

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 705

6 By: Pugh

7 COMMITTEE SUBSTITUTE

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

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

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,

1 not subject to fiscal year limitations, and shall consist of all
2 monies appropriated by the Legislature, gifts, grants, devises, and
3 donations from any public or private source, and all monies received
4 by the Statewide Charter School Board from charter schools pursuant
5 to subsection G of Section 3-142 of this title. The Statewide
6 Charter School Board shall administer the fund for the purpose of
7 providing financial support to charter school and virtual charter
8 school applicants and, charter schools and virtual charter schools
9 for start-up costs and, costs associated with renovating or
10 remodeling existing buildings and structures for use by a charter
11 school, and for paying expenditures incurred due to closure of a
12 charter school. The Statewide Charter School Board is authorized to
13 allocate funds on a per-pupil basis for purposes of providing
14 matching funds for the federal State Charter School Facilities
15 Incentive Grants Program created pursuant to the No Child Left
16 Behind Act of 2001, 20 ~~USCA~~ U.S.C., Section 7221d.

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

20 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-142, as
21 last amended by Section 1, Chapter 396, O.S.L. 2024 (70 O.S. Supp.
22 2024, Section 3-142), is amended to read as follows:

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

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

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

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

19 C. For the purpose of calculating weighted average daily
20 membership pursuant to Section 18-201.1 of this title and State Aid
21 pursuant to Section 18-200.1 of this title, the weighted average
22 daily membership for the first year of operation of a new charter
23 school site or grade level or full-time statewide virtual charter
24 school shall be determined initially by multiplying the actual

1 enrollment of students as of August 1 by 1.333. The charter school
2 or virtual charter school shall receive revenue equal to that which
3 would be generated by the estimated weighted average daily
4 membership calculated pursuant to this subsection. At midyear, the
5 allocation for the charter school or virtual charter school shall be
6 adjusted using the first quarter weighted average daily membership
7 for the charter school or virtual charter school calculated pursuant
8 to subsection A of this section. For each subsequent school year,
9 weighted average daily membership shall be calculated as provided
10 for in Section 18-201.1 of this title, and State Aid shall be
11 calculated as provided for in Section 18-200.1 of this title.

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

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

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

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

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

21 H. ~~There is hereby created in the State Treasury a revolving~~
22 ~~fund for~~ Upon the effective date of this act, the Statewide Charter
23 School Board ~~to be designated the "Charter School Closure~~
24 ~~Reimbursement Revolving Fund". The fund shall be a continuing fund,~~

1 ~~not subject to fiscal year limitations, and shall consist of all~~
2 ~~monies received by the Statewide Charter School Board from charter~~
3 ~~schools as provided in subsection G of this section. All monies~~
4 ~~accruing to the credit of the fund are hereby appropriated and may~~
5 ~~be budgeted and expended by the Statewide Charter School Board for~~
6 ~~the purpose of paying for expenditures incurred due to the closure~~
7 ~~of a charter school. Expenditures from the fund shall be made upon~~
8 ~~warrants issued by the State Treasurer against claims filed as~~
9 ~~prescribed by law with the Director of the Office of Management and~~
10 ~~Enterprise Services for approval and payment~~ shall transfer all
11 funds remaining in the balance of the Charter School Closure
12 Reimbursement Revolving Fund to the Charter Schools Incentive and
13 Closure Reimbursement Fund created pursuant to Section 3-144 of this
14 title.

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

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

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