shall enter into a contract with any  
12 school district or public charter school in the state to teach in  
13 such school district or public charter school the contract shall be  
14 binding on the teacher and on the board of education until the  
15 teacher legally has been discharged from the teaching position or  
16 released by the board of education from the contract. Except as  
17 provided in Section 5-106A of ~~Title 70 of the Oklahoma Statutes~~ this  
18 title, until such teacher has been thus discharged or released, the  
19 teacher shall not have authority to enter into a contract with any  
20 other board of education in Oklahoma for the same time covered by  
21 the original contract. If upon written complaint by the board of  
22 education in a district any teacher is reported to have failed to  
23 obey the terms of the contract previously made and to have entered  
24 into a contract with another board of education, including a public

1 charter school board of education, without having been released from  
2 the former contract except as provided in Section 5-106A of ~~Title 70~~  
3 ~~of the Oklahoma Statutes~~ this title, the teacher, upon being found  
4 to be employed full-time for another public school, including a  
5 public charter school in the state, at a hearing held before the  
6 State Board of Education, shall have such teacher's certificate  
7 suspended for the remainder of the term for which the contract was  
8 made.

9 SECTION 10. AMENDATORY 70 O.S. 2021, Section 18-124, is  
10 amended to read as follows:

11 Section 18-124. A. Any school district with an average daily  
12 attendance (ADA) of more than one thousand five hundred (1,500)  
13 students for the preceding year which expends for administrative  
14 services in the 2005-06 school year or any school year thereafter,  
15 less expenditures for legal services, more than five percent (5%) of  
16 the amount it expends for total expenditures, less expenditures for  
17 legal services, shall have the amount which exceeds the five percent  
18 (5%) withheld the following year from the Foundation and Salary  
19 Incentive Aid for the school district.

20 B. Any school district with an average daily attendance (ADA)  
21 of more than five hundred (500) students but not more than one  
22 thousand five hundred (1,500) students for the preceding year which  
23 expends for administrative services in the 2005-06 school year or  
24 any school year thereafter, less expenditures for legal services,

1 more than seven percent (7%) of the amount it expends for total  
2 expenditures, less expenditures for legal services, shall have the  
3 amount which exceeds the seven percent (7%) withheld the following  
4 year from the Foundation and Salary Incentive Aid for the school  
5 district.

6 C. Any school district with an average daily attendance (ADA)  
7 of five hundred (500) or fewer 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 eight percent (8%) of the amount it expends for total  
11 expenditures, less expenditures for legal services, shall have the  
12 amount which exceeds the eight percent (8%) withheld the following  
13 year from the Foundation and Salary Incentive Aid for the school  
14 district.

15 D. The provisions of this section shall apply to charter  
16 schools which contract with an educational management organization,  
17 as defined in Section 5-200 of this title. The expenditure limits  
18 shall not exceed the percentages prescribed in subsections A, B, and  
19 C of this section, and the calculation of administrative services  
20 for charter schools which contract with an educational management  
21 organization shall be the combined amount of administrative services  
22 expended by the charter school and the educational management  
23 organization.

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

- 3        1. Staff for the board of education;
- 4        2. The secretary/clerk for the board of education;
- 5        3. Staff relations;
- 6        4. Negotiations staff;
- 7        5. Immediate staff of the superintendent, any elementary  
8 superintendent or any assistant superintendent;
- 9        6. Any superintendent, elementary superintendent, or assistant  
10 superintendent;
- 11       7. Any employee of a school district employed as a director,  
12 coordinator, supervisor, or who has responsibility for  
13 administrative functions of a school district; ~~and~~
- 14       8. Any consultant hired by the school district; and
- 15       9. Any costs for administrative services paid to an educational  
16 management organization as defined in Section 5-200 of this title.

17       ~~E.~~ F. If an employee of a school district is employed in a  
18 position where part of the employee's time is spent as an  
19 administrator and part of the time is spent in nonadministrative  
20 functions, the percentage of time spent as an administrator shall be  
21 included as administrative services. A superintendent who spends  
22 part of the time performing exempted nonadministrative services such  
23 as teaching in the classroom, serving as a principal, counselor, or  
24 library media specialist, can code up to forty percent (40%) of

1 their salary to other nonadministrative functions. The total amount  
2 of time a superintendent of a school district spends performing  
3 services for a school district shall be included as administrative  
4 services even if part of the time the superintendent is performing  
5 nonexempted nonadministrative service functions. The total amount  
6 received by a superintendent from the school district as salary, for  
7 the performance of administrative and nonexempted nonadministrative  
8 services, shall be recorded under the code for superintendent salary  
9 as provided for in the Oklahoma Cost Accounting System.

10 ~~F.~~ G. Each school site within a school district shall take  
11 steps to ensure that the administrative costs for the school comply  
12 with the expenditure limits established for school districts in this  
13 section.

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

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

21 SECTION 11. This act shall become effective July 1, 2023.

22 SECTION 12. It being immediately necessary for the preservation  
23 of the public peace, health or safety, an emergency is hereby  
24

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.  
3

4 COMMITTEE REPORT BY: COMMITTEE ON COMMON EDUCATION, dated 02/28/2023  
5 - DO PASS.  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24