

ENROLLED HOUSE
BILL NO. 1383

By: Begley and Campbell of
the House

and

Shedrick of the Senate

An Act relating to educational entities; amending 70 O.S. 1991, Section 3-104, which relates to powers of the State Board of Education; deleting obsolete language; deleting provision transferring certain monies to the General Revenue Fund; providing additional purpose for expenditure of the Statistical Services Revolving Fund; amending 70 O.S. 1991, Section 3-109, which relates to the Curriculum Materials Revolving Fund; providing additional purpose for expenditure of the Curriculum Materials Revolving Fund; amending 70 O.S. 1991, Section 5-117, as amended by Section 2, Chapter 111, O.S.L. 1992 (70 O.S. Supp. 1992, Section 5-117), which relates to the powers of boards of education of school districts; deleting obsolete language; authorizing boards of education of certain annexed school districts to convey real property to certain political subdivisions without compensation; amending 70 O.S. 1991, Section 7-203, as amended by Section 1, Chapter 111, O.S.L. 1992 (70 O.S. Supp. 1992, Section 7-203), which relates to the School Consolidation Assistance Fund; providing additional purpose for expenditure of the School Consolidation Assistance Fund; limiting the allocation of such fund to districts combined prior to certain date; amending 70 O.S. 1991, Section 13-114.1, which relates to the Oklahoma Special Education Assistance Fund; authorizing certain monies to be transferred from such fund for certain purpose; amending 70 O.S. 1991, Section 18-103.1, as last amended by Section 59, Chapter 334, O.S.L. 1992 (70 O.S. Supp. 1992, Section 18-103.1), which relates to regional education service centers; modifying language relating to the reduction of certain funding for centers and programs; prohibiting the cessation of operation or maintenance or reduction in certain funding without approval of Legislature; prohibiting certain reductions in force for implementation of certain reductions in funding; clarifying language; eliminating certain designated allocations for certain centers and programs; amending 70 O.S. 1991, Section 18-113.3, which relates to class size; authorizing deregulation from mandated student-teacher ratio for certain school districts under certain conditions; providing procedures; requiring the State Board of Education to promulgate certain rules for such deregulation; amending 70 O.S. 1991, Section 18-125, which

relates to incentive grants to fund cooperative programs; authorizing certain funding for grants for telecommunication and limiting such funding; amending 70 O.S. 1991, Section 22-103, which relates to certain audits; requiring the State Board of Education to notify the Oklahoma Accountancy Board concerning certain deficiencies in certain audit work; amending 70 O.S. 1991, Section 625.3, which relates to Physician Manpower Training Commission; modifying physician manpower loan contracts; making such modification prospective; providing terms of such contracts and penalty for breach of contracts; creating the Physician Manpower Training Commission Study Committee; stating membership; providing for travel reimbursement; providing for election of officers; providing staff assistance; stating powers and duties; amending 70 O.S. 1991, Section 1210.508, as amended by Section 1, Chapter 292, O.S.L. 1992 (70 O.S. Supp. 1992, Section 1210.508), which relates to criterion-referenced tests; providing that such tests measure academic competencies; modifying field testing of such tests; requiring the State Board of Vocational and Technical Education to perform certain study concerning certain costs associated with the provision of certain vocational and technical education; stating purpose; specifying districts in study; requiring certain reports; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 3-104, is amended to read as follows:

Section 3-104. The control of the State Department of Education and the supervision of the public school system of Oklahoma shall be vested in the State Board of Education and, subject to limitations otherwise provided by law, the State Board of Education shall:

1. Establish and prescribe the duties of an executive officer who shall be the State Superintendent of Public Instruction and whose duties shall include the responsibility to give advice and make recommendations to the Board on all matters pertaining to the policies and administration of the State Department of Education and the public school system;

2. Adopt policies and make rules ~~and regulations~~ for the operation of the State Department of Education and the public school system of the state;

3. Organize and have control of the administrative and supervisory agencies, divisions, personnel and their appointment and salaries and other operations necessary to carry out the powers, duties and functions of the Board and its executive officer;

4. Have authority to require the coordination of all divisions of the State Department of Education through its executive officer, delegate general supervision of all employees to its executive officer, require all recommendations to be presented through its executive officer, require its executive officer to be responsible

for interpretation of the Board's policy, require any employee of the Board to present any specific matter directly to the Board;

5. Appoint, prescribe the duties and fix the compensation of a secretary, an attorney and all other personnel necessary for the proper performance of the functions of the State Board of Education. The secretary shall not be a member of the Board;

6. Submit to the Governor a departmental budget based upon major functions of the Department supported by detailed data on needs and proposed operations as partially determined by the budgetary needs of local school districts filed with the State Board of Education for the ensuing fiscal year. Appropriations therefor shall be made in lump-sum form for each major item in the budget as follows:

- a. state aid to schools,
- b. the supervision of all other functions of general and special education including general control, free textbooks, school lunch, Indian education and all other functions of the Board and an amount sufficient to adequately staff and administer these services, and
- c. the Board shall determine the details by which the budget and the appropriations are administered. Annually, the Board shall make preparations to consolidate all of the functions of the Department in such a way that the budget can be based on two items, administration and aid to schools. A maximum amount for administration shall be designated as a part of the total appropriation;

7. On the first day of December preceding each regular session of the Legislature, prepare and deliver to the Governor and the Legislature a report for the year ending June 30 immediately preceding said regular session of the Legislature. Said report shall contain:

- a. detailed statistical and other information concerning enrollment, attendance, expenditures including State Aid, and other pertinent data for all public schools in this state,
- b. reports from each and every division, department, institution or other agency under the supervision of the Board,
- c. recommendations for the improvement of the public school system of the state,
- d. a statement of the receipts and expenditures of the State Board of Education for the past year, and
- e. a statement of plans and recommendations for the management and improvement of public schools and such other information relating to the educational interests of the state as may be deemed necessary and desirable;

8. Provide for the formulation and adoption of curricula, courses of study and other instructional aids necessary for the adequate instruction of pupils in the public schools;

9. Have full and exclusive authority in all matters pertaining to standards of qualifications and the certification of persons for instructional, supervisory and administrative positions and services in the public schools of the state, and shall formulate rules ~~and regulations~~ governing the issuance and revocation of certificates for ~~county superintendents of schools,~~ district superintendents of schools, principals, supervisors, librarians, clerical employees, school nurses, school bus drivers, visiting teachers, classroom teachers and for other personnel performing instructional,

administrative and supervisory services, but not including members of boards of education and other employees who do not work directly with pupils, and may charge and collect reasonable fees for the issuance of such certificates. All funds collected by the State Department of Education for the issuance of certificates to instructional, supervisory and administrative personnel in the public schools of the state shall be deposited in the "Teachers' Certificate Fund" in the State Treasury and may be expended by the State Board of Education to reimburse the activities of the Educational Professional Standards Board for actual and necessary travel expenses as provided in the State Travel Reimbursement Act in attending meetings of the Board, its committees and subcommittees, for consultative services, publication costs, actual and necessary travel expenses as provided in the State Travel Reimbursement Act incurred by persons performing research work, and other expenses found necessary by the State Board of Education for the improvement of the preparation and certification of teachers in Oklahoma; ~~provided, however, that any unobligated balance in said fund in excess of Ten Thousand Dollars (\$10,000.00) on June 30 of any fiscal year shall be transferred to the General Revenue Fund of the State of Oklahoma.~~ Provided, ~~further,~~ that the requirements for a certificate for ~~county superintendent of schools,~~ district superintendent of schools and principal shall include not less than a standard master's degree, such other professional education and requirements as may be fixed by the State Board of Education and a minimum of two (2) years' successful teaching, supervisory or administrative experience in public schools. Provided, further, that certificates may be revoked by the State Board of Education for willful violation of any rule ~~or regulation~~ of the State Board of Education or of any federal or state law or other proper cause but only after sufficient hearing has been given before the State Board of Education, provided that teaching in a Head Start program or programs shall be used for renewal of a standard teaching certificate;

10. Promulgate rules ~~and regulations~~ governing the classification, inspection, supervision and accrediting of all public nursery, kindergarten, elementary and secondary schools in the state. However, no school shall be denied accreditation solely on the basis of average daily attendance.

Any school district which maintains an elementary school and faces the necessity of relocating its school facilities because of construction of a lake, either by state or federal authority, which will inundate the school facilities, shall be entitled to receive probationary accreditation from the State Board of Education for a period of five (5) years after the effective date of this act and any school district, otherwise qualified, shall be entitled to receive probationary accreditation from the State Board of Education for a period of two (2) consecutive years to attain the minimum average daily attendance. The Head Start and public nurseries or kindergartens operated from Community Action Program funds shall not be subjected to the accrediting ~~regulations~~ rules of the State Board of Education. Neither will the State Board of Education make rules ~~or regulations~~ affecting the operation of the public nurseries and kindergartens operated from federal funds secured through Community Action Programs even though they may be operating in the public schools of the state. However, any of the Head Start or public nurseries or kindergartens operated under federal regulations may make application for accrediting from the State Board of Education but will be accredited only if application for the approval of the programs is made. The status of no school district shall be changed

which will reduce it to a lower classification until due notice has been given to the proper authorities thereof and an opportunity given to correct the conditions which otherwise would be the cause of such reduction.

Private and parochial schools may be accredited and classified in like manner as public schools, if application is made to the State Board of Education for such accrediting. No private, parochial or other nonpublic school may be accredited unless the members of the faculty hold state certificates as required of teachers in public schools and unless the standards of said schools comply in every respect with those prescribed for public schools;

11. Be the legal agent of the State of Oklahoma to accept, in its discretion, the provisions of any Act of Congress appropriating or apportioning funds which are now, or may hereafter be, provided for use in connection with any phase of the system of public education in Oklahoma. It shall prescribe such ~~regulations~~ rules as it finds necessary to provide for the proper distribution of such funds in accordance with the state and federal laws;

12. Be and is specifically hereby designated as the agency of this state to cooperate and deal with any officer, board or authority of the United States Government under any law of the United States which may require or recommend cooperation with any state board having charge of the administration of public schools unless otherwise provided by law;

13. Be and is hereby designated as the "State Educational Agency" referred to in Public Law 396 of the 79th Congress of the United States, which law states that said act may be cited as the "National School Lunch Act", and said State Board of Education is hereby authorized and directed to accept the terms and provisions of said act and to enter into such agreements, not in conflict with the Constitution of Oklahoma or the Constitution and Statutes of the United States, as may be necessary or appropriate to secure for the State of Oklahoma the benefits of the school lunch program established and referred to in said act;

14. Have authority to secure and administer the benefits of the National School Lunch Act, Public Law 396 of the 79th Congress of the United States, in the State of Oklahoma and is hereby authorized to employ or appoint and fix the compensation of such additional officers or employees and to incur such expenses as may be necessary for the accomplishment of the above purpose, administer the distribution of any state funds appropriated by the Legislature required as federal matching to reimburse on children's meals;

15. Accept and provide for the administration of any land, money, buildings, gifts, donation or other things of value which may be offered or bequeathed to the schools under the supervision or control of said Board;

16. Have authority to require persons having administrative control of all school districts in Oklahoma to make such regular and special reports regarding the activities of the schools in said districts as the Board may deem needful for the proper exercise of its duties and functions. Such authority shall include the right of the State Board of Education to withhold all state funds under its control, to withhold official recognition, including accrediting, until such required reports have been filed and accepted in the office of said Board and to revoke the certificates of persons failing or refusing to make such reports;

17. Have general supervision of the school lunch program. The State Board of Education may sponsor workshops for personnel and participants in the school lunch program and may develop, print and distribute free of charge or sell any materials, books and bulletins

to be used in such school lunch programs. There is hereby created in the State Treasury a revolving fund for the Board, to be designated the School Lunch Workshop Revolving Fund. The fund shall consist of all fees derived from or on behalf of any participant in any such workshop sponsored by the State Board of Education, or from the sale of any materials, books and bulletins, and such funds shall be disbursed for expenses of such workshops and for developing, printing and distributing of such materials, books and bulletins relating to the school lunch program. The fund shall be administered in accordance with the Revolving Fund Procedures Act;

18. Prescribe all forms for school district and county officers to report to the State Board of Education where required. The State Board of Education shall also prescribe a list of appropriation accounts by which the funds of school districts shall be budgeted, accounted for and expended; and it shall be the duty of the State Auditor and Inspector in prescribing all budgeting, accounting and reporting forms for school funds to conform to such lists;

19. Provide for the establishment of a uniform system of pupil and personnel accounting, records and reports;

20. Have authority to provide for the health and safety of school children and school personnel while under the jurisdiction of school authorities;

21. Provide for the supervision of the transportation of pupils;

22. Have authority, upon request of the local school board, to act in behalf of the public schools of the state in the purchase of transportation equipment;

23. Have authority and is hereby required to perform all duties necessary to the administration of the public school system in Oklahoma as specified in the Oklahoma School Code; and, in addition thereto, those duties not specifically mentioned herein if not delegated by law to any other agency or official;

24. Administer the State Public Common School Building Equalization Fund established by Section 32 of Article X of the Oklahoma Constitution. Any royalties, bonuses, rentals or other monies derived from oil and gas and all other mineral leases on lands that have been or may be granted by the United States to the state for the use and benefit of the common schools, or lands that are or may be held by the Commissioners of the Land Office for the use and benefit of the common schools, the proceeds of the sale of easements, improvements and sand and gravel on any such lands, the proceeds of all property that shall fall to the state by escheat, penalties for unlawful holding of real estate by corporations, and capital gains on assets of the permanent school funds, shall be deposited in such State Public Common School Building Equalization Fund, which shall be used to aid school districts in acquiring buildings under ~~regulations~~ rules prescribed by the State Board of Education, as the administering agency, subject to the limitations fixed by Section 32 of Article X of the Oklahoma Constitution. The State Board of Education shall prescribe ~~regulations~~ rules for making grants of aid from, and for otherwise administering, such fund, and may employ and fix the duties and compensation of technicians, aides, clerks, stenographers, attorneys and other personnel deemed necessary to perform its duties; and the cost of administering such fund shall be paid from funds currently available for the operation of the State Department of Education. It shall be the duty of the State Board of Education, the Commissioners of the Land Office and all other public agencies, officers and employees to observe and comply with the provisions of this paragraph, in all respects; and they shall not be held liable for any amount, penalty

or punishment for having done so, unless and until they are directed to do otherwise by a court of competent jurisdiction;

25. Recognize that the Director of the Oklahoma Department of Corrections shall be the administrative authority for the schools which are maintained in the state reformatories and shall appoint the principals and teachers in such schools. Provided, that rules ~~and regulations~~ of the State Board of Education for the classification, inspection and accreditation of public schools shall be applicable to such schools; and such schools shall comply with standards set by the State Board of Education;

26. Have authority to administer a revolving fund which is hereby created in the State Treasury, to be designated the Statistical Services Revolving Fund. The fund shall consist of all monies received from the various school districts of the state, the United States Government, and other sources for the purpose of furnishing or financing statistical services and for any other purpose as designated by the Legislature. The State Board of Education is hereby authorized to enter into agreements with school districts, municipalities, the United States Government, foundations and other agencies or individuals for services, programs or research projects. The Statistical Services Revolving Fund shall be administered in accordance with the Revolving Fund Procedures Act, Section 155 et seq. of Title 62 of the Oklahoma Statutes; and

27. Have authority to review preliminary plans for new construction and major alteration of public school buildings where structural changes are proposed. No bids shall be let for the construction or major alteration of any public school building until preliminary plans and specifications for such construction or alteration have been submitted to and reviewed by the State Department of Education. The period of time during which such review is conducted by the State Department of Education shall not exceed thirty (30) days. The State Department of Education shall advise each local school district regarding said review of preliminary plans and specifications. Provided, nothing in this subsection shall be construed as repealing any ordinance or building code of any city, town or county.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 3-109, is amended to read as follows:

Section 3-109. There is hereby created in the State Treasury a revolving fund for the State Board of Education, to be designated the "Curriculum Materials Revolving Fund". The fund shall consist of curriculum guides fees paid to the Board pursuant to law. The revolving fund shall be a continuing fund not subject to fiscal year limitations and shall be under the control and management of the administrative authority of the State Board of Education. Expenditures from said fund shall be made ~~to maintain~~ for the purpose of maintaining the curriculum guides process and for any other purpose as designated by the Legislature. Warrants for expenditure shall be drawn by the State Treasurer on claims by an authorized employee of the State Board of Education and approved by the Director of State Finance.

SECTION 3. AMENDATORY 70 O.S. 1991, Section 5-117, as amended by Section 2, Chapter 111, O.S.L. 1992 (70 O.S. Supp. 1992, Section 5-117), is amended to read as follows:

Section 5-117. A. The board of education of each school district shall have power to:

1. Elect its own officers;
2. Make rules ~~and regulations~~, not inconsistent with the law or rules ~~and regulations~~ of the State Board of Education, governing the board and the school system of the district;

3. Maintain and operate a complete public school system of such character as the board of education shall deem best suited to the needs of the school district;

4. Designate the schools to be attended by the children of the district;

5. Provide and operate, when deemed advisable, cafeterias or other eating accommodations, thrift banks or other facilities for the teaching and practice of thrift and economy, bookstores, print shops, and vocational and other shops;

6. Provide informational material concerning school bond elections and millage elections, including but not limited to all pertinent financial information relative to the bond issue, a statement of revenue sources necessary to retire proposed bonds, a statement of current bonded indebtedness of the school district, and a statement of proposed use of funds to be generated by the proposed bond issue. The informational material shall not contain the words "vote yes" or "vote no" or any similar words or statement any place on such informational material;

7. Purchase, construct or rent, and operate and maintain, classrooms, libraries, auditoriums, gymnasiums, stadiums, recreation places and playgrounds, teacherages, school bus garages, laboratories, administration buildings, and other schoolhouses and school buildings, and acquire sites and equipment therefor;

8. Have school district property insured;

9. Acquire property by condemnation proceedings in the same manner as land is condemned for railroad purposes. School district funds may be used to erect buildings on leased land on which other buildings have been erected prior to April 3, 1969, or on land which is leased from a governmental entity;

10. Lease real or personal property to the state or any political subdivision thereof for nominal cash consideration for so long as the use of the property by the lessee substantially benefits, in whole or in part, the same public served by the school district;

11. Dispose of personal or real property no longer needed by the district by sale, exchange, lease, lease-purchase, sale and partial lease back, or otherwise. Real property shall be conveyed pursuant to a public sale, public bid, or private sale, provided however, unless otherwise prohibited by law, the board of education of a consolidated or annexed school district may convey real property to a local political subdivision without consideration. Prior to the sale of any real property, the board of education shall have the real property appraised. The appraisal shall be confidential until the real property is sold. When the real property is sold the board of education shall make the appraisal available for public inspection. Prior to the conveyance of any real property by private sale, the board of education shall have offered the real property for sale by public sale or public bid. Any conveyance of real property by private sale to a nonprofit organization, association, or corporation to be used for public purposes, unless for exchange, shall contain a reversionary clause which returns the real property to the board of education upon the cessation of the use without profit or for public purposes by the purchaser or the assigns of the purchaser;

12. Purchase necessary property, equipment, furniture, and supplies necessary to maintain and operate an adequate school system;

13. Incur all expenses, within the limitations provided for by law, necessary to perform all powers granted by the provisions of this section;

14. Contract with and fix the duties and compensation of physicians, dentists, optometrists, nurses, attorneys, superintendents, principals, teachers, bus drivers, janitors, and other necessary employees of the district and pay their necessary itemized and documented travel expenses, and pay necessary itemized and documented travel expenses of members of the board of education;

15. Pay necessary itemized and documented travel expenses and other related expenses of prospective employees for sponsored visits to the school district;

16. Provide for employees' leaves of absence without pay;

17. Exercise sole control over all the schools and property of the district, subject to other provisions of the Oklahoma School Code; and

18. Allow district-owned school buses to be used for transportation of students from other districts or educational institutions while within the district on educational tours. This shall not restrict the authority of the board to authorize any other use of such buses which may now be permitted by law or ~~regulation~~ rule of the State Board of Education.

B. The board of education of any school district may rent, on a monthly basis, equipment and furniture, if such items are necessary for the operation of the school, and pay the rental charges for said usage during any fiscal year, or portion thereof, out of appropriations made and approved for current expense purposes during said fiscal year. Any such rental contract extending beyond June 30 of such fiscal year shall be void unless it contains provisions for mutual ratification of renewal pursuant to the conditions provided for in this subsection. It is the intent of this subsection to authorize boards of education to enter into lease contracts but not to incur any obligation against the school district in excess of the income and revenue provided for such purposes for the fiscal year in which such lease contract is operative. Any lease agreement entered into by any board of education shall state the purchase price of equipment or furniture so leased. The lease shall not be extended so as to cause payment of more than the original purchase price of said equipment or furniture, plus interest not to exceed the legal rate. When said purchase price plus interest has been paid, the property shall belong to the lessee and the lessor shall deliver a deed or bill of sale to said property to the lessee. When any equipment or furniture has been leased or rented during any fiscal year pursuant to the provisions of any contract which permits continuance of such rental for the remainder of such fiscal year, the renting or leasing thereof must be continued for the remainder of said fiscal year unless the board of education renting or leasing the same certifies by proper resolution entered in the minutes of said board of education that the continuance of such rental is unnecessary and contrary to the public interest.

C. The boards of education of two or more school districts may enter into cooperative agreements and maintain joint programs including but not limited to, courses of instruction for handicapped children, courses of instruction in music and other subjects, practical instruction for trades and vocations, practical instruction in driver training courses, and health programs including visual care by persons legally licensed for such purpose, without favoritism as to either profession. The revenues necessary to operate a joint program approved in cooperative agreements, whether from federal, state or local sources, including the individual contributions of participating school districts, shall be deposited into a fund separate from all other appropriated funds. The beginning fund balance each year, combined with all actual

revenues, including collected and estimated revenues, must be appropriated before being expended. Purchase orders shall be issued against available appropriations and, once goods or services have been received, either payable or nonpayable warrants shall be issued in payment of all purchase orders. The fund shall be reported as a separate appropriated fund in all the financial reports of the school district which is chosen by the other school districts to keep the accounting records of the joint program.

D. Any school district may operate or maintain a school or schools on any military reservation which is within the boundaries of the school district or which is adjacent to the school district, and provide the instruction in the school or schools to children of personnel on the military reservation and, in doing so, shall conform to all federal laws and requirements.

E. The board of education of each school district shall adopt and maintain on file in the office of the superintendent of schools appropriate personnel policy and sick leave guide. The guide shall be made available to the public.

SECTION 4. AMENDATORY 70 O.S. 1991, Section 7-203, as amended by Section 1, Chapter 111, O.S.L. 1992 (70 O.S. Supp. 1992, Section 7-203), is amended to read as follows:

Section 7-203. A. There is hereby created in the State Treasury a fund to be designated the "School Consolidation Assistance Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other source, public or private.

B. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the State Board of Education for the purposes established by this section, the Legislature ~~herein~~ and in accordance with rules ~~and regulations~~ promulgated by the State Board of Education. The purposes shall be to provide voluntarily consolidated school districts or districts who have received part or all of the territory and part or all of the students of a school district dissolved by voluntary annexation, during the first year of consolidation or annexation, with a single one-year allocation of funds needed for:

1. Purchase of uniform textbooks in cases where the several districts were not using the same textbooks prior to consolidation or annexation;

2. Employment of certified personnel required to teach courses of the district for which personnel from the districts consolidated or annexed are not certified and available;

3. Employment assistance for personnel of the several districts who are not employed by the consolidated or annexing district. Employment assistance may include provision of a severance allowance for administrators, teachers and support personnel not to exceed eighty percent (80%) of the individual's salary or wages, exclusive of fringe benefits, for the school year preceding the consolidation or annexation. Personnel receiving such severance pay may accumulate one (1) year of creditable service for retirement purposes. Employment assistance may also include the payment of unemployment compensation benefits. The State Board of Education shall provide a severance allowance to employees dismissed from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits and the voluntary consolidation funding of the annexing or consolidating district or districts has been paid prior to July 1, 1992, at the maximum allowable amount. Application for a severance allowance

shall be made to the Finance Division of the State Department of Education by the dismissed employee no later than September 1, 1991;

4. Furnishing and equipping classrooms and laboratories;

5. Purchase of additional transportation equipment; and

6. When deemed essential by the State Board of Education to achieve consolidation or combination by annexation, renovation of existing school buildings and construction or other acquisition of school buildings; provided, a consolidated district or annexing district shall not be eligible for any monies for renovation or construction or other acquisition of school buildings pursuant to Section 7-201 et seq. of this title until the board of education and the electors of the newly formed district or annexing district approve all the maximum levies allowable pursuant to 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 and until the newly formed district or annexing district incurs at least eighty-five percent (85%) of the maximum indebtedness, including existing indebtedness, allowable under Section 26 of Article X of the Oklahoma Constitution.

C. The State Board of Education shall only make allocations from the fund to school districts formed from the combination of two or more of the districts whose boards of education notify the State Board of Education on or before June 30, 1992, of their intent to annex or consolidate and are subsequently combined by such means by January 1, 1994. If the boards of education of more than two hundred fifty such districts apply, allocations will be made only to districts formed from the combination of two or more of the first two hundred fifty such districts making application.

D. Allocations will be made to school districts formed by consolidation or which have received part or all of the territory and students of a school district by annexation on the basis of combined average daily membership (ADM) of the second school year preceding the first year of operation of the school district resulting from the consolidation or annexation; provided, not more than five hundred ADM of any one school district shall be counted in determining the combined ADM of any district formed by consolidation or which has received part or all of the territory and students of a school district by annexation. Except as provided for in subsection H of this section, the ADM of any one school district shall not be considered more than once for allocations from the fund when the school district annexes to or consolidates with two or more school districts.

E. To calculate combined ADM in cases where a school district annexes to two or more school districts, allocations from the fund shall be based on the lesser of:

1. The annexing school district's ADM as limited by this section plus the number of students from the annexed school district that the annexing school district will gain; or

2. The ADM as limited by this section that the annexing school district is gaining from the annexed school district plus the annexing school district's ADM as multiplied by the percentage of students the annexing school district is receiving from the annexed school district of all annexing school districts; provided the annexing school district's ADM thus calculated shall not exceed five hundred (500).

F. Allocations from the fund shall be calculated by multiplying the combined ADM by:

1. Five Hundred Dollars (\$500.00) when two districts are combined;

2. Six Hundred Dollars (\$600.00) when three districts are combined;

3. Seven Hundred Dollars (\$700.00) when four districts are combined; and

4. Eight Hundred Dollars (\$800.00) when five or more districts are combined.

Allocations, nevertheless, shall be limited to the amount justified for meeting eligible needs as set forth in paragraphs 1 through 6 of subsection B of this section. If monies in the School Consolidation Assistance Fund are insufficient to make allocations to all qualified combined districts, allocations shall be made based upon earliest date of application.

G. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

H. Any school district which was consolidated or which participated in an annexation after October 31, 1989, and before August 20, 1991, shall be eligible to receive an amount of funds from the School Consolidation Assistance Fund. The amount of funds shall be calculated for the eligible school districts by the State Department of Education in the same manner as if the small school district formula in subparagraph a of paragraph 3 of subsection B of Section 18-201 of this title had been in effect for fiscal years 1991 and 1992 for those eligible school districts.

SECTION 5. AMENDATORY 70 O.S. 1991, Section 13-114.1, is amended to read as follows:

Section 13-114.1 There is hereby created in the State Treasury a revolving fund for the State Board of Education to be designated the "Oklahoma Special Education Assistance Fund". The fund shall be a continuing fund not subject to fiscal year limitations, and shall consist of all monies appropriated or transferred to the fund by the Legislature. All Except as otherwise provided in this section, all monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the State Board of Education for the purpose of providing financial assistance to local school districts pursuant to Sections 13-114.2 through 13-114.4 of this title. For the 1992-93 school year, monies may be expended from this fund for the local and state-supported financial support of public schools. Expenditures from said fund shall be made on warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 6. AMENDATORY 70 O.S. 1991, Section 18-103.1, as last amended by Section 59, Chapter 334, O.S.L. 1992 (70 O.S. Supp. 1992, Section 18-103.1), is amended to read as follows:

Section 18-103.1 The State Department of Education shall operate and maintain regional education service centers for the education and psycho-educational evaluation of children recommended for placement in special education programs and prescriptive teaching programs. The Board of Education is hereby authorized to promulgate rules ~~and regulations~~ required to operate the services described in this section. The Board is hereby directed to provide such services to all Oklahoma school districts. ~~The Board shall not cease the operation or maintenance or reduce the funding below the budgeted level of funding for the fiscal year ending June 30, 1992, plus funds reappropriated for additional operating expenses, for the regional education service centers or programs designated for funding by this section without approval from the Oklahoma Legislature.~~ For the regional education service centers or programs designated for funding by this section, the Board, without approval

of the Oklahoma Legislature, shall not cease the operation or maintenance or reduce the funding below ninety percent (90%) of the 1993 fiscal year general revenue funds budgeted for that purpose for the 1993 fiscal year. Such reduction in funding provided for in this section shall be implemented without a reduction-in-force in personnel. Any regional education service center may contract with any school district, cooperative program between school districts, or any other governmental entity for psycho-educational evaluation and related services. Funds shall be allocated by the State Board of Education to operate the twenty-one (21) regional education service centers established by the Prescriptive Teaching Act of 1974, Sections 1210.271 through 1210.282 of ~~Title 70 of the Oklahoma Statutes~~ this title, and to operate their satellites. ~~Funds shall also be allocated for the continuation of experimental and pilot programs in the Region Ten Education Service Center. Funds allocated by the State Department of Education for operation of regional education service centers shall also be used for the Child Service Demonstration Center to operate that center for the purposes specified in the Prescriptive Teaching Act of 1974 and the National Diffusion Network~~ Funds provided for the 1994 fiscal year for the Child Service Demonstration Center and Region X from funds allocated to the Child Service Demonstration Center and Region X for administrative and support functions of the State Department of Education shall be allocated at a level of ninety-seven percent (97%) of the 1993 fiscal year levels.

SECTION 7. AMENDATORY 70 O.S. 1991, Section 18-113.3, is amended to read as follows:

Section 18-113.3 A. Class size, as used in Section 18-113.1 and Section 18-113.2 of Title 70 of the Oklahoma Statutes, shall be determined by the average daily membership divided by the full-time equivalency of the instructional staff assigned to each grade level by site; provided, for computation of reduction of payment of state-appropriated funds for the 1990-91 school year only, average daily attendance shall be used rather than average daily membership. Full-time equivalency of special education teachers, Chapter 1 teachers, and teachers of classes not subject to class size limitations and the average daily membership of self-contained special education classes shall not be counted in class size computation.

B. As used in this section, self-contained special education classes are those classes whose students attend the same class for three (3) or more class periods and who have individualized education plans.

C. Beginning with the 1993-94 school year, no teacher as specified in this subsection who is counted in class size computation for grades seven through twelve shall be responsible for the instruction of more than one hundred forty (140) students on any given six-hour school day. Beginning with the 1997-98 school year, no teacher who is counted in class size computation for grades seven through twelve shall be responsible for the instruction of more than one hundred twenty (120) students on any given six-hour school day.

D. Students within a class which is not subject to class size limitations pursuant to subsection D of Section 18-113.1 of this title shall not be counted for purposes of the limitations set forth in subsection C of this section.

E. Provided, for the 1993-94 school year, upon application to and approval by the State Board of Education, a district board of education may deregulate from the provisions in subsection C of this section as it relates to student-teacher ratio for grades seven through twelve. The State Board of Education shall promulgate rules

providing for such deregulation. The State Board of Education shall approve such deregulation application upon determination that the applicant district has complied with the following conditions:

1. The district board of education has caused a notice of intent to request deregulation pursuant to this subsection in grades seven through twelve to be published in a newspaper of general circulation in the county where the district is located and has caused the notice of intent to be posted in a conspicuous place within the offices of the district's administration ten (10) days before the application for deregulation pursuant to this subsection is submitted to the State Board of Education; and

2. The school site for which deregulation has been requested has:

- a. consistently demonstrated performance which exceeds the fiftieth percentile on the state achievement tests, as provided in subsection A of Section 1210.508 of this title, in grades seven through twelve,
- b. a dropout rate which is less than the state average, and
- c. fully complied with the rules of the State Board of Education regarding deregulation.

E. F. For the purpose of determining whether a penalty for exceeding class size limitations shall apply, a federally funded bilingual assistant shall not qualify as a teacher's assistant.

SECTION 8. AMENDATORY 70 O.S. 1991, Section 18-125, is amended to read as follows:

Section 18-125. Recognizing the needs small school districts have to meet increased high school graduation and college admission requirements, and the difficulty such districts may experience in offering the necessary academic courses, the Legislature hereby states its intent to assist such districts through the creation of incentive grants to fund cooperative programs. Such grants shall be allocated by the State Board of Education on a competitive basis to school districts with an average daily attendance of eight hundred (800) or less, or to any school district participating in the East Central Educational Support Center, to enter into an agreement with one or more districts of any size or an accredited institution of higher education to provide classes in mathematics, science, a foreign language, computer education or music to elementary or secondary students. In allocating incentive grants to fund cooperative programs, the State Department of Education shall give priority to those programs that emphasize classes required for high school graduation and college admission. Funding provided in the grants shall be expended for instruction-related personnel, equipment, transportation and/or, materials and telecommunications, including but not limited to telecommunication equipment, instruction and other materials. Funding provided for grants for telecommunication shall not exceed fifty percent (50%) of the funds provided for all grants specified in this section. No funds provided shall be used for construction of buildings.

SECTION 9. AMENDATORY 70 O.S. 1991, Section 22-103, is amended to read as follows:

Section 22-103. A. The board of education of each school district in this state shall provide for and cause to be made an annual audit of such school district for each fiscal year. Said audit shall be a financial audit and a compliance audit of all funds of the school district, including the records of all student activity funds designated in Section 5-129 of this title. Such audit or audits shall be made at the end of the fiscal year;

provided, however, the local board of education may require that audits be made at more frequent intervals.

B. Findings of material weaknesses, qualifications of the auditor's report and of defalcations, or a report of lack of such findings, shall be communicated in writing to the board. Upon completion of an audit, the auditor shall conduct the final exit interview at a meeting of the board. No part of the final exit interview shall be conducted with any employee of the board except in open meeting of the board; provided, portions of the final exit interview related to matters which the board is authorized by law to consider in executive session may be so considered.

C. All public accountants and certified public accountants, as a condition of being approved by the State Board of Education to perform the annual audits of school districts pursuant to this section, shall comply with the most recent "Governmental Auditing Standards" of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the United States General Accounting Office. A copy of the peer review performed in accordance with the above standards shall be filed with the State Board of Education. Should the results of said peer review indicate that material deficiencies exist in the audit work performed by the reviewed auditing firm, the ~~Oklahoma State Board of Public Accountancy~~ Education shall so notify the ~~State Oklahoma Accountancy Board of Education, which.~~ The State Board of Education shall immediately remove the reviewed firm from the approved list of school auditors for a period of at least two (2) years or until such time as the firm has demonstrated satisfactory correction of the deficiencies reported in the peer review.

SECTION 10. AMENDATORY 70 O.S. 1991, Section 625.3, is amended to read as follows:

Section 625.3 A. The terms and conditions governing the scholarships shall be as prescribed and formulated by the Physician Manpower Training Commission, but shall include the condition that each recipient, upon completion of his course of study, shall repay his scholarship by practicing his profession in a rural community in Oklahoma having a population of seven thousand five hundred (7,500) persons or less according to the last preceding United States Decennial Census and having a need therefor, as determined by the Commission, for one (1) year for each one (1) year the scholarship is financed; provided, however, that the recipient will be given no credit for payment and reduction of said obligation by serving in the defined rural communities for a period less than two (2) years.

B. The terms of this subsection shall apply to recipients who accept assistance before July 1, 1993. The contract shall provide that in the event the recipient breaches the terms of the contract by not serving the designated community for the specified period of time he shall pay liquidated damages in an amount agreed upon by the Commission and the recipient and representing a reasonable estimate of the damage or loss to the community or the state. Said damages shall not exceed one hundred percent (100%) of the principal. ~~This provision will apply only to those new loan recipients who accept the assistance after July 1, 1977.~~ After payment of the liquidated damages, repayment of the principal may be made in cash with interest at the rate of twelve percent (12%) per annum, said interest to accrue from the date each payment ~~of funds~~ is made pursuant to the scholarship ~~is made~~. No interest however shall accrue during any one period of time that the recipient thereof is required to serve in the Armed Forces of the United States or during any period of internship.

C. The terms of this subsection shall apply to recipients who accept assistance on or after July 1, 1993. The contract shall provide that in the event the recipient breaches the terms of the contract by not serving the designated community for the specified period of time, the Commission shall be entitled to recover an amount equal to three times the principal disbursed, pursuant to the contract, plus interest. Interest on all amounts paid to or on behalf of the participant shall be computed at the current prime rate plus one percent (1%) with said interest to accrue from the date each payment is made, pursuant to the contract. The amount the Commission is entitled to recover shall be paid within ninety (90) days of the date the recipient becomes liable as determined by the Commission.

SECTION 11. A. There is hereby created to continue until December 1, 1993, the Physician Manpower Training Commission Study Committee, hereinafter known as the PMTC Study Committee. The Committee shall be composed of eleven (11) members to be appointed as follows:

1. One representative of the University of Oklahoma College of Medicine to be appointed by the Oklahoma State Regents for Higher Education;
2. One representative of the University of Oklahoma College of Medicine to be appointed by the Oklahoma State Regents for Higher Education;
3. One representative of the Oklahoma College of Osteopathic Medicine and Surgery to be appointed by the Oklahoma State Regents for Higher Education;
4. Two members of the House of Representatives appointed by the Speaker of the House of Representatives;
5. Two members of the Senate appointed by the President Pro Tempore of the Oklahoma State Senate;
6. One physician who is currently practicing in a rural area of Oklahoma and participated in the Physician Manpower Training Commission Program;
7. One registered nurse who is currently practicing in a rural area of Oklahoma and participated in the Physician Manpower Training Commission Program;
8. The Director of the Physician Manpower Training Commission; and
9. The Chairman of the Board of Directors of the Physician Manpower Training Commission.

B. Members of the Committee shall be reimbursed for attendance at Committee meetings by the appointing agency pursuant to the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes, or as otherwise provided for by law.

C. The Committee shall elect a chairperson and a vice chairperson from among the Committee members.

D. Staff assistance shall be provided by the House of Representatives and the Senate.

E. The PMTC Study Committee shall:

1. Review the availability of health care services for the people of Oklahoma, including the use of technology;
2. Study and summarize the effectiveness of the Physician Manpower Training Commission in meeting the health care needs of the people of Oklahoma;
3. Review the mission of the Physician Manpower Training Commission as stated in Section 697.1 of Title 70 of the Oklahoma Statutes, evaluate the results of efforts toward carrying out the mission, and evaluate the appropriateness of the mission; and

4. Report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor by December 1, 1993, on recommendations for policies and programs related to the Physician Manpower Training Commission including but not limited to the mission of the Commission, effective ways to develop health care resources for rural Oklahoma, the relationship of the Commission to the teaching hospitals, the appropriate division of training resources for rural and urban health care, and the use of technology in providing health care in rural areas.

SECTION 12. AMENDATORY 70 O.S. 1991, Section 1210.508, as amended by Section 1, Chapter 292, O.S.L. 1992 (70 O.S. Supp. 1992, Section 1210.508), is amended to read as follows:

Section 1210.508 A. In every school year through 1993-94, the State Board of Education shall cause a norm-referenced test to be administered to every student enrolled in grades three, five, seven, nine, and eleven of the public schools of this state. Beginning with the 1994-95 school year and every school year thereafter, the State Board of Education shall cause a norm-referenced test to be administered to every student enrolled in grades three and seven of the public schools of this state. The test used shall be selected by the Board and shall measure specific skills represented by learner objectives. The student skills to be tested at the specified grade levels shall include reading, mathematics, language arts, communications, science and the principles of citizenship in the United States and other countries through the study of the ideals, history and government of the United States and other countries of the world, and through the study of the principles of democracy as they apply in the lives of citizens. Because the purpose of such norm-referenced testing is to focus on the progress of students and to diagnose a student's strengths and weaknesses, the Board shall seek to ensure that data yielded from the test is utilized at the school district level to prescribe skill reinforcement and/or remediation by requiring school districts to develop and implement a specific program of improvement based on the test results.

B. The State Department of Education shall review existing norm-referenced tests commercially available and shall designate for statewide use those tests which evaluate the broadest range of identified, age-appropriate competencies. Such review process shall be coordinated, to the maximum extent possible, with the work of the Oklahoma Curriculum Committee. The first report of the review shall be filed by the State Board of Education with the Oklahoma Legislature on or before January 1, 1993, and shall be filed with the Oklahoma Legislature on June 30 every third year thereafter.

C. In every school year through the 1993-94 school year, the Board shall cause a norm-referenced writing assessment test to be administered to every seventh- and tenth-grade student.

D. The Board shall develop a series of criterion-referenced tests designed to indicate whether competencies Oklahoma public school students are expected to have attained in grades five, eight and twelve in mathematics, science, reading and writing of English, history and government of the United States, geography, and culture and the arts, as defined by the Board, have been mastered. The tests shall measure academic competencies and shall be designed and implemented in correlation with the implementation of the outcomes-based curricula standards adopted by the Board pursuant to Section 11-103.6 of this title. The series of tests shall be field-tested and implemented by the following schedule:

Subject	Field-tested	Implemented
Mathematics	1993-94	1994-95

Science	1993-94	1994-95
Reading and Writing of English	1994-95	1995-96
History and Government of the United States	1995-96	1996-97
Geography	1996-97	1997-98
Culture and the Arts	1997-98	1998-99

E. The Board shall cause the tests in each subject to be field-tested ~~by administering the fifth-grade competency test in each subject to students enrolled in the sixth grade, by administering the eighth-grade competency test in each subject to students enrolled in the ninth grade, and by administering the twelfth-grade competency test in each subject to students enrolled in the twelfth grade of the public schools of this state~~ during the year the field tests for each subject are scheduled. The Board shall cause the tests in each subject to be implemented by administering the fifth-grade competency test to fifth-grade students, by administering the eighth-grade competency test to eighth-grade students, and by administering the twelfth-grade competency test to eleventh-grade students in the public schools of this state during the spring semester of the year scheduled for implementation of tests in each subject. The Board shall administer the appropriate tests in each implemented subject to fifth-, eighth-, and eleventh-grade students every year after implementation. Students who do not perform satisfactorily on the implemented tests shall be provided opportunities for remediation and shall retake the tests at times established by the Board during subsequent years as follows: Fifth-grade tests shall be re-administered during the sixth and seventh grades; eighth-grade tests shall be re-administered during the ninth and tenth grades; and the twelfth-grade tests shall be re-administered during the twelfth grade.

F. Results of the criterion-referenced test series required in subsection D of this section shall be included in the summary report of the Oklahoma Educational Indicators Program published pursuant to Section 1210.531 of this title. The report shall include the number of students who perform satisfactorily on the tests, the number of students who do not perform satisfactorily, and the number of students who perform satisfactorily on subsequent administrations of the tests.

G. The State Board of Education shall be responsible for the development, field-testing, and validation of the criterion-referenced test series required in subsection D of this section. In the interest of economy the Board shall adapt criterion-referenced tests that have been developed by other states or are otherwise commercially available, or portions of such tests, to the extent that such tests are appropriate for use in the criterion-referenced test series to be administered to Oklahoma students.

H. The Board shall develop, administer, and incorporate as a part of the Oklahoma School Testing Program, other testing programs or procedures, including appropriate accommodations for the testing of handicapped students and students with learning disabilities, necessary to measure additional competencies of students which are not adequately measured by the tests required by this section.

SECTION 13. The State Board of Vocational and Technical Education shall undertake a comparative in-depth study of the costs associated with the provision of area vocational-technical school district education in Tulsa and Oklahoma Counties for the purpose of determining the cost-effectiveness between a single-district

organization and a multi-district organization. The study shall embrace the following districts: Tulsa County Area Vocational-Technical School, Metro Tech Area Vocational-Technical School, Eastern Oklahoma County Area Vocational-Technical School, Francis Tuttle Area Vocational-Technical School and the Mid-Del Area Vocational-Technical School. The findings of the study shall be reported to the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the Governor by December 1, 1993.

SECTION 14. The provisions of Sections 11 and 13 of this act shall not be codified in the Oklahoma Statutes.

SECTION 15. Sections 2 through 4 and Sections 6 through 13 of this act shall become effective July 1, 1993.

SECTION 16. 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 House of Representatives the 25th day of May, 1993.

Speaker of the House of
Representatives

Passed the Senate the 25th day of May, 1993.

President of the Senate