

ENGROSSED HOUSE
BILL NO. 1292

By: Morgan (Fred) and Dank of
the House

and

Wilcoxson of the Senate

An Act relating to schools; amending 70 O.S. 2001, Section 3-118.1, as amended by Section 1, Chapter 446, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3-118.1), which relates to budget and operations performance reviews; expanding eligibility for performance review program; authorizing certain governmental officials to request performance reviews; updating agency reference; stating responsibility for certain costs; requiring Education Oversight Board to select districts for review contingent on funding; directing Office of Accountability to provide certain assistance; requiring performance audits on technology center school districts; creating the Technology Center School District Audit Fund; specifying purpose of the fund; providing for contributions to the fund; providing for promulgation of rules; specifying purpose of audits; requiring certain reports; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 3-118.1, as amended by Section 1, Chapter 446, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3-118.1), is amended to read as follows:

Section 3-118.1 A. The Office of Accountability is hereby authorized to conduct a performance review program to determine the effectiveness and efficiency of the budget and operations of school districts that have ~~administrative~~:

1. Administrative service costs which are above the expenditure limits established for school districts in Section 18-124 of this title or have total expenditures in excess of the adopted budget for the district;

2. At least one school identified for school improvement as determined by the State Board of Education pursuant to the requirements of the Elementary and Secondary Education Act of 2001 (ESEA), P.L. No. 107-110, also known as the "No Child Left Behind Act of 2001";

3. Had a request for a performance review submitted by the Governor, the State Superintendent of Public Instruction, or any member of the Oklahoma State Legislature; or

4. Submitted a request for a performance review subsequent to a majority vote of the board of education of the school district.

B. Funds appropriated by the Legislature to the State Board of Regents for Higher Education for the Office of Accountability for fiscal year 2002 and subsequent years may be expended to fulfill the provisions of this act section. The Office of Accountability may contract with an outside entity or hire personnel to assist in the development and design of the program. The Office of Accountability may contract with outside entities to assist in conducting performance review programs. Such entities shall be chosen through a competitive bid process. Invitations to bid for the performance reviews shall be open to any public or private entity. Contracts for performance reviews shall not be done on a sole source basis.

~~B. The board of education of any school district in the state may, by majority vote, request the Office of Accountability to conduct a performance review of that school district.~~

C. 1. If a performance review is conducted as authorized pursuant to paragraphs 1 through 3 of subsection A of this section, the entire cost of the review shall be borne by the Office of Accountability.

2. If a school district requests a performance review, as authorized pursuant to paragraph 4 of subsection A of this section, twenty-five percent (25%) of the entire cost of the review shall be

borne by the school district and seventy-five percent (75%) of the cost of the review shall be borne by the Office of Accountability.

~~C.~~ 3. Districts shall be selected for review by the Education Oversight Board contingent upon the availability of funding.

D. The Office of Accountability shall engage in follow-up, outreach, and technical assistance to help school districts and others understand, interpret, and apply the recommendations and best practices resulting from performance reviews conducted pursuant to this section.

E. After a performance review of a school district is completed by the Office of Accountability, the school district may implement all or part of the recommendations contained in the review.

~~D.~~ F. If a school district experiences a cost savings that is directly attributable to implementation of performance review recommendations, the cost savings shall be expended by the school district for classroom expenses. Classroom expenses shall include but are not limited to teacher salaries and purchasing textbooks, teaching material, technology and other classroom equipment. Classroom expenditures shall not include administrative services as defined in Section 18-124 of this title or for equipment or materials for administrative staff.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 14-130 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Department of Career and Technology Education shall request performance audits to be conducted on two technology center school districts by the State Auditor and Inspector during the fiscal year beginning July 1, 2006, and thereafter shall ensure that a minimum of two technology center school districts are subjected to performance audits at random each year.

B. There is hereby created a special fund to be known as the "Technology Center School District Audit Fund" within the Oklahoma

Department of Career and Technology Education. The money from the fund shall be used by the State Board of Career and Technology Education to pay for the performance audits conducted by the State Auditor and Inspector pursuant to this section. Each year, each technology center school district shall contribute to the fund. The amount contributed to the fund by each district shall be based on the total amount of ad valorem tax income received by the district from levies made pursuant to Section 9B of Article X of the Oklahoma Constitution and any excise or other tax assessed by legislative enactment and distributed in lieu of ad valorem taxes. The total amount contributed to the fund each year shall equal the amount paid by the Board for the two performance audits conducted during that fiscal year or Five Hundred Thousand Dollars (\$500,000.00), whichever amount is greater. Sixty percent (60%) of the total amount contributed to the fund each year shall be from districts with ad valorem tax income of more than Six Hundred Four Million Dollars (\$604,000,000.00). Forty percent (40%) of the total amount contributed to the fund each year shall be from districts with ad valorem tax income of more than Two Hundred Fourteen Million Dollars (\$214,000,000.00) but less than Six Hundred Four Million Dollars (\$604,000,000.00).

C. The State Board of Career and Technology Education shall promulgate rules to implement the provisions of this section.

D. The audits shall report deficiencies, policy noncompliance, inadequate policies, and any other items the Board deems appropriate. Each district shall prepare a corrective action plan in response to the audit, if necessary. Audit reports and corrective action plans shall be provided to members of the Board in an open meeting of the Board.

E. The Department shall provide technical assistance to any district at the discretion of the Board. The Department shall provide reports on district progress in complying with its

corrective action plan to the Board at intervals determined by the Board.

SECTION 3. This act shall become effective November 1, 2005.

Passed the House of Representatives the 15th day of March, 2005.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2005.

Presiding Officer of the Senate