

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1735 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Sheila Dills _____

Adopted: _____

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1735

By: Dills

7 PROPOSED COMMITTEE SUBSTITUTE

8 An Act relating to schools; amending 70 O.S.
9 2011, Sections 3-135, as amended by Section 3,
10 Chapter 170, O.S.L. 2015, 3-136, as amended by
11 Section 1, Chapter 277, O.S.L. 2014, 3-137, as
12 last amended by Section 1, Chapter 42, O.S.L.
13 2016 and 3-142, as last amended by Section 1,
14 Chapter 122, O.S.L. 2020 (70 O.S. Supp. 2020,
15 Sections 3-135, 3-136, 3-137 and 3-142), which
16 relate to the Oklahoma Charter Schools Act;
17 adding required provisions for charter school
18 contracts; requiring development of performance
19 framework for charter school evaluation; adding
20 minimum requirements for framework; mandating
21 annual evaluation; directing presentation of
22 results to sponsor and governing board; excluding
23 applicant from holding one or more charter
24 contracts; declaring certain charter schools to
be separate and distinct; defining term;
prohibiting charter school from providing
instruction to certain students; declaring
charter school assets to be public property;
modifying length of charter school contracts;
revising time frame and procedures for contract
renewals; requiring accountability audit for
charter schools; directing State Auditor and
Inspector to prescribe rules and conduct audit;
requiring sponsor to develop a corrective action
plan; authorizing termination of contract;
modifying process and standards for identifying
certain schools; permitting closure of charter
school based upon specified exit criteria;
allowing State Board of Education to suspend
sponsor authorization in certain cases; directing

1 compliance with competitive bidding requirements;
2 modifying limitation on sponsor fee for
3 administrative services; specifying how fee
4 should be used; amending Section 5, Chapter 367,
5 O.S.L. 2012, as last amended by Section 2,
6 Chapter 27, O.S.L. 2020 (70 O.S. Supp. 2020,
7 Section 3-145.3), which relates to duties of the
8 Statewide Virtual Charter School Board; modifying
9 limitation on fee for administrative expenses and
10 support; subjecting virtual charter schools to
11 the same purchasing procedures and compliance
12 requirements as school districts; prohibiting
13 comingling of certain school funds; modifying
14 instruction and continuing education obligations
15 for certain governing board members; amending
16 Section 1, Chapter 108, O.S.L. 2013, as amended
17 by Section 2, Chapter 277, O.S.L. 2014 (70 O.S.
18 Supp. 2020, Section 3-145.6), which relates to
19 full-time virtual education; defining term;
20 establishing requirements for certain governing
21 boards; prescribing duties for membership;
22 requiring sponsor to appoint certain members;
23 establishing instruction and continuing education
24 requirements; defining term; designating certain
funds as state funds; prohibiting transfer or
conversion of state funds to private funds;
subjecting certain funds to audit, transparency,
oversight and financial reporting; prescribing
grade for participation in certain
extracurricular or educational activities;
requiring written agreement for certain
transactions; mandating criminal history record
checks for owners and employees; prescribing
process and payment of checks; requiring written
agreement for certain contracts; prohibiting
certain activities by educational management
organizations; amending Section 2, Chapter 272,
O.S.L. 2019 (70 O.S. Supp. 2020, Section 5-200),
which relates to educational management
organizations; requiring amounts paid to certain
organizations be pursuant to contract terms;
excluding certain service credit for purposes of
calculating salary and retirement benefits;
amending 70 O.S. 2011, Section 18-124, which
relates to limitations on administrative services
expenditures; providing applicability of
limitation to certain charter schools; clarifying

1 calculation for specified schools; modifying
2 definition; providing for codification; providing
3 an effective date; and declaring an emergency.
4

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

6 SECTION 1. AMENDATORY 70 O.S. 2011, Section 3-135, as
7 amended by Section 3, Chapter 170, O.S.L. 2015 (70 O.S. Supp. 2020,
8 Section 3-135), is amended to read as follows:

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

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

17 2. Admission policies and procedures;

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

- 1 4. Requirements and procedures for program and financial
2 audits;
- 3 5. A description of how the charter school will comply with the
4 charter requirements set forth in the Oklahoma Charter Schools Act;
- 5 6. Assumption of liability by the charter school;
- 6 7. The term of the contract;
- 7 8. A description of the high standards of expectation and rigor
8 for charter school plans and assurance that charter school plans
9 adopted meet at least those standards;
- 10 9. Policies that require that the charter school be as equally
11 free and open to all students as traditional public schools;
- 12 10. Procedures that require students enrolled in the charter
13 school to be selected by lottery to ensure fairness if more students
14 apply than a school has the capacity to accommodate;
- 15 11. Policies that require the charter school to be subject to
16 the same academic standards and expectations as existing public
17 schools; ~~and~~
- 18 12. A description of the requirements and procedures for the
19 charter school to receive funding in accordance with statutory
20 requirements and guidelines for existing public schools;
- 21 13. A specific identification of any provision of statutes and
22 rules which the charter school shall be exempt from;
- 23 14. The method or methods to be employed for disposing of real
24 and personal property acquired by the charter school upon expiration

1 or termination of the charter or failure of the charter school to
2 continue operations; and

3 15. A requirement to promptly notify the sponsor in the
4 instance of any adverse action, findings of noncompliance, or
5 pending actions, claims or proceedings relating to the charter
6 school or an educational management organization as defined in
7 Section 5-200 of this title with which the charter school has a
8 contract.

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

23 Upon contracting with any teacher or other personnel, the
24 governing ~~body~~ board of the charter school shall, in writing,

1 disclose employment rights of the employees in the event the charter
2 school closes or the charter is not renewed.

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

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

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

- 4 1. Student academic proficiency;
- 5 2. Student academic growth;
- 6 3. Achievement gaps in both proficiency and growth between
7 major student subgroups;
- 8 4. Student attendance;
- 9 5. Recurrent enrollment from year to year as determined by the
10 methodology used for public schools in Oklahoma;
- 11 6. In the case of high schools, graduation rates as determined
12 by the methodology used for public schools in Oklahoma;
- 13 7. In the case of high schools, postsecondary readiness;
- 14 8. Financial performance and sustainability, including cash
15 flow management, inventory, assets, debt to asset ratio and
16 compliance with state and federal financial reporting requirements;
17 ~~and~~
- 18 9. Audit findings or deficiencies;
- 19 10. Accreditation and timely reporting; and
- 20 11. Governing board performance and stewardship, including
21 compliance with all applicable laws, regulations and terms of the
22 charter contract.

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

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

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

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

20 SECTION 2. AMENDATORY 70 O.S. 2011, Section 3-136, as
21 amended by Section 1, Chapter 277, O.S.L. 2014 (70 O.S. Supp. 2020,
22 Section 3-136), is amended to read as follows:

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

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

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

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

1 being provided by or for educating deaf or blind students that are
2 being served by the Oklahoma School for the Blind or the Oklahoma
3 School for the Deaf;

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

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

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

24

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

4 8. A charter school shall provide for a governing ~~body~~ board
5 for the school which shall be responsible for the policies and
6 operational decisions of the charter school;

7 9. A charter school shall not provide or otherwise supplement
8 instruction of home-schooled students or students enrolled in
9 private schools or be used as a method of generating revenue for
10 students who are being home schooled and are not being educated at
11 an organized charter school site;

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

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

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

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

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

23

24

1 15. A charter school may participate in all health and related
2 insurance programs available to the employees of the sponsor of the
3 charter school;

4 16. A charter school shall comply with the Oklahoma Open
5 Meeting Act and the Oklahoma Open Records Act;

6 17. The governing ~~body~~ board of a charter school shall be
7 subject to the same conflict of interest requirements as a member of
8 a local school board; ~~and~~

9 18. All assets of a charter school, including, but not limited
10 to, cash, equipment, furniture, curriculum materials, software,
11 technology and student learning funds, shall be public property of
12 the charter school; and

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

24

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

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

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

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

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

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

3 SECTION 3. AMENDATORY 70 O.S. 2011, Section 3-137, as
4 last amended by Section 1, Chapter 42, O.S.L. 2016 (70 O.S. Supp.
5 2020, Section 3-137), is amended to read as follows:

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

14 B. ~~Prior to the beginning of the fourth~~ After the second year
15 of operation of a charter school, the sponsor shall issue a charter
16 school performance report and charter renewal application guidance
17 to the school and the charter school board. The performance report
18 shall summarize the performance record to date of the charter
19 school, based on the data required by the Oklahoma Charter Schools
20 Act, the performance framework evaluation and the charter contract
21 and taking into consideration the percentage of at-risk students
22 enrolled in the school, and shall provide notice of any weaknesses
23 or concerns perceived by the sponsor concerning the charter school
24 that may jeopardize its position in seeking renewal if not timely

1 rectified. The performance report shall also include the results of
2 an accountability audit of the charter school conducted by the State
3 Auditor and Inspector or auditor approved by the State Auditor and
4 Inspector and paid for by the charter school. The scope, criteria
5 and objectives of the accountability audit shall be prescribed by
6 the State Auditor and Inspector. The charter school shall have
7 forty-five (45) days to respond to the performance report and submit
8 any corrections or clarifications for the report. If the
9 performance report reveals violations or deficiencies, the charter
10 school sponsor shall develop a corrective action plan to remedy the
11 deficiencies and corresponding timeline. If the charter school does
12 not satisfactorily complete the corrective action plan, the sponsor
13 may terminate the charter contract.

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

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

24

1 c. detail the plan for the next charter term for the
2 school.

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

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

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

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

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

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

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

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

22 G. 1. Beginning in the ~~2016-2017~~ 2021-2022 school year, the
23 State Board of Education shall identify charter schools in the state
24 that are ~~ranked in the bottom five percent (5%) of all public~~

1 ~~schools as determined pursuant to Section 1210.545 of this title~~
2 ~~identified for comprehensive support and improvement or additional~~
3 ~~targeted support and improvement as described in 20 U.S.C., Section~~
4 ~~6311.~~

5 2. ~~At the time of its charter renewal, based on an average of~~
6 ~~the current year and the two (2) prior operating years, a A sponsor~~
7 ~~may close a charter school site that has more than fifty percent~~
8 ~~(50%) of its charter school sites identified as being among the~~
9 ~~bottom five percent (5%) of public schools in the state. The~~
10 ~~average of the current year and two (2) prior operating years shall~~
11 ~~be calculated by using the percentage ranking for each year divided~~
12 ~~by three, as determined by this subsection for comprehensive support~~
13 ~~and improvement or additional targeted support and improvement and~~
14 ~~which has not satisfied the exit criteria over a two-year period~~
15 ~~after being identified as such as described in 20 U.S.C., Section~~
16 ~~6311.~~

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

23 4. In the event that a sponsor fails to close a charter school
24 site consistent with this subsection, the sponsor shall appear

1 before the State Board of Education to provide support for its
2 decision. The State Board of Education may, by majority vote,
3 uphold or overturn the decision of the sponsor. If the decision of
4 the sponsor is overturned by the State Board of Education, the Board
5 may implement one of the following actions:

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

17 ~~5.~~ 4. A charter school that is closed by the State Board of
18 Education pursuant to paragraph ~~4~~ 3 of this subsection shall not be
19 granted a charter by any other sponsor.

20 ~~6.~~ 5. The requirements of this subsection shall not apply to a
21 charter school that has been designated by the State Department of
22 Education as implementing an alternative education program
23 throughout the charter school.

24

1 ~~7.~~ 6. In making a school site closure decision, the State Board
2 of Education shall consider the following:

- 3 a. enrollment of students with special challenges such as
4 drug or alcohol addiction, prior withdrawal from
5 school, prior incarceration or other special
6 circumstances,
- 7 b. high mobility of the student population resulting from
8 the specific purpose of the charter school,
- 9 c. annual improvement in the performance of students
10 enrolled in the charter school compared with the
11 performance of students enrolled in the charter school
12 in the immediately preceding school year, and
- 13 d. whether a majority of students attending the charter
14 school under consideration for closure would likely
15 revert to attending public schools with lower academic
16 achievement, as demonstrated pursuant to Section
17 1210.545 of this title.

18 ~~8.~~ 7. If the State Board of Education has closed or transferred
19 authorization of ~~at least twenty-five percent (25%) of the~~ more than
20 two charter schools chartered by one sponsor pursuant to paragraph 4
21 3 of this subsection, the authority of the sponsor to authorize new
22 charter schools may be suspended by the Board until the Board
23 approves the sponsor to authorize new charter schools. A
24 determination under this paragraph to suspend the authority of a

1 sponsor to authorize new charter schools shall identify the
2 deficiencies that, if corrected, will result in the approval of the
3 sponsor to authorize new charter schools.

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

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

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

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

21 4. The sponsor and transition team shall ensure that all
22 necessary and prudent notifications are issued to agencies,
23 employees, insurers, contractors, creditors, debtors and management
24 organizations;

1 5. The sponsor shall pay any financial obligation remaining at
2 the time of termination of the charter school contract; and

3 ~~5.~~ 6. The governing board of the charter school shall continue
4 to 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 N. Any charter school governing board or charter school sponsor
4 governing board which considers entering into or renewing an
5 agreement with an educational management organization shall be
6 subject to competitive bidding requirements pursuant to the Oklahoma
7 Central Purchasing Act in selecting an educational management
8 organization. At least once every three (3) years, upon renewal of
9 an existing charter school contract, an agreement shall be
10 renegotiated and subject to competitive bidding requirements
11 pursuant to the Oklahoma Central Purchasing Act.

12 SECTION 4. AMENDATORY 70 O.S. 2011, Section 3-142, as
13 last amended by Section 1, Chapter 122, O.S.L. 2020 (70 O.S. Supp.
14 2020, Section 3-142), is amended to read as follows:

15 Section 3-142. A. For purposes of funding, a charter school
16 sponsored by a board of education of a school district shall be
17 considered a site within the school district in which the charter
18 school is located. The student membership of the charter school
19 shall be considered separate from the student membership of the
20 district in which the charter school is located for the purpose of
21 calculating weighted average daily membership pursuant to Section
22 18-201.1 of this title and State Aid pursuant to Section 18-200.1 of
23 this title. For charter schools sponsored by a board of education
24 of a school district, the sum of the separate calculations for the

1 charter school and the school district shall be used to determine
2 the total State Aid allocation for the district in which the charter
3 school is located. A charter school shall receive from the
4 sponsoring school district, the State Aid allocation and any other
5 state-appropriated revenue generated by its students for the
6 applicable year, less up to three percent (3%) or Five Hundred
7 Thousand Dollars (\$500,000.00), whichever is less, of the State Aid
8 allocation, which may be retained by the school district as a fee
9 for administrative services rendered. For purposes of this section,
10 the fee for administrative services shall be used by the sponsor to
11 provide oversight of its charter schools, including, but not limited
12 to, evaluation of the charter school based on the performance
13 framework, review of the charter school's finances, compliance with
14 required state and federal reporting and monitoring of
15 administrative procedures. For charter schools sponsored by the
16 board of education of a technology center school district, a higher
17 education institution, the State Board of Education, or a federally
18 recognized Indian tribe and for statewide virtual charter schools
19 sponsored by the Statewide Virtual Charter School Board, the State
20 Aid allocation for the charter school shall be distributed by the
21 State Board of Education and not more than three percent (3%) or
22 Five Hundred Thousand Dollars (\$500,000.00), whichever is less, of
23 the State Aid allocation may be charged by the sponsor as a fee for
24 administrative services rendered. The State Board of Education

1 shall determine the policy and procedure for making payments to a
2 charter school. The fee for administrative services as authorized
3 in this subsection shall only be assessed on the State Aid
4 allocation amount and shall not be assessed on any other
5 appropriated amounts. A sponsor of a charter school shall not
6 retain any additional State Aid allocation or charge the charter
7 school any additional fee above the amounts allowed by this
8 subsection unless the additional fees are for additional services
9 rendered. The charter school sponsor shall provide to the State
10 Department of Education financial records documenting any state
11 funds retained by the sponsor for administrative services rendered
12 for the previous year.

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

22 2. For the purpose of calculating weighted average daily
23 membership pursuant to Section 18-201.1 of this title and State Aid
24 pursuant to Section 18-200.1 of this title, the weighted average

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

11 C. A charter school shall be eligible to receive any other aid,
12 grants or revenues allowed to other schools. A charter school
13 sponsored by the board of education of a technology center school
14 district, a higher education institution, the State Board of
15 Education, or a federally recognized Indian tribe shall be
16 considered a local education agency for purposes of funding. A
17 charter school sponsored by a board of education of a school
18 district shall be considered a local education agency for purposes
19 of federal funding.

20 D. A charter school, in addition to the money received from the
21 state, may receive money from any other source. Any unexpended
22 funds may be reserved and used for future purposes. The governing
23 ~~body~~ board of a charter school shall not levy taxes or issue bonds.
24 If otherwise allowed by law, the governing ~~body~~ board of a charter

1 school may enter into private contracts for the purposes of
2 borrowing money from lenders. If the governing ~~body~~ board of the
3 charter school borrows money, the charter school shall be solely
4 responsible for repaying the debt, and the state or the sponsor
5 shall not in any way be responsible or obligated to repay the debt.

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

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

19 G. There is hereby created in the State Treasury a revolving
20 fund for the State Department of Education to be designated the
21 "Charter School Closure Reimbursement Revolving Fund". The fund
22 shall be a continuing fund, not subject to fiscal year limitations,
23 and shall consist of all monies received by the State Department of
24 Education from charter schools as provided in subsection F of this

1 section. All monies accruing to the credit of said fund are hereby
2 appropriated and may be budgeted and expended by the State
3 Department of Education for the purpose of reimbursing charter
4 school sponsors for costs incurred due to the closure of a charter
5 school. Expenditures from said fund shall be made upon warrants
6 issued by the State Treasurer against claims filed as prescribed by
7 law with the Director of the Office of Management and Enterprise
8 Services for approval and payment. The State Department of
9 Education may promulgate rules regarding sponsor eligibility for
10 reimbursement.

11 SECTION 5. AMENDATORY Section 5, Chapter 367, O.S.L.
12 2012, as last amended by Section 2, Chapter 27, O.S.L. 2020 (70 O.S.
13 Supp. 2020, Section 3-145.3), is amended to read as follows:

14 Section 3-145.3 A. Subject to the requirements of the Oklahoma
15 Charter Schools Act, the Statewide Virtual Charter School Board
16 shall:

17 1. Provide oversight of the operations of statewide virtual
18 charter schools in this state;

19 2. Establish a procedure for accepting, approving and
20 disapproving statewide virtual charter school applications and a
21 process for renewal or revocation of approved charter school
22 contracts which minimally meet the procedures set forth in the
23 Oklahoma Charter Schools Act;

24

1 3. Make publicly available a list of supplemental online
2 courses which have been reviewed and certified by the Statewide
3 Virtual Charter School Board to ensure that the courses are high
4 quality options and are aligned with the subject matter standards
5 adopted by the State Board of Education pursuant to Section 11-103.6
6 of this title. The Statewide Virtual Charter School Board shall
7 give special emphasis on listing supplemental online courses in
8 science, technology, engineering and math (STEM), foreign language
9 and advanced placement courses. School districts shall not be
10 limited to selecting supplemental online courses that have been
11 reviewed and certified by the Statewide Virtual Charter School Board
12 and listed as provided for in this paragraph; and

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

19 B. Each statewide virtual charter school which has been
20 approved and sponsored by the Board or any virtual charter school
21 for which the Board has assumed sponsorship ~~of~~ as provided for in
22 Section 3-145.5 of this title shall be considered a statewide
23 virtual charter school and, except as provided in subsection H of
24

1 this section, the geographic boundaries of each statewide virtual
2 charter school shall be the borders of the state.

3 C. Each statewide virtual charter school approved by the
4 Statewide Virtual Charter School Board shall be eligible to receive
5 federal funds generated by students enrolled in the charter school
6 for the applicable year. Each statewide virtual charter school
7 shall be considered a separate local education agency for purposes
8 of reporting and accountability.

9 D. As calculated as provided for in Section 3-142 of this
10 title, a statewide virtual charter school shall receive the State
11 Aid allocation and any other state-appropriated revenue generated by
12 students enrolled in the virtual charter school for the applicable
13 year, less up to ~~five percent (5%)~~ three percent (3%) or Five
14 Hundred Thousand Dollars (\$500,000.00), whichever is less, of the
15 State Aid allocation, which may be retained by the Statewide Virtual
16 Charter School Board for administrative expenses and to support the
17 mission of the Board. A statewide virtual charter school shall be
18 eligible for any other funding any other charter school is eligible
19 for as provided for in Section 3-142 of this title. ~~Each statewide~~
20 ~~virtual charter school shall be considered a separate local~~
21 ~~education agency for purposes of reporting and accountability.~~

22 E. A virtual charter school shall be subject to the same
23 reporting requirements, purchasing procedures, financial audits,
24 audit procedures and audit requirements as a school district and the

1 compliance requirements provided in Section 3-136 of this title.

2 The State Department of Education or State Auditor and Inspector may
3 conduct financial, program or compliance audits. A virtual charter
4 school shall use the Oklahoma Cost Accounting System (OCAS) to
5 report financial transactions to the State Department of Education.
6 An educational management organization, as defined in Section 5-200
7 of this title, which contracts with more than one school district
8 shall not comingle funds of the schools.

9 F. A virtual charter school governing ~~body~~ board shall be
10 responsible for the policies that govern the operational decisions
11 of the virtual charter school. The governing ~~body~~ board of a
12 virtual charter school shall be subject to the same conflict of
13 interest requirements as a member of a local school board including,
14 but not limited to, Sections 5-113 and 5-124 of this title. Members
15 appointed to the governing ~~body~~ board of a virtual charter school
16 ~~after July 1, 2019,~~ shall be subject to the same instruction and
17 continuing education requirements as a member of a local school
18 board and pursuant to Section 5-110 of this title, complete twelve
19 (12) hours of instruction within fifteen (15) months of appointment
20 to the governing ~~body~~ board, and pursuant to Section 5-110.1 of this
21 title, attend continuing education. Members appointed to the
22 governing board of a virtual charter school prior to July 1, 2019,
23 shall comply with the requirements of this subsection and, within
24 fifteen (15) months of the effective date of this act, shall

1 complete twelve (12) hours of instruction pursuant to Section 5-110
2 of this title.

3 G. Students enrolled full-time in a statewide virtual charter
4 school sponsored by the Statewide Virtual Charter School Board shall
5 not be authorized to participate in any activities administered by
6 the Oklahoma Secondary Schools Activities Association. However, the
7 students may participate in intramural activities sponsored by a
8 statewide virtual charter school, an online provider for the charter
9 school or any other outside organization.

10 H. 1. Beginning with the 2021-2022 school year, public school
11 students who wish to enroll in a virtual charter school shall be
12 considered a transfer student from their resident school district.
13 A virtual charter school shall pre-enroll any public school student
14 whose parent expresses intent to enroll in the district. Upon pre-
15 enrollment, the State Department of Education shall initiate a
16 transfer on a form to be completed by the receiving virtual charter
17 school. Upon approval of the receiving virtual charter school, the
18 student may begin instructional activities. Upon notice that a
19 public school student has transferred to a virtual charter school,
20 the resident school district shall transmit the student's records
21 within three (3) school days.

22 2. The State Department of Education shall notify the
23 Legislature and Governor if it determines that the information
24 technology infrastructure necessary to process the transfer of

1 students to a virtual charter school is inadequate and one (1)
2 additional school year is needed for implementation.

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

1 in a statewide virtual charter school the year prior to the
2 implementation of this section shall not be required to submit a
3 transfer in order to remain enrolled.

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

8 I. A virtual charter school shall not accept or deny a transfer
9 based on ethnicity, national origin, gender, income level, disabling
10 condition, proficiency in the English language, measure of
11 achievement, aptitude or athletic ability.

12 J. The decision of the Statewide Virtual Charter School Board
13 to deny, nonrenew or terminate the charter contract of a statewide
14 virtual charter school may be appealed to the State Board of
15 Education within thirty (30) days of the decision by the Statewide
16 Virtual Charter School Board. The State Board of Education shall
17 act on the appeal within sixty (60) days of receipt of the request
18 from the statewide virtual charter school applicant. The State
19 Board of Education may reverse the decision of the Statewide Virtual
20 Charter School Board or may remand the matter back to the Statewide
21 Virtual Charter School Board for further proceeding as directed.

22 SECTION 6. AMENDATORY Section 1, Chapter 108, O.S.L.
23 2013, as amended by Section 2, Chapter 277, O.S.L. 2014 (70 O.S.
24 Supp. 2020, Section 3-145.6), is amended to read as follows:

1 Section 3-145.6 A. A virtual education provider that offers
2 full-time virtual education to students who are not residents of the
3 school district with which the provider is contracted shall be
4 considered a site within each school district with which the
5 provider contracts and subject to the accountability system
6 established pursuant to Section 1210.545 of this title.

7 B. The virtual education provider and the school district with
8 which it contracts are hereby directed to identify those students
9 who are full-time virtual students and do not live in the physical
10 boundaries of the district. The district and provider shall submit
11 in electronic format as necessary to the State Department of
12 Education detailed data on the performance of nonresident students
13 who are receiving full-time instruction.

14 C. "Full-time virtual students" means students who complete all
15 of their instructional courses in a remote setting without a need to
16 attend traditional classroom facilities.

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

20 A. Beginning with the 2021-2022 school year, any governing
21 board of a charter school which contracts with an educational
22 management organization as defined in Section 5-200 of Title 70 of
23 the Oklahoma Statutes shall:

24

- 1 1. Only have oversight of one school district. Each school
2 district shall have its own governing board, even if the school
3 districts are all contracted with the same educational management
4 organization;
- 5 2. Meet at least one time per month;
- 6 3. Not delegate any duties or oversight responsibilities to an
7 educational management organization;
- 8 4. Adopt a charter which shall ensure compliance with the same
9 requirements and guidelines as provided in Section 3-136 of Title 70
10 of the Oklahoma Statutes; and
- 11 5. Appoint a board clerk, minute clerk and encumbrance clerk as
12 provided in Section 5-119 of Title 70 of the Oklahoma Statutes and a
13 treasurer as provided in Section 5-114 of Title 70 of the Oklahoma
14 Statutes. Upon appointment, the board clerk, minute clerk,
15 encumbrance clerk and treasurer shall attend and complete at least
16 eight (8) hours of instruction offered by the Office of the State
17 Auditor and Inspector or other organizations or associations
18 representing school administrators or district boards of education
19 in this state as approved by the State Auditor and Inspector. Each
20 year the encumbrance clerk and treasurer shall complete at least
21 four (4) hours of continuing education offered by the Office of the
22 State Auditor and Inspector or other organizations or associations
23 representing school administrators or district boards of education
24 in this state as approved by the State Auditor and Inspector.

1 B. Beginning with the 2021-2022 school year, members of a
2 charter school governing board which contracts with an educational
3 management organization shall:

4 1. Be subject to the instruction and continuing education
5 requirements as provided in Section 8 of this act;

6 2. Complete and submit financial disclosure forms to the
7 Oklahoma Ethics Commission, the governing board of the charter
8 school and the charter school sponsor. The financial disclosure
9 forms shall be the same forms provided by the Oklahoma Ethics
10 Commission for Independent School or Technology Center District
11 Board Members;

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

18 4. Not be appointed or chosen by the owners or administration
19 of the educational management organization.

20 C. At least two members of a charter school governing board
21 which contracts with an educational management organization shall
22 submit applications to and be appointed by the sponsor of the
23 school.

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

4 A. Members of a governing board of a charter school which
5 contracts with an educational management organization and members of
6 a governing board of an entity that sponsors the charter school
7 shall complete instruction and continuing education.

8 1. The instruction and continuing education shall be provided
9 by the Office of the State Auditor and Inspector.

10 2. Each governing board shall pay for the costs of instruction
11 and continuing education for its respective board members.

12 3. Each member shall complete at least eight (8) hours of
13 instruction within the first year of his or her appointment or
14 within nine (9) months after the effective date of this act.

15 4. Each member shall complete at least four (4) hours of
16 continuing education in each year thereafter.

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 9. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 3-145.12 of Title 70, unless
22 there is created a duplication in numbering, reads as follows:

23 A. 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 and shall not be transferred or converted
5 in any way to private funds except for funds which are paid as an
6 administrative fee to the educational management organization.

7 B. As provided in subsection A of this section, funds which are
8 used by a charter school which contracts with an educational
9 management organization to pay for student curriculum, instruction,
10 technology, extracurricular or educational activity costs shall be
11 public funds and subject to audit, transparency, oversight and
12 financial reporting as such. Students shall receive a grade for
13 participation in extracurricular or educational activities as
14 described in this subsection.

15 C. Every provider or entity which contracts with a charter
16 school described in subsection A of this section to provide
17 extracurricular or educational activities to students enrolled in
18 the charter school shall:

19 1. Have an agreement in writing with the charter school or
20 educational management organization which clearly states the goods
21 or services being provided by the provider or entity pursuant to the
22 contract and that such goods, services and employees of the provider
23 or entity comply with federal and state laws; and

24

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

13 D. Every provider or entity which contracts with an educational
14 management organization shall have an agreement in writing which
15 clearly states the goods or services being provided by the provider
16 or entity pursuant to the contract and that such goods, services and
17 employees of the provider or entity comply with federal and state
18 laws.

19 E. An educational management organization shall not:

20 1. Manage or control the governing board of a charter school,
21 including, but not limited to, setting meeting agendas, adopting
22 charter school policies or making financial decisions on behalf of
23 the charter school;

24

1 2. Employ a superintendent of the charter school who is also an
2 owner of the educational management organization;

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

6 4. Request public employees, including, but not limited to,
7 teachers and other charter school employees, to complete tasks or
8 perform duties on behalf of the private business of the educational
9 management organization.

10 SECTION 10. AMENDATORY Section 2, Chapter 272, O.S.L.
11 2019 (70 O.S. Supp. 2020, Section 5-200), is amended to read as
12 follows:

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

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

1 superintendent including the base salary, insurance, retirement and
2 other fringe benefits.

3 C. Any owner of an educational management organization shall be
4 required to disclose to the governing board of the school in a
5 public meeting any ownership position in any business that contracts
6 or proposes to contract with the same public school that the
7 educational management organization is managing.

8 D. Whenever any person shall enter into a contract with any
9 school district or public charter school in the state to teach in
10 such school district or public charter school the contract shall be
11 binding on the teacher and on the board of education until the
12 teacher legally has been discharged from the teaching position or
13 released by the board of education from the contract. Except as
14 provided in Section 5-106A of ~~Title 70 of the Oklahoma Statutes~~ this
15 title, until such teacher has been thus discharged or released, the
16 teacher shall not have authority to enter into a contract with any
17 other board of education in Oklahoma for the same time covered by
18 the original contract. If upon written complaint by the board of
19 education in a district any teacher is reported to have failed to
20 obey the terms of the contract previously made and to have entered
21 into a contract with another board of education, including a public
22 charter school board of education, without having been released from
23 the former contract except as provided in Section 5-106A of ~~Title 70~~
24 ~~of the Oklahoma Statutes~~ this title, the teacher, upon being found

1 to be employed full-time for another public school, including a
2 public charter school in the state, at a hearing held before the
3 State Board of Education, shall have such teacher's certificate
4 suspended for the remainder of the term for which the contract was
5 made. A teacher who has his or her certificate suspended pursuant
6 to this section shall not receive credit for teaching during the
7 year in suspension for purposes of calculating years of experience
8 as provided in the Minimum Salary Schedule and for purposes of
9 calculating years of creditable service in the Teachers' Retirement
10 System of Oklahoma.

11 SECTION 11. AMENDATORY 70 O.S. 2011, Section 18-124, is
12 amended to read as follows:

13 Section 18-124. A. Any school district with an average daily
14 attendance (ADA) of more than one thousand five hundred (1,500)
15 students for the preceding year which expends for administrative
16 services in the 2005-06 school year or any school year thereafter,
17 less expenditures for legal services, more than five percent (5%) of
18 the amount it expends for total expenditures, less expenditures for
19 legal services, shall have the amount which exceeds the five percent
20 (5%) withheld the following year from the Foundation and Salary
21 Incentive Aid for the school district.

22 B. Any school district with an average daily attendance (ADA)
23 of more than five hundred (500) students but not more than one
24 thousand five hundred (1,500) students for the preceding year which

1 expends for administrative services in the 2005-06 school year or
2 any school year thereafter, less expenditures for legal services,
3 more than seven percent (7%) of the amount it expends for total
4 expenditures, less expenditures for legal services, shall have the
5 amount which exceeds the seven percent (7%) withheld the following
6 year from the Foundation and Salary Incentive Aid for the school
7 district.

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

17 D. The provisions of this section shall apply to charter
18 schools which contract with an educational management organization,
19 as defined in Section 5-200 of this title. The expenditure limits
20 shall not exceed the percentages prescribed in subsections A, B and
21 C of this section and the calculation of administrative services for
22 schools which contract with an educational management organization
23 shall be the combined amount of administrative services expended by
24 the charter school and the educational management 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. An educational management organization as defined in Section
16 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 12. This act shall become effective July 1, 2021.

22 SECTION 13. 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.

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4 58-1-7275 EK 02/03/21

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