

ENROLLED SENATE  
BILL NO. 986

BY: TAYLOR and HANEY of the  
SENATE

and

HAMILTON (James) and  
STEIDLEY of the HOUSE

AN ACT RELATING TO SCHOOL LANDS AND SCHOOLS;  
AMENDING 64 O.S. 1991, SECTION 87c, WHICH  
RELATES TO AUDITS OF ACCOUNTS, 70 O.S. 1991,  
SECTIONS 1-109, 1-111, 1-117, 3-104.2, 6-130, 6-  
155, 7-101, 7-202, 8-106, 10-105.3, 18-113.1,  
18-114.5, 18-114.6, 18-114.7, 697.2, 2403, 3904,  
3952 AND 3954, WHICH RELATE TO LENGTH OF SCHOOL  
YEAR, EXTENDED DAY SCHEDULE, DEFINITION OF  
SCHOOL DAY, GENERAL FUND, CAPITAL AND NONCAPITAL  
EXPENDITURES, SCHOOL IMPROVEMENT PLANS, STAFF  
DEVELOPMENT PLANS, CAPITAL IMPROVEMENT PLANS,  
RECRUITMENT AND RETENTION OF MINORITY TEACHERS,  
ENTRY-YEAR TEACHER ASSISTANCE PROGRAM,  
ANNEXATION AND CONSOLIDATION OF SCHOOL  
DISTRICTS, OKLAHOMA SCHOOL CONSOLIDATION AND  
ANNEXATION ACT, SCHOOL CONSOLIDATION ASSISTANCE  
FUND, PETITION FOR ANNEXATION ELECTION, PARENT  
EDUCATION PROGRAMS, CLASS SIZE LIMITATIONS,  
TEACHER SALARIES AND FRINGE BENEFITS, PHYSICIAN  
MANPOWER TRAINING COMMISSION, OKLAHOMA STATE  
REGENTS' ACADEMIC SCHOLARS PROGRAM, DISPOSITION  
AND DISTRIBUTION OF SCHOOL LAND FUNDS, OKLAHOMA  
STATE REGENTS' ENDOWMENT TRUST FUND, MANAGEMENT  
OF OKLAHOMA STATE REGENTS' ENDOWMENT TRUST FUND  
AND OKLAHOMA STATE REGENTS' ACADEMIC SCHOLARS  
TRUST FUND, AND 74 O.S. 1991, SECTION 5060.13,  
WHICH RELATES TO THE MORE OKLAHOMA SCIENCE AND  
TECHNOLOGY (MOST) EMINENT SCHOLARS AND RESEARCH  
EQUIPMENT ACCOUNT; ABOLISHING CERTAIN FUND;  
CREATING COMMISSIONERS OF THE LAND OFFICE FUND;  
PROVIDING FOR TRANSFER OF FUNDS; ALLOWING STATE  
BOARD OF EDUCATION TO AUTHORIZE SCHOOL DISTRICTS  
TO IMPLEMENT EXTENDED DAY SCHEDULE; EXCEPTING  
CERTAIN SCHOOLS FROM CERTAIN SCHOOL DAY  
REQUIREMENTS; AUTHORIZING CAPITAL EXPENDITURES  
FROM SCHOOL DISTRICT GENERAL FUND UNDER CERTAIN  
CIRCUMSTANCES; MODIFYING CERTAIN REQUIRED SCHOOL  
PLANS; MODIFYING SUBMISSION DATE; STATING  
REQUIREMENTS FOR REIMBURSEMENT OF LOCAL SCHOOL  
DISTRICTS FOR TEACHER INCENTIVE PAY PROGRAMS;  
CREATING MINORITY TEACHER RECRUITMENT ADVISORY  
COMMITTEE; STATING POWERS AND DUTIES OF SUCH  
COMMITTEE; STATING COMPOSITION OF COMMITTEE;  
PROVIDING FOR APPOINTMENT, TERMS, AND STAFFING  
OF SUCH COMMITTEE; REQUIRING CERTAIN ENTITIES TO  
STUDY ENTRY-YEAR TEACHER ASSISTANCE PROGRAM;  
REQUIRING REPORT ON CERTAIN DATE; STATING TOPICS

OF STUDY; MODIFYING CERTAIN ANNEXATION ELECTION REQUIREMENTS; DELETING CERTAIN REQUIREMENTS FOR ANNEXATION; EXPANDING PARENTS AS TEACHERS PROGRAMS; REQUIRING STATE BOARD OF EDUCATION TO CONTRACT FOR CERTAIN TECHNICAL ASSISTANCE; DELETING CERTAIN CLASS SIZE LIMITATION ADJUSTMENTS; PROVIDING EXEMPTION FROM CERTAIN PENALTY UNDER CERTAIN CONDITIONS; PROVIDING DEFINITION OF FRINGE BENEFITS; CREATING THE COMMUNITY MATCH RURAL SCHOLARSHIP INCENTIVE PROGRAM; STATING PURPOSES OF PROGRAM; DIRECTING PHYSICIAN MANPOWER TRAINING COMMISSION TO ESTABLISH FAMILY/GENERAL PRACTICE RESIDENT RURAL SCHOLARSHIP LOAN PROGRAM AND GRANT PROGRAM; STATING PURPOSE OF PROGRAMS; LIMITING LOAN AND GRANT AMOUNTS; REMOVING CERTAIN INSTITUTIONS FROM CERTAIN PROGRAMS; CREATING OSTEOPATHIC INTERNSHIP AND RESIDENCY PROGRAM; STATING PURPOSE OF PROGRAM; AUTHORIZING DISTRIBUTION OF FUNDS FOR SUCH PROGRAM; MODIFYING ELIGIBILITY REQUIREMENTS FOR OKLAHOMA STATE REGENTS' ACADEMIC SCHOLARS PROGRAM; MODIFYING LIST OF INSTITUTIONS ELIGIBLE TO RECEIVE CERTAIN SCHOOL LAND MONIES; AUTHORIZING TRANSFER OF CERTAIN ENDOWED CHAIRS AND FUNDS TO THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION; AUTHORIZING ACCEPTANCE OF TRANSFER OF CERTAIN ENDOWED CHAIRS AND FUNDS BY OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION; AUTHORIZING PAYMENT OF FEES TO INVESTMENT MANAGERS AND CUSTODIANS OF CERTAIN TRUST FUNDS; DELETING OBSOLETE LANGUAGE; REPEALING 64 O.S. 1991, SECTIONS 87a, 87b, AND 87e WHICH RELATE TO CLASSIFICATION AND DISPOSITION OF CERTAIN MONIES RECEIVED BY THE COMMISSIONERS OF THE LAND OFFICE, TRANSFER OF CERTAIN FUNDS BY THE COMMISSIONERS OF THE LAND OFFICE, AND EXPENDITURES FROM CERTAIN FUND BY THE COMMISSIONERS OF THE LAND OFFICE; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 14 of Title 64, unless there is created a duplication in numbering, reads as follows:

A. The Depletion, Management and Sale Fund is hereby abolished.

B. All unencumbered balances contained in the Depletion, Management and Sale Fund as of July 1, 1992, shall be deposited to the credit of the Commissioners of the Land Office Fund. The Director of State Finance shall be authorized to transfer the unencumbered balance described by this subsection to the Commissioners of the Land Office Fund.

C. Any unexpended balance contained in the Depletion, Management and Sale Fund as of November 15, 1992, shall be transferred and deposited to the credit of the Commissioners of the Land Office Fund. The Director of State Finance shall be authorized

to transfer the unexpended balance described by this subsection to the Commissioners of the Land Office Fund.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15 of Title 64, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a fund to be designated the Commissioners of the Land Office Fund. The fund shall be subject to legislative appropriations and certification by the Board of Equalization. The fund shall consist of revenues deposited to the fund pursuant to subsection B of this section and other revenues deposited to the fund by law. The fund shall be a continuing fund, not subject to fiscal year limitations.

B. Beginning July 1, 1992, the Commissioners of the Land Office shall deposit six percent (6%) of the revenue generated from the Common School Fund, the Education Institutions Fund, the University of Oklahoma Fund, the University Preparatory School Fund, the Oklahoma State University Fund, the Normal Schools Fund, the Langston University Fund, the Public Building Fund, and the Greer 33 Fund to the credit of the Commissioners of the Land Office Fund.

C. Funds in the Commissioners of the Land Office Fund shall be used exclusively for carrying out the duties of the Commissioners of the Land Office.

SECTION 3. AMENDATORY 64 O.S. 1991, Section 87c, is amended to read as follows:

Section 87c. Out of the ~~"Depletion, Management and Sale"~~ Commissioners of the Land Office Fund, as established by ~~Section 87a~~ of this title act within the definition of "management" of the rentals, leases, recoveries, commitments, profits, and controls of properties, funds, and accounts of the Common School Fund and Public Building Fund as accomplished by the agents and agencies of the Commissioners of the Land Offices in compliance with the rules, regulations, and directives of said Commissioners, and in vitalization of Section 30, Article 10 of the Constitution of the State of Oklahoma, through the State Auditor and Inspector as an independent but State Authority under said Constitution, there is hereby set up and established a Division of Examinations and Inspections within said Fund. The State Auditor and Inspector is hereby authorized, directed and required through his duly authorized deputies to institute and maintain a continuous audit of the accounts of the Commissioners of the Land Office, and in particular with relation to the management of funds, accounts, and properties of the said Commissioners as accomplished by the employees, agents and agencies of said Commissioners in compliance with their rules, regulations and directives, and with statute, and including the accounts of receivers of properties under foreclosure procedure in the district courts of the state brought about by the Commissioners of the Land Office in enforcement of obligations due them. The actual and necessary expenses incurred by the Office of the State Auditor and Inspector in performing said audit shall be paid by the Commissioners of the Land Office from the ~~"Depletion, Management and Sale"~~ Commissioners of the Land Office Fund.

The ~~said~~ State Auditor and Inspector shall inform the Commissioners, by special audit report, on any particular instance they may, by resolution, request; and he shall prepare a consolidated report as to such management and resultant condition, for the biennium ending June 30 preceding each regular legislative session, and file a copy thereof with the Governor, the Speaker of the House, the President of the Senate, and with the Secretary of the Commissioners of the Land Office not later than January 2 of such legislative year, and shall, at the request of either the

Senate or House of Representatives, prepare such special report as it may require, within time and means available.

For purpose of this subsection, said State Auditor and Inspector is hereby authorized to invoke any of the provisions of Section 215 of Title 74 of the Oklahoma Statutes, not only as to public officers but also as to all persons, firms or corporations who have or have had, within inquiry period, accounts with or in relation to any agent, receiver, or debtor of the Commissioners of the Land Office. Further, if, in any instance the State Auditor and Inspector ascertains that any sum of money is due the state in relation to any tract of land which the Commissioners of the Land Office now own, or have owned, or any sum of money is due from any employee of the Commissioners of the Land Office, or from any receiver appointed by any court after sale of the property over which he was such receiver, then the State Auditor and Inspector shall file a report of such findings in relation thereto, with the Commissioners of the Land Office and the Attorney General, and, where criminal action appears warranted by such disclosures, with the district attorney of such county, and it shall be the immediate duty of the Commissioners of the Land Office, in civil matters, to take immediate action to recover any such sums found to be due, and it shall be the mandatory duty of such district attorney to diligently prosecute such criminal action as may be warranted against any person or persons charged with the wrongful withholding of any such sums. Thereafter, if such action be not instituted within ninety (90) days after the filing of such report, whether by the one or the other, or both, it shall be, and is hereby made, the duty of the Attorney General of the State of Oklahoma to institute forthwith, in the name of the State of Oklahoma, over his own official title, in lieu of those officers theretofore charged with such duty, such action or actions as may be warranted in the premises, and to prosecute diligently the same in his own official capacity and with all the rights, powers and privileges theretofore belonging to the officer or officers first charged with such duties, had the action, whether civil or criminal, been timely brought.

The State Auditor and Inspector is further authorized to designate deputies from the Division of Examinations and Inspections as persons with all of the powers and authorities of peace officers of this state with full investigative, arrest, search and seizure power permissible under the laws of this state, to be exercised in the protection of property on, and recovery of property removed from, lands and appurtenances administered by the Commissioners of the Land Office, as provided in this title, such property to include, but not limited to, timber, oil, gravel, sand, minerals of any type and things of any nature beneath or on the surface of said land. Designation of deputies as peace officers shall constitute temporary appointments effective for one (1) year or until the appointee completes the basic police course provided by the Council on Law Enforcement Education and Training as provided in Section 3311 of Title 70 of the Oklahoma Statutes, at which time the appointment shall become permanent.

SECTION 4. AMENDATORY 70 O.S. 1991, Section 1-109, is amended to read as follows:

Section 1-109. A. A school year for all public schools in Oklahoma shall consist of at least ten (10) months of four (4) weeks each, during which time school shall actually be in session and instruction offered for not less than one hundred eighty (180) days. Five (5) days may be used for attendance of professional meetings and teachers may be paid for a length of term in excess thereof, under conditions hereinafter outlined. A school district may

authorize parent-teacher conferences to be held during a regular school day. Following such authorization by the school district, these conferences shall be counted towards a school day, as defined in Section 1-111 of this title, and included as part of the one hundred seventy-five (175) days of classroom instruction. A school district may maintain school for less than a full term only when conditions beyond the control of school authorities make the maintenance of said term impossible and the State Board of Education has been apprised and has expressed concurrence in writing.

B. The State Board of Education shall establish criteria for an extended day schedule. The criteria shall:

1. Prescribe a lengthened school day within limits determined not to be detrimental to quality instruction; and

2. Ensure that the schedule is equivalent in annual hours of instruction to the one-hundred-eighty-day school year specified in subsection A of this section; and

3. Be consistent with the provisions of this section and Sections 1-110 through 1-112 of this title, but may result in fewer annual days of instruction.

~~For the 1984-85 school year, the~~ The State Board of Education may authorize ~~a maximum of two~~ school districts to implement an extended day schedule for instruction pursuant to the criteria developed. The State Board of Education shall require the participating school districts to prepare a report of the impact of the extended day schedule.

SECTION 5. AMENDATORY 70 O.S. 1991, Section 1-111, is amended to read as follows:

Section 1-111. A. A school day for any group of pupils shall consist of not less than six (6) hours devoted to school activities, except that a school day for nursery, early childhood education, kindergarten, ~~and~~ and first grade, and extended day program shall be as otherwise defined by law or as defined by the State Board of Education. ~~Not~~ Except for schools operating under an extended day schedule as provided for in Section 1-109 of this title, not more than one (1) school day shall be counted for attendance purposes in any twenty-four-hour period. Pupils absent from school in which they are regularly enrolled may be considered as being in attendance if the reason for such absence is to participate in scheduled school activities under the direction and supervision of a regular member of the faculty.

B. Beginning with the 1993-94 school year, the school day for kindergarten may consist of six (6) hours devoted to school activities.

SECTION 6. AMENDATORY 70 O.S. 1991, Section 1-117, is amended to read as follows:

Section 1-117. A. The general fund of any school district is hereby defined as a current expense fund and shall consist of all revenue or monies that can legally be expended within a certain specified fiscal year, but shall not be considered as including any money derived from a special building fund levy made in accordance with the provisions of Article X, Section 10, of the Oklahoma Constitution, nor shall it include any monies derived from the sale of bonds issued under the provisions of Article X, Section 26, of the Oklahoma Constitution. All monies derived from the proceeds of the school levies made pursuant to the provisions of Article X, Section 9 of the Oklahoma Constitution shall be placed in the general fund provided by this section. Expenditures from the general fund shall be noncapital in nature. A Except as provided for in subsection J of this section, a district shall not be

authorized to make capital expenditures as defined by this section from the general fund.

B. For the purposes of this section, a capital expenditure shall be an expenditure which results in the acquisition of fixed assets or additions to fixed assets. Capital expenditures shall include, but shall not be limited to, purchases of land or existing buildings, purchases of real property, improvements of grounds and sites for construction purposes, all expenditures for construction of buildings unless authorized by the State Board of Education or the State Board of Vocational and Technical Education upon application to the appropriate state board pursuant to subsection E of this section, additions to buildings, remodeling of buildings if such remodeling involves changes to roof structures or load-bearing walls, professional services, salaries and expenses of architects and engineers hired or assigned to capital projects except for such services, salaries and expenses as are applicable in preparation for a bond issue, expenditures for the initial installation and extension of service systems and built-in heat or air equipment to existing buildings, expenditures for the replacement of a building which has been destroyed, installments and lease payments on property, excluding interest, that have a terminal date and result in the acquisition of property, and expenditures for preliminary studies made prior to the time that authority to proceed with a construction project is given if authority is received within the same fiscal year that the expenditure was made.

C. Noncapital expenditures shall include, but shall not be limited to expenditures for maintenance, repair and replacement of property and equipment, initial or additional purchases of furniture and equipment, direct expenses for maintenance of plant, including grounds, salaries for maintenance of plant, including salaries for the upkeep of grounds, and repair and replacement of building structures which do not add to existing facilities and which do not involve changes in roof structures or load-bearing walls and which are not classified as a capital expenditure by this section.

D. The State Board of Education shall adopt and amend regulations regarding the classification, definition and financial administration of funds, accounts and expenditures in accordance with the requirements of this section.

E. A school district shall be authorized to make capital expenditures from the general fund to defray the cost of rebuilding a school building only if a school building or facility has been destroyed by a fire or natural disaster, such as flood, tornado or other act of God, or by an act of a public enemy of the United States or this state and monies received by the district through insurance coverage, federal reimbursement, contributions and allocation from the State Board of Education from the State Public Common School Building Equalization Fund are insufficient to rebuild the facility. Capital expenditures from the general fund pursuant to this subsection, shall be limited to an amount necessary to defray the cost of rebuilding the facility which exceeds monies received by the school district through insurance, federal reimbursement, contributions and state allocations.

F. Schools which receive gifts or donations or state-appropriated monies for the purpose of capital expenditures or projects shall place such monies in the building fund, as provided by Section 1-118 of this title, and not in the general fund.

G. School districts which receive monies from rental, sale, or lease of buildings, impact aid monies, or grants, gifts or donations for capital purposes, whether from state, federal, or other sources,

may place such monies in the building fund authorized by Section 1-118 of this title or the general fund authorized by this section.

H. Any construction of a building included as a capital expenditure from the general fund of a school district which is authorized and has had a contractual agreement concerning such construction executed prior to July 1, 1991, may be proceeded with and completed as authorized prior to July 1, 1991, as a capital expenditure from such general fund.

I. School districts receiving revenues authorized by Section 9B of Article X of the Oklahoma Constitution shall be authorized to make capital expenditures from the general revenue fund no greater than the amount levied by the incentive millage.

J. Upon the approval of the State Board of Education, a school district shall be authorized to make capital expenditures as defined in this section from its general fund if:

1. A bond issue has been rejected at an election by the school district electors voting on that question within the current school year, as certified by the secretary of the county election board; or

2. The school district has voted indebtedness at any time within the preceding three (3) school years through the issuance of bonds or through approval by voters of issuance of new bonds for more than eighty-five percent (85%) of the maximum allowable pursuant to the provisions of Section 26 of Article X of the Oklahoma Constitution as shown on the school district budget filed with the State Board of Equalization for the current school year and certifications by the Attorney General prior to April 1 of the current school year.

By November 1, 1992, the State Board of Education shall establish the rules and regulations to administer the provisions of this subsection which shall include, but not be limited to, specification of a maximum amount of general fund monies to be used for capital expenditures, the purposes for which such funds may be expended and the period of time in which such funds shall be encumbered.

SECTION 7. AMENDATORY 70 O.S. 1991, Section 3-104.2, is amended to read as follows:

Section 3-104.2 A. Beginning with the ~~1987-88~~ 1992-93 school year, as part of the requirements for receiving accreditation by the State Board of Education, each school district board of education, once every four (4) years, shall adopt a Comprehensive Local Education Plan. The plan at a minimum shall contain the following:

1. a school improvement plan as provided for in Section 5-117.4 of Title 70 of the Oklahoma Statutes;

2. a staff development plan as provided for in ~~Section 6-157~~ and Section 6-158 of Title 70 of the Oklahoma Statutes; and

3. a capital improvement plan as provided for in Section 18-153 of Title 70 of the Oklahoma Statutes.

B. ~~The three plans~~ Comprehensive Local Education Plan specified in subsection A of this section shall be submitted ~~together~~ by each school district to the State Board of Education on or before May 10, ~~1988~~ 1993 and every four (4) years thereafter on or before May 10. Each school district shall review and update the plans annually. School districts may submit their 1992 Comprehensive Local Education Plan on or before May 10, 1993, without penalty.

C. The State Board of Education shall promulgate rules and regulations for monitoring compliance with the provisions of this section by school districts.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-141.3 of Title 70, unless there is created a duplication in numbering, reads as follows:

Teacher Incentive Pay programs that have been approved by the State Board of Education prior to implementation and have been evaluated by the State Board of Education to have successfully completed the year according to the approved district plan shall be eligible for partial reimbursement of incentive pay awards from the funds appropriated for Teacher Incentive Pilot Programs. Such state reimbursements shall not exceed fifty percent (50%) of the amount awarded to any teacher not to exceed Five Hundred Dollars (\$500.00), whichever is less. Such reimbursements shall not be provided to more than fifty percent (50%) of the certified instructional staff of a school district. Application for reimbursement shall be submitted to the State Board of Education no later than July 1 of the year following the implementation year and reimbursement of approved claims shall occur no later than September 1.

SECTION 9. AMENDATORY 70 O.S. 1991, Section 6-130, is amended to read as follows:

Section 6-130. The A. Upon recommendations and advice from the Minority Teacher Recruitment Advisory Committee created pursuant to subsection B of this section, the State Board of Education is hereby directed to work with the Oklahoma State Regents for Higher Education in the interests of recruiting, retaining and placing minority teachers in the public schools of the State of Oklahoma. Such efforts shall include, but not be limited to:

1. the provision and coordination of support services to teacher training programs in the appropriate state institutions of higher education, including mentoring and financial assistance to minority students who intend to become teachers;

2. the development and implementation of standards for effective multicultural teacher training, as required in Section 51 of this act;

3. the establishment of a recruiting program for potential minority teachers complete with focus on specific audiences, including high school juniors and seniors who qualify for loans and scholarships;

4. the hosting of conferences designed to improve professional practices that effect minority teacher recruitment and retention; and

5. the creation of activities in the public and private schools of Oklahoma which enhance the image of the teaching profession. Such activities shall include the encouragement of future teacher clubs and the creation of a program similar to the South Carolina Teacher Cadet Program, which seeks to offer students of good academic ability the opportunity to study the art and science of teaching.

B. There is hereby created until July 1, 1998, in accordance with the Oklahoma Sunset Law, a Minority Teacher Recruitment Advisory Committee which shall have oversight over implementation of the Minority Teacher Recruitment Center and shall advise the operation of such Center. The Advisory Committee shall be composed of twenty-four (24) members who shall serve for a term of two (2) years unless no longer eligible. Initial appointments shall be made within thirty (30) days from the effective date of this act. Beginning in 1993, appointments shall be made by July 1 with members serving a term of two (2) years. Members shall serve for a term of two (2) years unless no longer eligible. The Advisory Committee members shall be appointed as follows:

1. The Speaker of the House of Representatives shall appoint:
  - a. two members from the Oklahoma House of Representatives,

- b. two members from an institution of higher education in The Oklahoma State System of Higher Education,
  - c. one member who is an employee of an Oklahoma public school district,
  - d. two members representing the Teacher Cadet Program,
  - e. two members representing the Pro Team Program,
  - f. one member representing a multi-cultural service center, and
  - g. one member from a community with a high minority population;
2. The President Pro Tempore of the Senate shall appoint:
- a. two members from the Oklahoma State Senate,
  - b. two members from an institution of higher education in The Oklahoma State System of Higher Education,
  - c. one member who is an employee of an Oklahoma public school district,
  - d. two members representing the Teacher Cadet Program,
  - e. two members representing the Pro Team Program,
  - f. one member representing a multi-cultural service center, and
  - g. one member from a community with a high minority population;
3. The State Superintendent of Public Instruction shall serve as a member of the Advisory Committee;
4. The Chancellor of Higher Education shall serve as a member of the Advisory Committee;
5. Members of the Advisory Committee shall be reimbursed for attendance at the Advisory Committee meeting by the appointing agency pursuant to the State Travel Reimbursement Act;
6. Members of the Advisory Committee shall designate from among the members a chairperson and vice-chairperson;
7. Staff assistance shall be provided by the Minority Teacher Recruitment Center; and
8. The Minority Teacher Recruitment Advisory Committee shall:
- a. approve the annual operating budget of the Minority Teacher Recruitment Center and verify that the funds allocated to the Center through the State Department of Education are utilized exclusively by the Center by function,
  - b. advise the State Board of Education of unmet needs within the state in the implementation of the Center's activities,
  - c. annually comment publicly on the progress of the Center,
  - d. assist the State Board of Education in developing and reporting information about the Center when necessary,
  - e. meet as often as necessary to conduct business, and
  - f. keep official minutes of the Committee meetings which shall be made available to the public.

SECTION 10. AMENDATORY 70 O.S. 1991, Section 6-155, is amended to read as follows:

Section 6-155. A. On or before May 31, 1981, the Department shall develop an Entry-year Assistance Program which shall be approved by the Board. Such program shall be developed in consultation with the teacher education institutions and the local boards of education. Such program shall include, but not be limited to:

- 1. Guidelines for entry-year teacher positions in the local school districts and assignments thereto;

2. Requirements and guidelines for selection and appointment of teacher consultants which must include any requirements specified in this act;

3. Guidelines for the appointment and functions of an entry-year assistance committee; and

4. An appropriate in-service program for the entry-year teacher.

B. Except as otherwise provided in this act, no person shall be certified to teach in the accredited schools of this state, unless such person:

1. Has completed one (1) school year of teaching service as an entry-year teacher in the Entry-year Assistance Program as set out in this act;

2. Has been recommended for certification by the appointed entry-year assistance committee after completion of not less than one or more than two school years of entry-year teaching service; and

3. Has received a passing grade on the curriculum examination as prescribed by the Board.

C. Any person who has been issued a license to teach by the Board may be employed in an accredited school as an entry-year teacher upon appointment by the local school board.

D. Upon placement of a licensed teacher in an entry-year teacher position, the local board shall appoint the entry-year assistance committee members, as prescribed in this act, who shall have the following duties:

1. Meet with the entry-year teacher as may be required by the Board;

2. Work with the entry-year teacher to assist in all matters concerning classroom management and in-service training for that teacher;

3. Provide for meaningful parental input as one criterion in evaluating the entry-year teacher's performance;

4. Upon completion of one (1) school year of entry-year assistance, make recommendations to the Board and the preparing institution of higher education as to whether the entry-year teacher should be issued a certificate or whether such entry-year teacher shall be required to serve as an entry-year teacher for one (1) additional school year. In the event an entry-year teacher serves a second year, the recommendation of the entry-year assistance committee to the Board and the institution of higher education after the second year shall be for either certification or noncertification.

Upon recommendation from the entry-year assistance committee for noncertification or an additional year in the Entry-year Assistance Program, such entry-year assistance committee shall, upon request of the entry-year teacher, supply a list to said entry-year teacher of the reasons for such recommendation. Said list of reasons shall remain confidential, except as otherwise provided by the entry-year teacher.

In the event an entry-year teacher is required to serve an additional year in the Entry-year Assistance Program, such entry-year teacher shall not be required to be under the supervision of the same entry-year assistance committee, or any member of the committee, which supervised the entry-year teacher during the initial year in the Program; and

5. In the event the committee recommendation to the Board and the institution of higher education is for certification, an entry-year assistance committee shall also recommend a staff development program for the entry-year teacher, designed to

strengthen the entry-year teacher's teaching skills in any area identified by the committee.

All entry-level years shall count toward salary, fringe benefit adjustments, tenure and retirement.

E. The State Board of Education along with the teacher education institutions and the local boards of education, as specified by the State Board of Education, and the State Regents for Higher Education shall study and make recommendations in a report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor by January 1, 1993, on the Entry-year Assistance Program. The report shall include but not be limited to the following:

1. The cost associated with the program;
2. The instructional effectiveness of the entry-year teacher and teacher consultants programs;
3. The effectiveness of the program since implementation of the mandates of House Bill No. 1017 of the First Extraordinary Session of the 42nd Oklahoma Legislature; and
4. The statistical information concerning the number of persons successfully completing, dropping and failing such program.

The Board shall review any such program and provide an update of the report every three (3) years thereafter.

SECTION 11. AMENDATORY 70 O.S. 1991, Section 7-101, is amended to read as follows:

Section 7-101. A. ~~The territory comprising all or part of a school district may be annexed to an adjacent another school district, or to a school district in the same transportation area authorized to furnish transportation, or to two or more such districts, when approved at an annexation election called by the county superintendent of schools, but except as provided in subsection B of this section, an annexation election may not be held unless the boards of education of the affected districts concur therein. Provided, that such concurrence of the boards of education affected shall not be required in cases of mandatory annexation by the State Board of Education:~~

1. In pursuance of a petition for annexation signed by a majority of the school district electors in the territory proposed to be annexed, hereinafter referred to as the area affected, said majority being applied to the highest number of voters voting in a regular school district election in the district in the preceding five (5) years as determined by the secretary of the county election board, who shall certify the adequacy of the number of signatures on the petition as provided in this section; or

2. In pursuance of a resolution adopted by the board of education of the district in which the area affected is situated.

B. ~~An annexation election shall be called by the county or state superintendent of schools without the concurrence of the board of education of the school district which is proposed to be annexed, upon the filing of a petition with the county or state superintendent of schools for annexation that is signed by a majority of the school district electors in the school district proposed to be annexed, said majority being applied to the highest number of voters voting in a regular school district election in the district in the preceding five (5) years as determined by the secretary of the county election board, who shall certify the adequacy of the number of signatures on the petition. The county or state superintendent of schools shall certify that the petition meets the requirements of this subsection. The petition shall contain such information as the county or state superintendent of schools may require.~~

C. Annexation elections held pursuant to this section shall be conducted pursuant to the following procedures:

1. Such election shall be held within sixty (60) days after the county superintendent of schools receives such petition, at some public place in the school district in which the area affected is situated, between the hours of 7 a.m. and 7 p.m., and notice thereof shall be given by the county superintendent of schools in the same manner as notice of special elections of the school district electors of school districts is given, provided, that the county superintendent of schools shall not be required to call an election for the purpose of annexing a part of a school district more than once during any twelve-month period. Such elections shall be conducted by the county election board.

2. The annexation shall be approved by a majority of the school district electors voting at such election:

- a. Of an entire school district; or
- b. If a majority of the members of a board of education of a school district losing the territory concur with the petitioners, or resolution, only the legal voters of the area so affected shall be eligible to vote at such election.

Provided that, if the area proposed to be annexed constitutes less than two percent (2%) of the total area of the school district in which such area is located, and there are no qualified electors residing in such area, no election shall be held. In such instance the board of education of the school district wherein the area proposed to be annexed is located and the board of education of the school district to which such area is proposed to be annexed shall each adopt a resolution approving such annexation and shall transmit certified copies of both resolutions to the county superintendent of schools who shall, within five (5) days after receiving copies of such resolutions, make an order declaring the annexation as approved in the resolutions. Copies of the annexation order shall be transmitted to the State Board of Education, Oklahoma Tax Commission, county clerk, county treasurer, county assessor and to the boards of education of the school districts involved.

3. The annexation shall be approved by a majority of the school district electors of the area affected, voting at such election, if the area affected is an area within a school district in which, as a result of condemnation proceedings by the federal government, a majority of the pupils of said area have attended school, for at least one school term, in the adjoining district to which the petition requests annexation.

4. If the annexation of an entire district is approved, as hereinbefore provided, the county superintendent of schools shall, within five (5) days after such election, issue an order declaring the annexation as requested in the petition or resolution for annexation to the State Board of Education, Oklahoma Tax Commission, county clerk, county treasurer and county assessor in each county in which any of the territory of the disorganized district lies, but the annexation shall not become effective until the time for filing an appeal, as hereinafter provided, has expired. In the event a majority of the electors voting at such election do not vote for the annexation, the county superintendent of schools shall, within five (5) days after such election, issue an order denying the annexation to the State Board of Education, Oklahoma Tax Commission, county clerk, county treasurer and county assessor in each county in which any of the territory of the disorganized district lies. Within ten (10) days after the order of the county superintendent of schools is issued, twenty-five percent (25%) of the school district electors

who were eligible to vote at the annexation election may appeal to the district court of the county in which the territory proposed to be annexed, or the largest part thereof if such territory lies in more than one county, is situated, and thereafter all proceedings shall be stayed until the district court has rendered judgment. The proceedings shall be given precedence over all other civil matters. In the event the court issues a final order upholding a partial annexation, the effective date of said partial annexation shall be July 1 following the final order. All pending annexation proceedings are hereby exempted from this act. The State Board of Education shall be required to change the boundary lines as described in the declaration after all litigation has expired.

5. Upon the effective date of the annexation of an entire school district to one or more school districts, the board of education of the school district whose territory was annexed shall be declared abolished by the county superintendent of schools. If a school district to which the territory was annexed currently has a five-member board of education, that school district board of education shall have the option of forming a seven-member board of education pursuant to the provisions of Section 5-107A of this title upon the effective date of the annexation.

6. If an independent district annexes to an elementary district not maintaining a high school, both boards of education are abolished. The Governor shall appoint three members of the newly formed district to the board of education and these members shall appoint the remaining two members.

7. If the territory proposed to be annexed is situated in more than one county, the petition or resolution shall be filed with the county superintendent of schools of the county in which the largest part of such territory lies, and he shall call the annexation election and perform the other duties required herein of the county superintendent of schools.

SECTION 12. AMENDATORY 70 O.S. 1991, Section 7-202, is amended to read as follows:

Section 7-202. The provisions of Section 7-201 through Section 7-205 of this title shall apply only to school districts whose entire territory has been annexed to one or more existing ~~contiguous~~ school districts or which have been created by the consolidation of two or more existing ~~contiguous~~ school districts in accordance with the provisions of Section 7-101 et seq. of Title 70 of the Oklahoma Statutes.

SECTION 13. AMENDATORY 70 O.S. 1991, Section 8-106, is amended to read as follows:

Section 8-106. A. Upon a majority vote of the electors in a school district voting at the annual school district election or at a special school district election called for such purpose and held not later than June 30, either a high school or a grade school, or both, shall be dispensed with for the ensuing year. An election for such purpose shall also be held upon petition for an election, signed by forty percent (40%) of the school district electors. To calculate the sufficiency of the number of signatures on a petition, the forty percent (40%) figure shall be applied to the highest number of voters voting in a regular school election in the school district in the preceding five (5) years as determined by the secretary of the county election board. The secretary of the county election board shall certify the sufficiency of the number of signatures on the petition. The election shall be conducted by the county election board in accordance with Sections 13A-101 through 13A-111 of Title 26 of the Oklahoma Statutes. The secretary of the

county election board shall notify the State Board of Education of the results of every election held to dispense with school.

B. All of the pupils who would be entitled to attend school in the grades dispensed with shall be transferred to another school district or districts maintaining courses of instruction which such pupils are entitled to pursue. The parent or guardian of each child desiring to be transferred from any school district dispensing with school shall be required to file an application for the transfer of the child or children of the parent or guardian with the county superintendent of schools, within ten (10) days after the results of the election are declared. The procedures for such transfers shall be the same as those for individual transfers.

C. Any school district which dispenses with its entire school district for the ensuing year, as provided herein, shall be mandatorily annexed on July 1 by the State Board of Education to ~~an adjacent~~ another school district or other districts to which pupils of such dispensed school district have been transferred. Provided, if a school district does not officially dispense with its school and fails to open or maintain a school for such ensuing year, the State Board of Education, except in cases where reasons over which the district had no control causes a normal delay in the opening or maintenance of such school, shall at its next regular meeting, annex such school district to ~~an adjacent~~ another school district or other districts to which pupils have been transferred. Provided further that if a school district does not have an average daily attendance that meets the State Board of Education regulations for accrediting purposes and does not dispense with its school by June 30, the State Board of Education shall annex such district to the high school transportation area in which the district is situated at the first regular or special meeting in July.

SECTION 14. AMENDATORY 70 O.S. 1991, Section 10-105.3, is amended to read as follows:

Section 10-105.3 A. The State Board of Education shall develop and implement a program of parent education which provides practical information and guidance to parents regarding the development of language, cognition, social skills, and motor development of young children. The program shall be phased in so that services will be available to parents of children under age three (3) in school districts identified by the Board as having the greatest numbers of children who are considered to be at risk in education by the 1991-92 school year. As funds are available, beginning with the 1992-93 school year, the Board shall expand the program so that services will be available to the school sites identified by the Board as having the greatest percentage of children qualifying for the free or reduced school lunch program. The Board shall expand the program each year to ensure that a parent education program is offered within all school districts by the 1994-95 school year.

B. The program shall emphasize the importance of the parents of children as a child's first and most influential teachers. The parent education programs currently offered in other states should be examined as possible models for the Oklahoma program.

C. The State Board of Education shall contract with an organization to provide technical assistance services to the Oklahoma Parents as Teachers Program. Applicants must be an affiliate member of a national organization or association providing parent education training and have at least one year of experience in implementation of a Parents as Teachers Program. Technical assistance shall include assistance with training on program organization, management and implementation. Staff of eligible

applicants must include a person with a masters degree in Child Development or Early Childhood Education.

SECTION 15. AMENDATORY 70 O.S. 1991, Section 18-113.1, is amended to read as follows:

Section 18-113.1 A. The provisions of this subsection shall apply only to grades one through three.

1. Except as otherwise provided for in this section, no child shall be included in the average daily membership of a school district for the purpose of computing and paying state-appropriated funds if that child is regularly assigned to a teacher or to a class that includes:

- a. for the 1989-90 school year, more than twenty-two (22) students;
- b. for the 1990-91 school year through the 1992-93 school year, more than twenty-one (21) students; and
- c. for the 1993-94 school year and each school year thereafter, more than twenty (20) students.

2. If a class or classes in a grade exceed the class size limitation provided for in this subsection, the class size limitation and penalty shall not apply if:

- a. the creation of an additional class would cause a class to have fewer than ten (10) students; and
- b. a teacher's assistant, as defined in Section 6-127 of this title, is employed to serve with each teacher in a class that exceeds the class size limitation provided for in this subsection.

3. No school district shall be penalized for initially exceeding class size limitations during the last nine (9) weeks of the school year.

4. No school district shall be penalized for exceeding the class size limitations for the 1988-89 school year which were established by this subsection prior to the effective date of this act unless:

- a. the school district had a general fund balance for fiscal year 1988 in excess of twenty percent (20%) of the district's receipts or expenditures, whichever is less, for that year; or
- b. the number of students per class exceeded thirty-three (33) and a full-time teaching assistant was not present.

5. For each child in excess of the class size membership, the district shall receive a penalty in the State Aid formula as a reduction to State Aid to be determined as follows:

- a. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the grade level weight and by the Base Foundation Support Level for the current school year, and
- b. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the grade level weight and by the Incentive Aid guarantee for the current school year times twenty (20), and
- c. Sum the products of subparagraphs a and b of this paragraph.

B. The provisions of this subsection shall apply only to grades four through six.

1. Except as otherwise provided for in this section, no child shall be included in the average daily membership of a school district for the purpose of computing and paying state-appropriated funds if that child is regularly assigned to a teacher or to a class that includes:

- a. for the 1989-90 school year, more than twenty-five (25) students;
- b. for the 1990-91 school year, more than twenty-three (23) students;
- c. for the 1991-92 school year, more than twenty-two (22) students;
- d. for the 1992-93 school year, more than twenty-one (21) students; and
- e. for the 1993-94 school year and each school year thereafter, more than twenty (20) students.

2. If a class or classes in a grade exceed the class size limitation provided for in this subsection, the class size limitation and penalty shall not apply if the creation of an additional class would cause a class to have fewer than sixteen (16) students.

~~3. A school district may adjust the class size limitation provided for in this subsection, based on the number of classes in each grade in the previous year, by using a five percent (5%) deviation factor under the maximum set out.~~

No school district shall be penalized for initially exceeding class size limitations during the last nine (9) weeks of the school year.

4. For each child in excess of the class size membership, the district shall receive a penalty in the State Aid formula as a reduction to State Aid to be determined as follows:

- a. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the grade level weight and by the Base Foundation Support Level for the current school year, and
- b. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the grade level weight and by the Incentive Aid guarantee for the current school year times twenty (20), and
- c. Sum the products of subparagraphs a and b of this paragraph.

C. The provisions of this subsection shall apply only to grades seven through nine.

1. Except as otherwise provided for in this section, no child shall be included in the average daily membership of a school district for the purpose of computing and paying state-appropriated funds if that child is regularly assigned to a teacher or to a class that includes more than thirty-six (36) students.

2. If a class or classes in a grade exceed the class size limitation provided for in this subsection, the class size limitation and penalty shall not apply if the creation of an additional class would cause a class to have fewer than sixteen (16) students.

~~3. A school district may adjust the class size limitation provided for in this subsection, based on the number of classes in each grade in the previous year, by using a five percent (5%) deviation factor under the maximum set out.~~

4. For each child in excess of the class size membership, the district shall receive a penalty in the State Aid formula as a reduction to State Aid to be determined as follows:

- a. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the grade level weight and by the Base Foundation Support Level for the current school year, and
- b. Multiply each pupil in excess of the class size membership limit as provided in this subsection by the

grade level weight and by the Incentive Aid guarantee for the current school year times twenty (20), and

c. Sum the products of subparagraphs a and b of this paragraph.

D. Classes in the following subjects shall not be subject to the class size limitations provided for in subsections A, B and C of this section:

1. physical education; and
2. chorus, band, orchestra and similar music classes.

E. If a school district groups its grades as grades one through five, grades six through eight, and grades nine through twelve, then as to such district the provisions of subsection B of this section shall apply to grades four and five rather than grades four through six, and subsection C of this section shall apply to grades six through eight rather than grades seven through nine.

F. Any class size violations shall result in denial of accreditation in accordance with the requirements of Section 3-104.4 of this title.

G. Any school district which at the beginning of the school year does not have sufficient classrooms to meet the class size limitation provided for in this section as determined by guidelines established by the State Board of Education shall not be penalized for failure to meet the class size limitations provided for in this section if:

- a. the school district has voted indebtedness, at any time within the five (5) years preceding the year the district exceeds the class size limitations or during the year the district exceeds the class size limitations, through the issuance of bonds or approval by voters of issuance of new bonds for more than eighty-five percent (85%) of the maximum allowable pursuant to the provisions of Section 26 of Article X of the Oklahoma Constitution as shown on the school district budget filed with the State Equalization Board for the current school year and certifications by the Attorney General prior to February 1 of the current school year; and
- b. on the date of filing of the school district budget with the State Equalization Board, the school district is voting the maximum millage allowable for the support, maintenance and construction of schools as provided for in subsections (a), (c), (d) and (d-1) of Section 9 of Article X of the Oklahoma Constitution and Section 10 of Article X of the Oklahoma Constitution.

H. Any school district which exceeds the class size limitations as set forth in this section shall submit a written report to the State Board of Education, on or before July 1 of each year, setting forth the procedures that the district will follow in order to comply with this section.

I. School districts which receive state-appropriated funds pursuant to the provisions of Section 18-112.2 of this title and do not comply with the provisions of this section shall be subject to loss of State Aid for each child in excess of the class size limitations specified in this section.

SECTION 16. AMENDATORY 70 O.S. 1991, Section 18-114.5, is amended to read as follows:

Section 18-114.5 For the 1992-93 school year, teachers in the public schools of Oklahoma shall receive in salary and/or fringe

benefits not less than the amounts specified in the following schedule:

MINIMUM SALARY SCHEDULE			
Years of Experience	Bachelor's Degree	Master's Degree	Doctor's Degree
0	\$20,460	\$21,566	\$22,672
1	\$21,621	\$22,727	\$23,833
2	\$21,953	\$23,059	\$24,165
3	\$22,174	\$23,280	\$24,386
4	\$22,506	\$23,612	\$24,718
5	\$22,838	\$23,944	\$25,050
6	\$23,059	\$24,165	\$25,271
7	\$23,391	\$24,497	\$25,603
8	\$23,612	\$24,718	\$25,935
9	\$23,944	\$25,050	\$26,156
10	\$24,165	\$25,271	\$26,377
11	\$24,497	\$25,603	\$26,709
12	\$24,718	\$25,824	\$26,930
13	\$25,050	\$26,156	\$27,262
14	\$25,161	\$26,267	\$27,373
15	\$25,492	\$26,598	\$27,704

Beginning with the 1992-93 school year, when determining the Minimum Salary Schedule, "fringe benefits" shall mean all or part of hospital or medical benefits, and sickness, accident, health or life insurance, and retirement benefits, excluding the contributions made pursuant to subsection A of Section 17-108.1 of this title. Any of the degrees referred to in this section shall be from a college recognized by the State Board of Education. The State Board of Education shall accept teaching experience from out-of-state school districts that are accredited by the State Board of Education or appropriate state accrediting agency for said districts. For the purpose of state salary increments and retirement, no teacher shall be granted credit for more than five (5) years' active duty in the military service, or out-of-state teaching experience as a certified teacher or its equivalent. Nothing in this section shall prohibit boards of education from crediting more years of experience on local salary schedules than those allowed for state purposes. The State Board of Education shall recognize, for purposes of certification and salary increments, the years of experience of a certified teacher who teaches in the Department of Corrections' educational program beginning with fiscal year 1981. The State Board of Education shall recognize for purposes of certification and salary increments the years of experience of a Vocational Rehabilitation Counselor under the Department of Human Services if such counselor was employed as a certified teacher by the State Department of Education when the Division of Vocational Rehabilitation was transferred from the State Board for Vocational Education or the State Board of Education to the Oklahoma Public Welfare Commission on July 1, 1968.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience a Vocational Rehabilitation Counselor completed while employed by the Department of Human Services if such counselor was certified as a teacher or was eligible for certification as a teacher in Oklahoma.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience that a certified school psychologist or psychometrist completed while employed as a doctoral intern, psychological assistant, or psychologist with any agency of the State of Oklahoma if such

experience primarily involved work with persons of school or pre-school age and if such person was, at the time the experience was acquired, certified as, or eligible for certification as, a school psychologist or psychometrist.

SECTION 17. AMENDATORY 70 O.S. 1991, Section 18-114.6, is amended to read as follows:

Section 18-114.6 For the 1993-94 school year, teachers in the public schools of Oklahoma shall receive in salary and/or fringe benefits not less than the amounts specified in the following schedule:

MINIMUM SALARY SCHEDULE			
Years of Experience	Bachelor's Degree	Master's Degree	Doctor's Degree
0	\$22,260	\$23,366	\$24,472
1	\$23,421	\$24,527	\$25,633
2	\$23,753	\$24,859	\$25,965
3	\$23,974	\$25,080	\$26,186
4	\$24,306	\$25,412	\$26,518
5	\$24,638	\$25,744	\$26,850
6	\$24,859	\$25,965	\$27,071
7	\$25,191	\$26,297	\$27,403
8	\$25,412	\$26,518	\$27,735
9	\$25,744	\$26,850	\$27,956
10	\$25,965	\$27,071	\$28,177
11	\$26,297	\$27,403	\$28,509
12	\$26,518	\$27,624	\$28,730
13	\$26,850	\$27,956	\$29,062
14	\$26,961	\$28,067	\$29,173
15	\$27,292	\$28,398	\$29,504

When determining the Minimum Salary Schedule, "fringe benefits" shall mean all or part of hospital or medical benefits, and sickness, accident, health or life insurance, and retirement benefits, excluding the contributions made pursuant to subsection A of Section 17-108.1 of this title. Any of the degrees referred to in this section shall be from a college recognized by the State Board of Education. The State Board of Education shall accept teaching experience from out-of-state school districts that are accredited by the State Board of Education or appropriate state accrediting agency for said districts. For the purpose of state salary increments and retirement, no teacher shall be granted credit for more than five (5) years' active duty in the military service, or out-of-state teaching experience as a certified teacher or its equivalent. Nothing in this section shall prohibit boards of education from crediting more years of experience on local salary schedules than those allowed for state purposes. The State Board of Education shall recognize, for purposes of certification and salary increments, the years of experience of a certified teacher who teaches in the Department of Corrections' educational program beginning with fiscal year 1981. The State Board of Education shall recognize for purposes of certification and salary increments the years of experience of a Vocational Rehabilitation Counselor under the Department of Human Services if such counselor was employed as a certified teacher by the State Department of Education when the Division of Vocational Rehabilitation was transferred from the State Board for Vocational Education or the State Board of Education to the Oklahoma Public Welfare Commission on July 1, 1968.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience a Vocational Rehabilitation Counselor completed while employed by the

Department of Human Services if such counselor was certified as a teacher or was eligible for certification as a teacher in Oklahoma.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience that a certified school psychologist or psychometrist completed while employed as a doctoral intern, psychological assistant, or psychologist with any agency of the State of Oklahoma if such experience primarily involved work with persons of school or pre-school age and if such person was, at the time the experience was acquired, certified as, or eligible for certification as, a school psychologist or psychometrist.

SECTION 18. AMENDATORY 70 O.S. 1991, Section 18-114.7, is amended to read as follows:

Section 18-114.7 Beginning with the 1994-95 school year, teachers in the public schools of Oklahoma shall receive in salary and/or fringe benefits not less than the amounts specified in the following schedule:

MINIMUM SALARY SCHEDULE			
Years of Experience	Bachelor's Degree	Master's Degree	Doctor's Degree
0	\$24,060	\$25,166	\$26,272
1	\$25,221	\$26,327	\$27,433
2	\$25,553	\$26,659	\$27,765
3	\$25,774	\$26,880	\$27,986
4	\$26,106	\$27,212	\$28,318
5	\$26,438	\$27,544	\$28,650
6	\$26,659	\$27,765	\$28,871
7	\$26,991	\$28,097	\$29,203
8	\$27,212	\$28,318	\$29,535
9	\$27,544	\$28,650	\$29,756
10	\$27,765	\$28,871	\$29,977
11	\$28,097	\$29,203	\$30,309
12	\$28,318	\$29,424	\$30,530
13	\$28,650	\$29,756	\$30,862
14	\$28,761	\$29,867	\$30,973
15	\$29,092	\$30,198	\$31,304

When determining the Minimum Salary Schedule, "fringe benefits" shall mean all or part of hospital or medical benefits, and sickness, accident, health or life insurance, and retirement benefits, excluding the contributions made pursuant to subsection A of Section 17-108.1 of this title. Any of the degrees referred to in this section shall be from a college recognized by the State Board of Education. The State Board of Education shall accept teaching experience from out-of-state school districts that are accredited by the State Board of Education or appropriate state accrediting agency for said districts. For the purpose of state salary increments and retirement, no teacher shall be granted credit for more than five (5) years' active duty in the military service, or out-of-state teaching experience as a certified teacher or its equivalent. Nothing in this section shall prohibit boards of education from crediting more years of experience on local salary schedules than those allowed for state purposes. The State Board of Education shall recognize, for purposes of certification and salary increments, the years of experience of a certified teacher who teaches in the Department of Corrections' educational program beginning with fiscal year 1981. The State Board of Education shall recognize for purposes of certification and salary increments the years of experience of a Vocational Rehabilitation Counselor under the Department of Human Services if such counselor was employed as a

certified teacher by the State Department of Education when the Division of Vocational Rehabilitation was transferred from the State Board for Vocational Education or the State Board of Education to the Oklahoma Public Welfare Commission on July 1, 1968.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience a Vocational Rehabilitation Counselor completed while employed by the Department of Human Services if such counselor was certified as a teacher or was eligible for certification as a teacher in Oklahoma.

The State Board of Education shall recognize for purposes of certification and salary increments all of the years of experience that a certified school psychologist or psychometrist completed while employed as a doctoral intern, psychological assistant, or psychologist with any agency of the State of Oklahoma if such experience primarily involved work with persons of school or pre-school age and if such person was, at the time the experience was acquired, certified as, or eligible for certification as, a school psychologist or psychometrist.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 625.13 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the "Community Match Rural Scholarship Incentive Program" which shall be conducted and administered by the Physician Manpower Training Commission. The purpose of this program is to provide for the fair and necessary distribution of funds allocated to it by the Legislature to provide monies to the following programs under the Physician Manpower Training Commission:

1. The Community Matching Intern/Resident Program;
2. The Oklahoma Rural Medical Education Loan Scholarship Program;
3. The Family/General Practice Resident Rural Scholarship Loan Program, created pursuant to this section; and
4. The Family/General Practice Residency Grant Program, created pursuant to this section.

The Physician Manpower Training Commission is hereby authorized to distribute such monies to the funds specified in Sections 625.1, 625.4a and 697.18 of this title necessary to fund the programs specified in this section.

B. The Physician Manpower Training Commission shall establish and administer a Family/General Practice Resident Rural Scholarship Loan Program for the purpose of assisting Oklahoma's rural communities by providing financial assistance through a scholarship loan forgiveness program to residents enrolled in an accredited Family Practice or General Practice residency program. The Commission shall establish the eligibility standards, the amount of the loan not to exceed One Thousand Dollars (\$1,000.00) per month, the service obligation of the recipient of the loan, and any penalties related to the breach of the service contract or failure to repay such loan plus interest and penalty.

C. The Physician Manpower Training Commission shall establish and administer a Family/General Practice Residency Grant Program for the purpose of assisting Oklahoma's rural communities by providing financial assistance through a grant program to residents enrolled in an accredited Family Practice or General Practice residency program. The Commission shall establish the eligibility standards, the amount of the grant not to exceed Five Thousand Dollars (\$5,000.00) per year, up to three (3) years, the program obligations of the recipient of the grant, and any penalties related to the

breach of the grant obligations or failure to repay the grant plus interest.

SECTION 20. AMENDATORY 70 O.S. 1991, Section 697.2, is amended to read as follows:

Section 697.2 There is hereby re-created the Physician Manpower Training Commission, hereafter referred to as the Commission, to establish and administer cost-sharing programs for internship and residency physician training, which Commission shall provide for state assistance by sharing the cost on a percentage basis, as may be prescribed by law or as determined by the Commission, of the salary, fringe benefits, training and program administration of the interns and residents as may be arranged by contract for reimbursement with an accredited and approved hospital and accredited clinical programs throughout the state in cooperation with ~~the University of Oklahoma College of Medicine, University of Oklahoma-Tulsa Medical College and the Oklahoma State University College of Osteopathic Medicine and Surgery,~~ which physician training institutions in the state shall serve as the administrative agent for internship and residency programs which are located in hospitals and clinical training programs throughout the state, which programs are affiliated with said institutions and approved for funding by the Commission. The Commission shall conduct the planning, coordination and selection of said training programs to assure the effective and efficient operation of these programs. Not less than fifty percent (50%) of the subsidy for these programs shall be used in the training of primary health care and family/general practice physicians for the rural and medically underserved areas of the state. Provided that such subsidy may be used for the primary purpose of increasing the total number of residencies funded by the State of Oklahoma, wherever located within the state, during that period in which residency programs are being established in rural areas; provided further, that as said residency programs are established and accredited in rural hospitals, residency positions in such programs shall be first provided for by the Commission. The Commission shall present a report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate within one (1) month of the beginning of each regular legislative session on the operation of the programs including the progress made in accomplishing the goals of physician training as to type of specialties and manpower placement of the kind necessary to provide adequate health care to the people throughout the State of Oklahoma. The subsidy to the participating hospital, clinical situation or training institution per resident or intern shall not exceed any maximum or minimum amount as may be prescribed by law or as determined by the Commission. The actual amount of subsidy for physician training program situations shall be based upon a determination by the Commission of:

1. The type of primary care residency and internship programs involved and being conducted;
2. The extent of reimbursement available through third-party payers and all other sources; and
3. The program and salary costs incurred in the given training situation.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 697.20 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the "Osteopathic Internship and Residency Program" which shall be conducted and administered by the Physician Manpower Training Commission. The purpose of this program

is to provide for the fair and necessary distribution of funds allocated to it by the Legislature to provide monies to the following programs under the Physician Manpower Training Program:

1. The Doctor of Osteopathy Residency Program (OSU/COM);
2. The Osteopathic General Practice Residency Program (OSU/COM); and
3. The Osteopathic Internship Program (OSU/COM).

B. The Physician Manpower Training Commission is hereby authorized to distribute such monies to the funds specified in Sections 697.2 and 697.6 of this title necessary to fund the programs specified in this section.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 625.14 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Physician Manpower Training Commission shall establish and administer cost-sharing programs for internship and residency physician training, which Commission shall provide for state assistance by sharing the cost on a percentage basis, as may be prescribed by law or as determined by the Commission, of the salary, fringe benefits, training and program administration of the interns and residents as may be arranged by contract for reimbursement with an accredited and approved hospital and accredited clinical programs throughout the state in cooperation with the University of Oklahoma College of Medicine and the University of Oklahoma College of Medicine at Tulsa, which physician training institutions in the state shall serve as the administrative agent for internship and residency programs which are located in hospitals and clinical training programs throughout the state, which programs are affiliated with said institutions and approved for funding by the Commission. The Commission shall conduct the planning, coordination and selection of said training programs to assure the effective and efficient operation of these programs. Not less than fifty percent (50%) of the subsidy for these programs shall be used in the training of primary health care and family practice physicians for the rural and medically underserved areas of the state. Provided that such subsidy may be used for the primary purpose of increasing the total number of residencies funded by the State of Oklahoma, wherever located within the state, during that period in which residency programs are being established in rural areas; provided further, that as said residency programs are established and accredited in rural hospitals, residency positions in such programs shall be first provided for by the Commission. The Commission shall present a report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate within one (1) month of the beginning of each regular legislative session on the operation of the programs including the progress made in accomplishing the goals of physician training as to type of specialties and manpower placement of the kind necessary to provide adequate health care to the people throughout the State of Oklahoma. The subsidy to the participating hospital, clinical situation or training institution per resident or intern shall not exceed any maximum or minimum amount as may be prescribed by law or as determined by the Commission. The actual amount of subsidy for physician training program situations shall be based upon a determination by the Commission of:

1. The type of primary care residency and internship programs involved and being conducted;
2. The extent of reimbursement available through third-party payers and all other sources; and

3. The program and salary costs incurred in the given training situation.

SECTION 23. AMENDATORY 70 O.S. 1991, Section 2403, is amended to read as follows:

Section 2403. A. No person shall be eligible to participate in the Oklahoma State Regents' Academic Scholars Program unless the person:

1. Has complied with all of the rules and regulations promulgated by the Oklahoma State Regents for Higher Education pursuant to the provisions of the Oklahoma State Regents' Academic Scholars Act, Section 2401 et seq. of this title, for the award, regulation, and administration of scholarships; and

2. Qualifies, or has qualified after July 1, 1988, as one of the following:

a. Category I:

- (1) a National Merit Scholar, which shall mean a student designated as a National Merit Scholar by the National Merit Scholarship Corporation,
- (2) a National Merit Finalist, which shall mean a student designated as a National Merit Finalist by the National Merit Scholarship Corporation,
- (3) a National Achievement Scholar, which shall mean a student designated as a National Achievement Scholarship Program For Outstanding Negro Students Scholar by the National Merit Scholarship Corporation,
- ~~(3)~~ (4) a National Achievement Finalist, which shall mean a student designated as a National Achievement Scholarship Program for Outstanding Negro Students Finalist by the National Merit Scholarship Corporation,
- (5) a National Hispanic Scholar, which shall mean a student designated as a National Hispanic Scholars Award Program Scholar by the College Board,
- ~~(4)~~ (6) a National Hispanic Honorable Mention Awardee, which shall mean a student designated as a National Hispanic Scholars Award Program Honorable Mention Awardee by the College Board,
- (7) a Presidential Scholar, which shall mean a student selected by the Commission on Presidential Scholars pursuant to the Presidential Scholars Program administered by the United States Department of Education,
- ~~(5)~~ (8) an Individual Applicant Qualified Student, which shall mean a student who is a resident of the State of Oklahoma whose American College Testing Program score or whose Scholastic Aptitude Test score falls within the 99.5 to 100.0 percentile levels as administered in the State of Oklahoma and whose grade point average and/or class rank is exceptional, as determined by the State Regents; provided, that the percentile levels shall be referenced to the student population as a whole and separately for the following subdivisions of the population: Male, Female, Black non-Hispanic, Native

American, Hispanic, Asian-Pacific Islander,  
and White non-Hispanic,

b. Category II:

- (1) ~~a National Merit Scholar Finalist, which shall mean a student designated as a National Merit Scholar Finalist by the National Merit Scholarship Corporation,~~
- ~~(2) a National Achievement Scholar Finalist, which shall mean a student designated as a National Achievement Scholarship Program for Outstanding Negro Students Scholar Finalist by the National Merit Scholarship Corporation,~~
- ~~(3) a National Merit Scholar Semi-finalist, which shall mean a student designated as a National Merit Scholar Semi-finalist by the National Merit Scholarship Corporation,~~
- ~~(4) (2) a National Achievement Scholar Semi-finalist, which shall mean a student designated as a National Achievement Scholarship Program for Outstanding Negro Students Scholar Semi-finalist by the National Merit Scholarship Corporation,~~
- ~~(5) (3) a National Hispanic Scholar Semi-finalist, which shall mean a student designated as a National Hispanic Scholar Award Program Semi-finalist Scholar by the College Board,~~
- ~~(6) (4) an Individual Applicant Qualified Student, which shall mean a student who is a resident of the State of Oklahoma whose American College Testing Program score or whose Scholastic Aptitude Test score falls within the 99.0 to 99.49 percentile levels as administered in the State of Oklahoma and whose grade point average and/or class rank is exceptional, as determined by the State Regents; provided, that the percentile levels shall be referenced to the student population as a whole and separately for the following subdivisions of the population: Male, Female, Black non-Hispanic, Native American, Hispanic, Asian-Pacific Islander, and White non-Hispanic, and~~

c. Category III:

- (1) a National Merit Commended Student, which shall mean a student designated as a National Merit Commended Student by the National Merit Scholarship Corporation,
- (2) a National Achievement Commended Student, which shall mean a student designated as a National Achievement Scholarship Program for Outstanding Negro Students Commended Student by the National Merit Scholarship Corporation,
- ~~(3) a National Hispanic Honorable Mention Student, which shall mean a student designated as a National Hispanic Scholars Award Program Honorable Mention Scholar by the College Board,~~  
~~or~~
- ~~(4) an Individual Applicant Qualified Student, which shall mean a student who is a resident of the State of Oklahoma whose American College Testing~~

Program score or whose Scholastic Aptitude Test score falls within the 98.0 to 98.99 percentile levels as administered in the State of Oklahoma and whose grade point average and/or class rank is exceptional, as determined by the State Regents; provided, that the percentile levels shall be referenced to the student population as a whole and separately for the following subdivisions of the population: Male, Female, Black non-Hispanic, Native American, Hispanic, Asian-Pacific Islander, and White non-Hispanic.

B. No person shall be eligible to receive a scholarship pursuant to the provisions of the Oklahoma State Regents' Academic Scholars Program unless the person is enrolled as a full-time student at a public or private accredited institution of higher education in Oklahoma.

C. The Oklahoma State Regents' Academic Scholars Program shall provide three levels of scholarship awards, based on the following criteria:

1. If the student qualifies in one of the categories listed in subparagraph a of paragraph 2 of subsection A of this section, the student shall receive a scholarship in an amount equivalent to the full amount of costs of all enrollment fees, tuition and other fees, room and board, and all required textbooks or materials for up to five (5) years of undergraduate and/or graduate study at an accredited public or private institution of higher education in Oklahoma as provided in subsection E of this section.

2. If the student qualifies in one of the categories listed in subparagraph b of paragraph 2 of subsection A of this section, the student shall receive a scholarship in an amount equivalent to one-half (1/2) of the amount of the costs of all enrollment fees, tuition and other fees, room and board, and all required textbooks or materials for up to five (5) years of undergraduate and/or graduate study at an accredited public or private institution of higher education in Oklahoma as provided in subsection E of this section.

3. If the student qualifies in one of the categories listed in subparagraph c of paragraph 2 of subsection A of this section, the student shall receive a scholarship in an amount equivalent to one-fourth (1/4) of the amount of the costs of all enrollment fees, tuition and other fees, room and board, and all required textbooks or materials for up to five (5) years of undergraduate and/or graduate study at an accredited public or private institution of higher education in Oklahoma as provided in subsection E of this section.

D. If a person identifies himself or herself as a student with a disability and requests consideration for a scholarship under the Academic Scholars Program by means other than standard testing procedures, the State Regents shall determine what means of assessment are appropriate and upon the basis of said assessment results, determine what level of award, if any, shall be made.

E. 1. If the student is attending an institution of The Oklahoma State System of Higher Education, the total funding for the scholarship provided in this section, exclusive of any internships, shall not exceed the costs for items specified in subsection C of this section at the institution attended as determined annually by the Oklahoma State Regents for Higher Education.

2. If the student is attending a private institution of higher education, the total funding for the scholarship provided in this section, exclusive of any internships, shall not exceed the costs

for items specified in subsection C of this section at an institution of The Oklahoma State System of Higher Education of comparable type which has the highest general enrollment fees of its type institution in The Oklahoma State System of Higher Education as determined annually by the Oklahoma State Regents for Higher Education.

SECTION 24. AMENDATORY 70 O.S. 1991, Section 3904, is amended to read as follows:

Section 3904. (a) The income, interest, rentals and proceeds of the sale of Section Thirteen in this state, and any indemnity lands in lieu of Section Thirteen which were granted to the state for the use and benefit of the University of Oklahoma, Agricultural and Mechanical College, the Normal Schools, the University Preparatory School, and the Colored Agricultural and Normal University, shall be divided and distributed as follows:

To the University of Oklahoma and the Northern Oklahoma College, one-third (1/3); the University of Oklahoma to receive nine-tenths (9/10) of said one-third (1/3) and the Northern Oklahoma College to receive one-tenth (1/10) of said one-third (1/3); to the Oklahoma State University and Langston University, one-third (1/3); the Oklahoma State University to receive nine-tenths (9/10) of said one-third (1/3), and Langston University to receive one-tenth (1/10) of said one-third (1/3); to the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, Southwestern Oklahoma State University, Oklahoma Panhandle State University, University of Sciences and Arts of Oklahoma, and Cameron University, the Normal Schools, one-third (1/3), the same to be equally divided among said state colleges, provided, that in the event of the establishment of additional similar state colleges, such additional state colleges shall share equally with the other state colleges in the division and distribution of the one-third (1/3) last above mentioned. In the event of the sale of Section Thirteen, or any portion thereof, the proceeds of said sale shall be divided and distributed among said institutions in the same manner, proportion and amount as hereinbefore indicated for the division and distribution of the interest, income, rentals or proceeds thereof of said land; provided, that the said lands so reserved, or the proceeds of the sale thereof or of any indemnity land granted in lieu of Section Thirteen, shall be safely kept or invested and preserved by the state as a trust, which shall never be diminished, but may be added to, and the income, interest and rentals thereof, shall be used exclusively for the benefit of said educational institutions. Such additional institutions shall remain under the exclusive control of the state, and no part of the proceeds arising from the sale or disposal of any land granted for educational purposes, or the income or rentals thereof, shall be used for the support of any religious or sectarian school, college or university, and no portion of the funds arising from the sale of Section Thirteen or any indemnity land, shall ever be diverted either temporarily or permanently from the purpose for which said lands were granted to the state.

(b) The state educational institutions eligible for participation in the Section Thirteen Fund and the new college fund may expend monies in such funds from time to time as needs arise for the construction and purchase of buildings, for the purchase of equipment, and for other capital additions. The provisions of this section shall be cumulative to existing laws.

SECTION 25. AMENDATORY 70 O.S. 1991, Section 3952, is amended to read as follows:

Section 3952. A. The principal held in the Oklahoma State Regents' Endowment Trust Fund shall be made available for the establishment of and allocation to endowment accounts within the Trust Fund for the benefit of individual public institutions of higher education within this state.

B. Investment return on each of the accounts constituting the principal of the Trust Fund shall be allocated for the benefit of individual institutions for which the accounts are respectively designated and shall be remitted to such institutions for the support of endowed chairs, professorships, lectureships and positions for artists in residence approved by the Oklahoma State Regents for Higher Education. The State Regents shall develop, adopt, and publish the criteria to be used in the evaluation of proposals for support of endowed chairs, professorships, lectureships and positions for artists in residence on a competitive and priority basis according to merit. Such criteria shall be based on the goal of improving the overall quality of education and research. The endowed chairs, distinguished professorships, lectureships and positions for artists in residence should be established in academic areas which will contribute to the enhancement of the overall cultural, business, and/or economic development of Oklahoma. The individually endowed chairs and professorships should be established in areas for which the institution has on-going, approved academic programs. Any trust income and any investment return on any amount in the Trust Fund not designated for remittance to an institution as provided in Section 3951 et seq. of this title shall become part of the principal of the Trust Fund.

C. Trust Fund endowment accounts created pursuant to subsection A of this section shall be in a minimum amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) for the support of endowed chairs, a minimum amount of Fifty Thousand Dollars (\$50,000.00) for the support of professorships or a minimum amount of Twenty-five Thousand Dollars (\$25,000.00) for lectureships and artists in residence. The number and size of endowment accounts shall be determined by the amount of matching monies that the institution commits to endowment accounts. To be initially eligible for an endowment account within the Trust Fund, an institution shall have on deposit as provided in subsection F of this section an amount equal to at least one-half (1/2) of the requested account. Provided, the regional and special purpose universities and two-year institutions in The Oklahoma State System of Higher Education shall have priority in qualifying for the endowment accounts of Twenty-five Thousand Dollars (\$25,000.00) for lectureships and positions for artists in residence.

D. The total matching requirement shall be equal to the amount of the requested endowment account in each instance and shall be deposited within a period to be established by the State Regents. Said period shall not be greater than three (3) years in length; provided, an institution may deposit in an endowment account matching monies in an amount which exceeds the required matching amount. Any endowment account for which an institution fails to provide the full required matching amount within the time established shall be available to be awarded to another public institution of higher education. No investment return shall be remitted to any institution from an endowment account before the institution has deposited the total required match for the endowment account as provided in subsection F of this section.

E. 1. Monies which an institution provides for matching purposes must originate from monies contributed to the institution

after July 1, 1988, from private sources, which monies are specifically designated by the private source to be used for purposes specified in this act, or from private contributions made after July 1, 1988, to a foundation for which the sole beneficiary is that institution, which monies are specifically designated by the private contributor to be used for purposes specified in this act, and may not be drawn from allocations of appropriated funds received from the State Regents, proceeds of fees or charges authorized by law, or from federal grants or reimbursements.

2. The State Regents may accept the transfer of endowed chairs and any associated funds from the MOST Eminent Scholars and Research Equipment Account created pursuant to the provisions of Section 5060.13 of Title 74 of the Oklahoma Statutes for the purpose of the establishment as endowed chairs in the Oklahoma State Regents' Endowment Trust Fund. Such endowed chairs shall be subject to and administered in accordance with the statutes and regulations applicable to the Trust Fund; provided, however, the monies provided by an institution for matching purposes may have originated from private monies contributed to the institution or a foundation before or after July 1, 1988.

F. Any institution which provides matching monies shall deposit the matching monies in one of the following:

1. The Trust Fund;
2. An endowment matching fund of the institution; or
3. A fund of a foundation whose sole beneficiary is that institution.

All investment return on matching monies which are deposited in a fund specified in paragraphs 2 or 3 of this subsection shall be retained in the fund. If such matching monies are not deposited in the Trust Fund, the institution shall submit a report annually to the State Regents in which the investments of the matching funds, earned interest and income, including capital gains and losses, and expenditures including the costs of managing the investments are detailed. Diminution of the original matching sum may at the discretion of the State Regents constitute a forfeiture of the state-origin monies which the private-origin institutional monies were to match.

G. An institution may recommend to the State Regents that monies benefiting the institution in an endowment account pursuant to the purposes of the Trust Fund be dedicated to an alternative academic discipline or area. If the State Regents approve such action, the investment return from the endowment account may be utilized for such program.

SECTION 26. AMENDATORY 70 O.S. 1991, Section 3954, is amended to read as follows:

Section 3954. A. The Oklahoma State Regents for Higher Education shall discharge their duties as trustees of the Oklahoma State Regents' Endowment Trust Fund and as trustees of the Oklahoma State Regents' Academic Scholars Trust Fund, hereafter "Trust Funds":

1. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
2. By diversifying the investments of the Trust Funds so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
3. In accordance with the laws, documents and instruments governing the Trust Funds.

B. The monies of the Trust Funds shall be invested only in assets eligible for the investment of funds of legal reserve life insurance companies in this state as provided for in Sections 1602 through 1611, 1613 through 1620, and 1622 through 1624 of Title 36 of the Oklahoma Statutes. The term "admitted assets" shall mean the amount of the monies of the Trust Funds, and the provisions relating to limitation of investments as a percentage of surplus and loans to policyholders shall be inapplicable with respect to investment of the monies of the Trust Funds. The monies of the Trust Funds may be invested in certificates of indebtedness or such other enforceable evidences of obligation as may be utilized in rights-of-way acquisitions by the Oklahoma Department of Transportation. The monies of the Trust Funds may also be invested in bonds secured by first mortgages, pass-through securities, and insured participation certificates representing interests in first mortgages or insured mortgage pass-through certificates on one- to four-family residences located within this state.

C. The State Regents may procure insurance indemnifying the members of the State Regents from personal loss or accountability from liability resulting from a member's action or inaction as a trustee.

D. The State Regents may establish an investment committee for one or both Trust Funds. Such investment committee shall be composed of members of the State Regents appointed by the chairman of the State Regents. The committee shall make recommendations to the entire membership of the State Regents on all matters related to the choice of custodians and managers of the assets of the Trust Funds, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the State Regents in any circumstances whatsoever. No recommendation of the committee shall have effect as an action of the State Regents nor take effect without the approval of the State Regents.

E. The State Regents may retain qualified investment managers to provide for the investment of the monies of the Trust Funds and may pay the fees for the services of such investment managers from the investment proceeds attributable to each of the Trust Funds. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the State Regents. Subject to the overall investment guidelines set by the State Regents, the investment managers shall have full discretion in the management of those monies of the Trust Funds allocated to the investment managers. The State Regents shall manage those monies not specifically allocated to the investment managers. The monies of the Trust Funds allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

F. Funds and revenues for investment by the investment managers or the State Regents shall be placed with a custodian selected by the State Regents. Payment of the fees for the custodians' services may be paid from the applicable Trust Fund. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the State Regents. In compliance with the investment policy guidelines of the State Regents, the custodian

bank or trust company shall be contractually responsible for ensuring that all monies of the Trust Funds are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the Trust Funds as to the investment of the monies of the Trust Funds in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the State Regents for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

G. By November 1, 1989, and prior to August 1 of each year thereafter, the State Regents shall develop written investment plans for the Trust Funds.

H. The State Regents shall compile quarterly financial reports of all the funds and accounts of the Oklahoma State Regents' Endowment Trust Fund and of the Oklahoma State Regents' Academic Scholars Trust Fund on a fiscal year basis. The reports shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The reports shall contain combined and individual rates of returns of the investment managers by category of investment, over periods of time. The reports shall be distributed to the Director of the Legislative Service Bureau and the Chairman of the Joint Committee on Fiscal Operations.

I. After July 1 and before October 1 of each year, the State Regents shall publish two annual reports presented in simple and easily understood language. The reports shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Director of the Legislative Service Bureau, and the Chairman of the Joint Committee on Fiscal Operations. The annual reports shall cover the operation of the Oklahoma State Regents' Endowment Trust Fund and of the Oklahoma State Regents' Academic Scholars Trust Fund during the past fiscal year, including income, disbursements, and the financial condition of the Trust Funds at the end of the fiscal year. The annual reports shall also contain the information issued in the quarterly reports required pursuant to subsection H of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over-funded status, contributions and any other information deemed relevant by the State Regents.

SECTION 27. AMENDATORY 74 O.S. 1991, Section 5060.13, is amended to read as follows:

Section 5060.13 A. The Center may use the MOST Eminent Scholars and Research Equipment Account to carry out the purposes of this act by awarding competitive funds, through professional service contracts or otherwise, to institutions of higher education, nonprofit research foundations and private enterprises of special importance to the Oklahoma economy.

B. The Center is authorized to provide challenge funding to Oklahoma higher education institutions for the purpose of assisting such institutions to raise funds in research areas where they have achieved or have true promise of attaining a standard of excellence as recognized by national and international peers. The Center may transfer to the Oklahoma State Regents for Higher Education the endowed chairs established pursuant to paragraph 1 of subsection D of this section, with any funds associated with such endowed chairs, for the purposes specified in Section 3952 of Title 70 of the Oklahoma Statutes.

C. Any higher education institution which desires to obtain such challenge funding authorized in subsection B of this section

shall submit an application to the Oklahoma Center for the Advancement of Science and Technology. Such application shall specify the total amount of funds such institution will provide to meet the requirements of the challenge funding and the research merits and economic benefits of the proposals as well as any other information which the Center may deem necessary in order to evaluate the application; provided, however, such institution shall not use state-appropriated funds for the purpose of meeting the requirements of such challenge funding.

D. Funding shall be awarded on the following basis:

1. For endowed chair professional service contracts or grants, the Center shall match Two Dollars (\$2.00) from the More Oklahoma Science and Technology (MOST) Eminent Scholars and Research Equipment Account for every One Dollar (\$1.00) of interest income generated by the endowment for such chair; however, the amount of a state professional service contract or grant for any endowed chair shall not be less than Fifty Thousand Dollars (\$50,000.00) for any one fiscal year. Funding awarded to match such interest shall be limited to endowed chairs created after May 27, 1986; and

2. For research professional service contracts or grants, the Center shall match One Dollar (\$1.00) from the More Oklahoma Science and Technology (MOST) Eminent Scholars and Research Equipment Account for every One Dollar (\$1.00) of monies that will be raised by such institution for matching purposes. The minimum amount of a state professional service contract or grant for any research project shall not be less than Ten Thousand Dollars (\$10,000.00) and shall be limited to acquiring research equipment. No applicant for a professional service contract or grant for research equipment under this paragraph shall be required to obtain the mandatory matching funding prior to application to the Center for funding. Applicants selected by the Center for funding shall have up to twelve (12) months from the date of selection to obtain the required matching funds. A selected applicant may request an extension of time not to exceed three (3) months to obtain the necessary matching funds. The period for obtaining matching funds shall not exceed a total of fifteen (15) months from the date of selection.

E. Persons selected to hold such endowed chairs or to receive funding for research as provided for in this section shall be selected pursuant to the procedures of the higher education institution which has been awarded such funding.

F. Approval of any challenge funding proposal shall be based upon the proposal submitted, external peer review and such additional investigation as the staff of the Center shall make.

SECTION 28. REPEALER 64 O.S. 1991, Sections 87a, 87b and 87e, are hereby repealed.

SECTION 29. This act shall become effective July 1, 1992.

SECTION 30. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 21st day of May, 1992.

President of the Senate

Passed the House of Representatives the 21st day of May, 1992.

Speaker of the House of  
Representatives