

1 **SENATE FLOOR VERSION**

2 April 2, 2019

3 ENGROSSED HOUSE
4 BILL NO. 1395

5 By: Dills, Vancuren, Lawson,
6 McEntire, Bush, Conley,
7 Fincher, Provenzano, Burns,
8 Hardin (David), Loring,
9 Caldwell (Trey), Phillips,
10 May, Johns, Brewer,
11 Nichols, Boatman,
12 Rosecrants, Cornwell,
13 Luttrell, West (Tammy),
14 Waldron, Ford, Manger,
15 Ranson, Kerbs, McDugle,
16 Sims, Fetgatter, Nollan,
17 Pae, Virgin, Hasenbeck,
18 Baker, Fugate, Stark,
19 Blancett, Humphrey,
20 Sterling, Munson, Boles,
21 Kiger, Hilbert, Sneed, Mize
22 and Davis of the House

23 and

24 Pemberton and Sharp of the
Senate

18 An Act relating to school financial disclosures;
19 amending Section 5, Chapter 367, O.S.L. 2012, as last
20 amended by Section 1, Chapter 293, O.S.L. 2015 (70
21 O.S. Supp. 2018, Section 3-145.3), which relates to
22 powers and duties of the Statewide Virtual Charter
23 School Board; subjecting virtual charter school to
24 same financial reporting requirements as school
districts; authorizing financial, program or
compliance audits; requiring virtual charter school
to use the Oklahoma Cost Accounting System; requiring
governing body of virtual charter school be
responsible for policies; subjecting new members
appointed to governing body to same conflict of

1 interest mandates as school board members; requiring
2 compliance with instruction and continuing education
3 requirements; defining term; mandating disclosure of
4 financial details when school contracts with an
5 educational management organization; specifying
6 information to be disclosed; directing disclosure in
7 a public meeting of certain ownership position;
8 requiring teaching contract to be binding;
9 prohibiting new teaching contract during time of
10 original contract; providing an exception; suspending
11 teaching certificate for remainder of contract if
12 violation is found; providing for codification; and
13 declaring an emergency.

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

SECTION 1. AMENDATORY Section 5, Chapter 367, O.S.L.
2012, as last amended by Section 1, Chapter 293, O.S.L. 2015 (70
O.S. Supp. 2018, Section 3-145.3), is amended to read as follows:

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

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

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

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 the geographic boundaries of each
24 statewide virtual charter school shall be the borders of the state.

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

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

19 E. A virtual charter school shall be subject to the same
20 reporting requirements, financial audits, audit procedures and audit
21 requirements as a school district. The State Department of
22 Education or State Auditor and Inspector may conduct financial,
23 program or compliance audits. A virtual charter school shall use
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1 the Oklahoma Cost Accounting System (OCAS) to report financial
2 transactions to the State Department of Education.

3 F. A virtual charter school governing body shall be responsible
4 for the policies that govern the operational decisions of the
5 virtual charter school. The governing body of a virtual charter
6 school shall be subject to the same conflict of interest
7 requirements as a member of a local school board including, but not
8 limited to, Sections 5-113 and 5-124 of this title. Members
9 appointed to the governing body of a virtual charter school after
10 July 1, 2019, shall be subject to the same instruction and
11 continuing education requirements as a member of a local school
12 board and pursuant to Section 5-110 of this title, complete twelve
13 (12) hours of instruction within fifteen (15) months of appointment
14 to the governing body, and pursuant to Section 5-110.1 of this
15 title, attend continuing education.

16 G. Students enrolled full-time in a statewide virtual charter
17 school sponsored by the Statewide Virtual Charter School Board shall
18 not be authorized to participate in any activities administered by
19 the Oklahoma Secondary Schools Activities Association. However, the
20 students may participate in intramural activities sponsored by a
21 statewide virtual charter school, an online provider for the charter
22 school or any other outside organization.

23 ~~F.~~ H. The decision of the Statewide Virtual Charter School
24 Board to deny, nonrenew or terminate the charter contract of a

1 statewide virtual charter school may be appealed to the State Board
2 of Education within thirty (30) days of the decision by the
3 Statewide Virtual Charter School Board. The State Board of
4 Education shall act on the appeal within sixty (60) days of receipt
5 of the request from the statewide virtual charter school applicant.
6 The State Board of Education may reverse the decision of the
7 Statewide Virtual Charter School Board or may remand the matter back
8 to the Statewide Virtual Charter School Board for further proceeding
9 as directed.

10 SECTION 2. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 5-200 of Title 70, unless there
12 is created a duplication in numbering, reads as follows:

13 A. As used in this section, "educational management
14 organization" means a for-profit or nonprofit organization that
15 receives public funds to provide administration and management
16 services for a charter school, statewide virtual charter school or
17 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 as well as itemized expenditure information
22 for the goods or services provided by the management organization as
23 defined by OCAS expenditure codes, including the total compensation

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1 package of the superintendent including the base salary, insurance,
2 retirement and 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,
15 until such teacher has been thus discharged or released, the teacher
16 shall not have authority to enter into a contract with any other
17 board of education in Oklahoma for the same time covered by the
18 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, the teacher, upon being found to be

1 employed full-time for another public school, including a public
2 charter school in the state, at a hearing held before the State
3 Board of Education, shall have such teacher's certificate suspended
4 for the remainder of the term for which the contract was made.

5 SECTION 3. It being immediately necessary for the preservation
6 of the public peace, health or safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

9 COMMITTEE REPORT BY: COMMITTEE ON EDUCATION
10 April 2, 2019 - DO PASS

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