

An Act

ENROLLED SENATE
BILL NO. 674

By: Pugh of the Senate

and

Caldwell (Chad) of the
House

An Act relating to charter schools; amending 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), which relates to the Charter Schools Incentive Fund; renaming fund; adding source of fund; adding purpose of fund; amending 70 O.S. 2021, Section 3-142, as last amended by Section 1, Chapter 396, O.S.L. 2024 (70 O.S. Supp. 2024, Section 3-142), which relates to state funding for charter schools; modifying certain calculation of weighted average daily membership; modifying revolving fund to which certain payments are to be made; directing the Statewide Charter School Board to transfer certain remaining balance upon certain date to certain fund; and updating statutory references.

SUBJECT: Charter schools

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, not subject to fiscal year limitations, and shall consist of all monies appropriated by the Legislature, gifts, grants, devises, and donations from any public or private source, and all monies received

by the Statewide Charter School Board from charter schools pursuant to subsection G of Section 3-142 of this title. The Statewide Charter School Board shall administer the fund for the purpose of providing financial support to charter school and virtual charter school applicants and, charter schools and virtual charter schools for start-up costs and, costs associated with renovating or remodeling existing buildings and structures for use by a charter school, and for paying expenditures incurred due to closure of a charter school. The Statewide Charter School Board is authorized to allocate funds on a per-pupil basis for purposes of providing matching funds for the federal State Charter School Facilities Incentive Grants Program created pursuant to the No Child Left Behind Act of 2001, 20 USCA U.S.C., Section 7221d.

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

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

Section 3-142. A. The student membership and attendance of a charter school shall be considered separate from the student membership and attendance of the sponsor for the purpose of calculating enrollment and funding including weighted average daily membership pursuant to Section 18-201.1 of this title and State Aid pursuant to Section 18-200.1 of this title. A charter school shall receive the State Aid allocation, federal funds to which it is eligible and qualifies for, and any other state-appropriated revenue generated by its students for the applicable year. Not more than three percent (3%) of the State Aid allocation may be charged by the sponsor as a fee for administrative services rendered if the sponsor is a school district, a comprehensive or regional institution of higher education, a two-year college, a private institution of higher learning accredited pursuant to Section 4103 of this title, or a federally recognized Indian tribe pursuant to Section 3-132 of this title. The Statewide Charter School Board shall not charge any charter school or virtual charter school a fee for administrative or other services. The State Department of Education shall determine the policy and procedure for making payments to a charter school or virtual charter school. The fee for administrative services as

authorized in this subsection shall only be assessed on the State Aid allocation amount and shall not be assessed on any other appropriated amounts. A sponsor of a charter school shall not charge any additional State Aid allocation or charge the charter school any additional fee above the amounts allowed by this subsection unless the additional fees are for additional services rendered. The charter school sponsor shall provide to the State Department of Education financial records documenting any state funds charged by the sponsor for administrative services rendered for the previous year.

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

C. For the purpose of calculating weighted average daily membership pursuant to Section 18-201.1 of this title and State Aid pursuant to Section 18-200.1 of this title, the weighted average daily membership for the first year of operation of a new charter school site or grade level or full-time statewide virtual charter school shall be determined initially by multiplying the actual enrollment of students as of August 1 by 1.333. The charter school or virtual charter school shall receive revenue equal to that which would be generated by the estimated weighted average daily membership calculated pursuant to this subsection. At midyear, the allocation for the charter school or virtual charter school shall be adjusted using the first quarter weighted average daily membership for the charter school or virtual charter school calculated pursuant to subsection A of this section. For each subsequent school year, weighted average daily membership shall be calculated as provided

for in Section 18-201.1 of this title, and State Aid shall be calculated as provided for in Section 18-200.1 of this title.

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

E. Any unexpended funds received by a charter school or virtual charter school may be reserved and used for future purposes. The governing board of a charter school or virtual charter school shall not levy taxes or issue bonds. If otherwise allowed by law, the governing board of a charter school or virtual charter school may enter into private contracts for the purposes of borrowing money from lenders. If the governing board of the charter school or virtual charter school borrows money, the charter school or virtual charter school shall be solely responsible for repaying the debt, and the state or the sponsor shall not in any way be responsible or obligated to repay the debt.

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

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

H. ~~There is hereby created in the State Treasury a revolving fund for Upon the effective date of this act, the Statewide Charter~~

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

Passed the Senate the 21st day of May, 2025.

Presiding Officer of the Senate

Passed the House of Representatives the 6th day of May, 2025.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____. M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____. M.
By: _____