

1 **SENATE FLOOR VERSION**

2 March 4, 2025

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 705

6 By: Pugh

7 An Act relating to charter schools; amending 70 O.S.  
8 2021, Section 3-144, as amended by Section 13,  
9 Chapter 323, O.S.L. 2023 (70 O.S. Supp. 2024, Section  
10 3-144), which relates to the Charter Schools  
11 Incentive Fund; renaming fund; adding source of fund;  
12 adding purpose of fund; amending 70 O.S. 2021,  
13 Section 3-142, as last amended by Section 1, Chapter  
14 396, O.S.L. 2024 (70 O.S. Supp. 2024, Section 3-142),  
15 which relates to state funding for charter schools;  
16 modifying certain calculation of weighted average  
17 daily membership; modifying revolving fund to which  
18 certain payments are to be made; directing the  
19 Statewide Charter School Board to transfer certain  
20 remaining balance upon certain date to certain fund;  
21 updating statutory references; providing an effective  
22 date; and declaring an emergency.

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

24 SECTION 1. AMENDATORY 70 O.S. 2021, Section 3-144, as  
amended by Section 13, Chapter 323, O.S.L. 2023 (70 O.S. Supp. 2024,  
Section 3-144), is amended to read as follows:

Section 3-144. A. There is hereby created in the State  
Treasury a fund to be designated the "Charter Schools Incentive and  
Closure Reimbursement Fund". The fund shall be a continuing fund,  
not subject to fiscal year limitations, and shall consist of all

1 monies appropriated by the Legislature, gifts, grants, devises, and  
2 donations from any public or private source, and all monies received  
3 by the Statewide Charter School Board from charter schools pursuant  
4 to subsection G of Section 3-142 of this title. The Statewide  
5 Charter School Board shall administer the fund for the purpose of  
6 providing financial support to charter school and virtual charter  
7 school applicants and, charter schools and virtual charter schools  
8 for start-up costs and, costs associated with renovating or  
9 remodeling existing buildings and structures for use by a charter  
10 school, and for paying expenditures incurred due to closure of a  
11 charter school. The Statewide Charter School Board is authorized to  
12 allocate funds on a per-pupil basis for purposes of providing  
13 matching funds for the federal State Charter School Facilities  
14 Incentive Grants Program created pursuant to the No Child Left  
15 Behind Act of 2001, 20 ~~USCA~~ U.S.C., Section 7221d.

16 B. The Statewide Charter School Board shall adopt rules to  
17 implement the provisions of this section including application and  
18 notification requirements.

19 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-142, as  
20 last amended by Section 1, Chapter 396, O.S.L. 2024 (70 O.S. Supp.  
21 2024, Section 3-142), is amended to read as follows:

22 Section 3-142. A. The student membership and attendance of a  
23 charter school shall be considered separate from the student  
24 membership and attendance of the sponsor for the purpose of

1 calculating enrollment and funding including weighted average daily  
2 membership pursuant to Section 18-201.1 of this title and State Aid  
3 pursuant to Section 18-200.1 of this title. A charter school shall  
4 receive the State Aid allocation, federal funds to which it is  
5 eligible and qualifies for, and any other state-appropriated revenue  
6 generated by its students for the applicable year. Not more than  
7 three percent (3%) of the State Aid allocation may be charged by the  
8 sponsor as a fee for administrative services rendered if the sponsor  
9 is a school district, a comprehensive or regional institution of  
10 higher education, a two-year college, a private institution of  
11 higher learning accredited pursuant to Section 4103 of this title,  
12 or a federally recognized Indian tribe pursuant to Section 3-132 of  
13 this title. The Statewide Charter School Board shall not charge any  
14 charter school or virtual charter school a fee for administrative or  
15 other services. The State Department of Education shall determine  
16 the policy and procedure for making payments to a charter school or  
17 virtual charter school. The fee for administrative services as  
18 authorized in this subsection shall only be assessed on the State  
19 Aid allocation amount and shall not be assessed on any other  
20 appropriated amounts. A sponsor of a charter school shall not  
21 charge any additional State Aid allocation or charge the charter  
22 school any additional fee above the amounts allowed by this  
23 subsection unless the additional fees are for additional services  
24 rendered. The charter school sponsor shall provide to the State

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

4 B. The fee for administrative services authorized by subsection  
5 A of this section shall be used by the sponsor to provide oversight  
6 and services to the charter schools it sponsors. The State  
7 Department of Education shall develop data codes for the Oklahoma  
8 Cost Accounting System which shall be used to comply with the  
9 administrative services reporting required by this section. A  
10 charter school sponsor shall publish a detailed report on its  
11 website and present the report in a public meeting of the charter  
12 school governing board and the charter school sponsor governing  
13 board. The report shall provide sponsor performance and stewardship  
14 including compliance with all applicable laws, regulations, and  
15 terms of the charter contract and listing expenses related to  
16 oversight and services provided by the sponsor to the charter  
17 schools it sponsors.

18 C. 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 new charter  
22 school site or grade level or full-time statewide virtual charter  
23 school shall be determined initially by multiplying the actual  
24 enrollment of students as of August 1 by 1.333. The charter school

1 or 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 subsection. At midyear, the  
4 allocation for the charter school or virtual charter school shall be  
5 adjusted using the first quarter weighted average daily membership  
6 for the charter school or virtual charter school calculated pursuant  
7 to subsection A of this section. For each subsequent school year,  
8 weighted average daily membership shall be calculated as provided  
9 for in Section 18-201.1 of this title, and State Aid shall be  
10 calculated as provided for in Section 18-200.1 of this title.

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

18 E. Any unexpended funds received by a charter school or virtual  
19 charter school may be reserved and used for future purposes. The  
20 governing board of a charter school or virtual charter school shall  
21 not levy taxes or issue bonds. If otherwise allowed by law, the  
22 governing board of a charter school or virtual charter school may  
23 enter into private contracts for the purposes of borrowing money  
24 from lenders. If the governing board of the charter school or

1 virtual charter school borrows money, the charter school or virtual  
2 charter school shall be solely responsible for repaying the debt,  
3 and the state or the sponsor shall not in any way be responsible or  
4 obligated to repay the debt.

5 F. Any charter school or virtual charter school which chooses  
6 to lease property shall be eligible to receive current government  
7 lease rates.

8 G. Except as otherwise provided in this subsection, each  
9 charter school shall pay to the Charter ~~School~~ Schools Incentive and  
10 Closure Reimbursement Revolving Fund created in ~~subsection H~~ Section  
11 3-144 of this ~~section~~ title an amount equal to Five Dollars (\$5.00)  
12 per student based on average daily membership, as defined by  
13 paragraph 2 of Section 18-107 of this title, during the first nine  
14 (9) weeks of the school year. Each charter school shall complete  
15 the payment every school year within thirty (30) days after the  
16 first nine (9) weeks of the school year. If the Charter ~~School~~  
17 Schools Incentive and Closure Reimbursement Revolving Fund has a  
18 balance of One Million Dollars (\$1,000,000.00) or more on July 1, no  
19 payment shall be required the following school year.

20 H. ~~There is hereby created in the State Treasury a revolving~~  
21 ~~fund for~~ Upon the effective date of this act, the Statewide Charter  
22 School Board ~~to be designated the "Charter School Closure~~  
23 ~~Reimbursement Revolving Fund". The fund shall be a continuing fund,~~  
24 ~~not subject to fiscal year limitations, and shall consist of all~~

1 ~~monies received by the Statewide Charter School Board from charter~~  
2 ~~schools as provided in subsection C of this section. All monies~~  
3 ~~accruing to the credit of the fund are hereby appropriated and may~~  
4 ~~be budgeted and expended by the Statewide Charter School Board for~~  
5 ~~the purpose of paying for expenditures incurred due to the closure~~  
6 ~~of a charter school. Expenditures from the fund shall be made upon~~  
7 ~~warrants issued by the State Treasurer against claims filed as~~  
8 ~~prescribed by law with the Director of the Office of Management and~~  
9 ~~Enterprise Services for approval and payment~~ shall transfer all  
10 funds remaining in the balance of the Charter School Closure  
11 Reimbursement Revolving Fund to the Charter Schools Incentive and  
12 Closure Reimbursement Fund created pursuant to Section 3-144 of this  
13 title.

14 SECTION 3. This act shall become effective July 1, 2025.

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

19 COMMITTEE REPORT BY: COMMITTEE ON EDUCATION  
20 March 4, 2025 - DO PASS AS AMENDED BY CS

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