

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3403

By: Lowe (Dick) and **Hilbert**

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10 COMMITTEE SUBSTITUTE

11 An Act relating to schools; amending 70 O.S. 2021,
12 Section 1-118, which relates to school district
13 building funds; including purchase and maintenance of
14 school buses as authorized expenditure; amending 70
15 O.S. 2021, Section 3-104, as amended by Section 1,
16 Chapter 290, O.S.L. 2023 (70 O.S. Supp. 2023, Section
17 3-104), which relates to State Board of Education
18 powers and duties; modifying definition; providing an
19 effective date; and declaring an emergency.

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

21 SECTION 1. AMENDATORY 70 O.S. 2021, Section 1-118, is
22 amended to read as follows:

23 Section 1-118. The building fund of any school district shall
24 consist of all monies derived from the proceeds of a building fund

1 levy of not to exceed five (5) mills in any year, voted by the
2 people of a school district pursuant to the provisions of Article X,
3 Section 10 of the Oklahoma Constitution, monies appropriated by the
4 state for the purpose of capital expenditures or projects, monies
5 allocated to a school district by the State Board of Education from
6 the State Public Common School Building Equalization Fund, and
7 monies donated to a school district for the purpose of capital
8 projects or improvements and may be used for erecting, remodeling,
9 repairing, or maintaining school buildings, for purchasing
10 furniture, equipment, and computer software to be used on or for
11 school district property, for repairing and maintaining computer
12 systems and equipment, for paying energy and utility costs, for
13 purchasing telecommunications utilities and services, for paying
14 fire and casualty insurance premiums for school facilities, for
15 purchasing security systems, for paying salaries of security
16 personnel, for purchasing school buses, or for one or more, or all,
17 of such purposes. Proceeds of such levies shall not be required to
18 be used during the year for which a levy is made but may accumulate
19 from year to year until adequate for the purposes intended. The
20 building fund may also consist of monies allocated to a school
21 district via the federal Coronavirus Response and Relief
22 Supplemental Appropriation Act of 2021 (CRRSA) and the federal
23 American Rescue Plan Act of 2021 (ARP). The building fund
24 hereinabove defined is hereby declared to be a current expense fund,

1 but shall not be considered a part of the general operating fund.
2 No monies derived from the proceeds of the school levies made
3 pursuant to the provisions of Article X, Section 9 of the Oklahoma
4 Constitution may be placed in the building fund provided by this
5 section.

6 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-104, as
7 amended by Section 1, Chapter 290, O.S.L. 2023 (70 O.S. Supp. 2023,
8 Section 3-104), is amended to read as follows:

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

13 1. Adopt policies and make rules for the operation of the
14 public school system of the state;

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

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

- 3 a. State Aid to schools,
- 4 b. the supervision of all other functions of general and
5 special education including general control, free
6 textbooks, school lunch, Indian education, and all
7 other functions of the Board and an amount sufficient
8 to adequately staff and administer these services, and
9 c. the Board shall determine the details by which the
10 budget and the appropriations are administered.

11 Annually, the Board shall make preparations to
12 consolidate all of the functions of the Department in
13 such a way that the budget can be based on two items,
14 administration and aid to schools. A maximum amount
15 for administration shall be designated as a part of
16 the total appropriation;

17 4. On the first day of December preceding each regular session
18 of the Legislature, prepare and deliver to the Governor and the
19 Legislature a report for the year ending June 30 immediately
20 preceding the regular session of the Legislature. The report shall
21 contain:

- 22 a. detailed statistics and other information concerning
23 enrollment, attendance, expenditures including State
24

1 Aid, and other pertinent data for all public schools
2 in this state,

3 b. reports from each and every division within the State
4 Department of Education as submitted by the State
5 Superintendent of Public Instruction and any other
6 division, department, institution, or other agency
7 under the supervision of the Board,

8 c. recommendations for the improvement of the public
9 school system of the state,

10 d. a statement of the receipts and expenditures of the
11 State Board of Education for the past year, and

12 e. a statement of plans and recommendations for the
13 management and improvement of public schools and such
14 other information relating to the educational
15 interests of the state as may be deemed necessary and
16 desirable;

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

20 6. Have authority in matters pertaining to the licensure and
21 certification of persons for instructional, supervisory, and
22 administrative positions and services in the public schools of the
23 state subject to the provisions of Section 6-184 of this title, and
24 shall formulate rules governing the issuance and revocation of

1 certificates for superintendents of schools, principals,
2 supervisors, librarians, clerical employees, school nurses, school
3 bus drivers, visiting teachers, classroom teachers, and for other
4 personnel performing instructional, administrative, and supervisory
5 services, but not including members of boards of education and other
6 employees who do not work directly with pupils, and may charge and
7 collect reasonable fees for the issuance of such certificates:

8 a. the State Department of Education shall not issue a
9 certificate to and shall revoke the certificate of any
10 person who has been convicted, whether upon a verdict
11 or plea of guilty or upon a plea of nolo contendere,
12 or received a suspended sentence or any probationary
13 term for a crime or an attempt to commit a crime
14 provided for in Section 843.5 of Title 21 of the
15 Oklahoma Statutes if the offense involved sexual abuse
16 or sexual exploitation as those terms are defined in
17 Section 1-1-105 of Title 10A of the Oklahoma Statutes,
18 Section 741, 843.1, if the offense included sexual
19 abuse or sexual exploitation, 865 et seq., 885, 888,
20 891, 1021, 1021.2, 1021.3, 1040.13a, 1087, 1088,
21 1111.1, 1114 or 1123 of Title 21 of the Oklahoma
22 Statutes or who enters this state and who has been
23 convicted, received a suspended sentence, or received
24 a deferred judgment for a crime or attempted crime

1 which, if committed or attempted in this state, would
2 be a crime or an attempt to commit a crime provided
3 for in any of the laws,

4 b. all funds collected by the State Department of
5 Education for the issuance of certificates to
6 instructional, supervisory, and administrative
7 personnel in the public schools of the state shall be
8 deposited in the "Teachers' Certificate Fund" in the
9 State Treasury and may be expended by the State Board
10 of Education to finance the activities of the State
11 Department of Education necessary to administer the
12 program, for consultative services, publication costs,
13 actual and necessary travel expenses as provided in
14 the State Travel Reimbursement Act incurred by persons
15 performing research work, and other expenses found
16 necessary by the State Board of Education for the
17 improvement of the preparation and certification of
18 teachers in Oklahoma. Provided, any unobligated
19 balance in the Teachers' Certificate Fund in excess of
20 Ten Thousand Dollars (\$10,000.00) on June 30 of any
21 fiscal year shall be transferred to the General
22 Revenue Fund of this state. Until July 1, 1997, the
23 State Board of Education shall have authority for
24 approval of teacher education programs. The State

1 Board of Education shall also have authority for the
2 administration of teacher residency and professional
3 development, subject to the provisions of the Oklahoma
4 Teacher Preparation Act;

5 7. Promulgate rules governing the classification, inspection,
6 supervision, and accrediting of all public nursery, kindergarten,
7 elementary and secondary schools, and on-site educational services
8 provided by public school districts or state-accredited private
9 schools in partial hospitalization programs, day treatment programs,
10 and day hospital programs as defined in this act for persons between
11 the ages of three (3) and twenty-one (21) years of age in the state.
12 However, no school shall be denied accreditation solely on the basis
13 of average daily attendance.

14 Any school district which maintains an elementary school and
15 faces the necessity of relocating its school facilities because of
16 construction of a lake, either by state or federal authority, which
17 will inundate the school facilities, shall be entitled to receive
18 probationary accreditation from the State Board of Education for a
19 period of five (5) years after September 5, 1975, and any school
20 district, otherwise qualified, shall be entitled to receive
21 probationary accreditation from the State Board of Education for a
22 period of two (2) consecutive years to attain the minimum average
23 daily attendance. The Head Start and public nurseries or
24 kindergartens operated from Community Action Program funds shall not

1 be subjected to the accrediting rules of the State Board of
2 Education. Neither will the State Board of Education make rules
3 affecting the operation of the public nurseries and kindergartens
4 operated from federal funds secured through Community Action
5 Programs even though they may be operating in the public schools of
6 the state. However, any of the Head Start or public nurseries or
7 kindergartens operated under federal regulations may make
8 application for accrediting from the State Board of Education but
9 will be accredited only if application for the approval of the
10 programs is made. The status of no school district shall be changed
11 which will reduce it to a lower classification until due notice has
12 been given to the proper authorities thereof and an opportunity
13 given to correct the conditions which otherwise would be the cause
14 of such reduction.

15 Private and parochial schools may be accredited and classified
16 in like manner as public schools or, if an accrediting association
17 is approved by the State Board of Education, by procedures
18 established by the State Board of Education to accept accreditation
19 by such accrediting association, if application is made to the State
20 Board of Education for such accrediting;

21 8. Be the legal agent of the State of Oklahoma to accept, in
22 its discretion, the provisions of any Act of Congress appropriating
23 or apportioning funds which are now, or may hereafter be, provided
24 for use in connection with any phase of the system of public

1 education in Oklahoma. It shall prescribe such rules as it finds
2 necessary to provide for the proper distribution of such funds in
3 accordance with the state and federal laws;

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

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

20 11. Have authority to secure and administer the benefits of the
21 National School Lunch Act, Public Law 396 of the 79th Congress of
22 the United States, in this state and is hereby authorized to employ
23 or appoint and fix the compensation of such additional officers or
24 employees and to incur such expenses as may be necessary for the

1 accomplishment of the above purpose, administer the distribution of
2 any state funds appropriated by the Legislature required as federal
3 matching to reimburse on children's meals;

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

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

18 14. Have general supervision of the school lunch program. The
19 State Board of Education may sponsor workshops for personnel and
20 participants in the school lunch program and may develop, print, and
21 distribute free of charge or sell any materials, books, and
22 bulletins to be used in the school lunch programs. There is hereby
23 created in the State Treasury a revolving fund for the Board, to be
24 designated the School Lunch Workshop Revolving Fund. The fund shall

1 consist of all fees derived from or on behalf of any participant in
2 any such workshop sponsored by the State Board of Education, or from
3 the sale of any materials, books, and bulletins, and funds shall be
4 disbursed for expenses of such workshops and for developing,
5 printing, and distributing of the materials, books, and bulletins
6 relating to the school lunch program. The fund shall be
7 administered in accordance with Section 155 of Title 62 of the
8 Oklahoma Statutes;

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

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

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

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

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

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

9 21. Administer the State Public Common School Building
10 Equalization Fund established by Section 32 of Article X of the
11 Oklahoma Constitution. Any monies as may be appropriated or
12 designated by the Legislature, other than ad valorem taxes, any
13 other funds identified by the State Department of Education, which
14 may include, but not be limited to, grants-in-aid from the federal
15 government for building purposes, the proceeds of all property that
16 shall fall to the state by escheat, penalties for unlawful holding
17 of real estate by corporations, and capital gains on assets of the
18 permanent school funds, shall be deposited in the State Public
19 Common School Building Equalization Fund. The fund shall be used to
20 aid school districts and charter schools in acquiring buildings,
21 subject to the limitations fixed by Section 32 of Article X of the
22 Oklahoma Constitution. It is hereby declared that the term
23 "acquiring buildings" as used in Section 32 of Article X of the
24 Oklahoma Constitution shall mean acquiring or improving school

1 sites~~;~~; constructing, repairing, remodeling, or equipping buildings~~;~~
2 ~~or~~; acquiring school furniture, fixtures, or equipment; or any
3 expenditure which qualifies as a "building fund" expenditure as used
4 in Section 1-118 of this title. It is hereby declared that the term
5 "school districts" as used in Section 32 of Article X of the
6 Oklahoma Constitution shall mean school districts and eligible
7 charter schools as defined in subsection B of this section. The
8 State Board of Education shall disburse redbud school grants
9 annually from the State Public Common School Building Equalization
10 Fund to public schools and eligible charter schools pursuant to
11 subsection B of this section. The Board shall promulgate rules for
12 the implementation of disbursing redbud school grants pursuant to
13 this section. The State Board of Education shall prescribe rules
14 for making grants of aid from, and for otherwise administering, the
15 fund pursuant to the provisions of this paragraph, and may employ
16 and fix the duties and compensation of technicians, aides, clerks,
17 stenographers, attorneys, and other personnel deemed necessary to
18 carry out the provisions of this paragraph. The cost of
19 administering the fund shall be paid from monies appropriated to the
20 State Board of Education for the operation of the State Department
21 of Education. From monies apportioned to the fund, the State
22 Department of Education may reserve not more than one-half of one
23 percent (1/2 of 1%) for purposes of administering the fund;

24

1 22. Recognize that the Director of the Oklahoma Department of
2 Corrections shall be the administrative authority for the schools
3 which are maintained in the state reformatories and shall appoint
4 the principals and teachers in such schools. Provided, that rules
5 of the State Board of Education for the classification, inspection,
6 and accreditation of public schools shall be applicable to such
7 schools; and such schools shall comply with standards set by the
8 State Board of Education; and

9 23. Have authority to administer a revolving fund which is
10 hereby created in the State Treasury, to be designated the
11 Statistical Services Revolving Fund. The fund shall consist of all
12 monies received from the various school districts of the state, the
13 United States Government, and other sources for the purpose of
14 furnishing or financing statistical services and for any other
15 purpose as designated by the Legislature. The State Board of
16 Education is hereby authorized to enter into agreements with school
17 districts, municipalities, the United States Government,
18 foundations, and other agencies or individuals for services,
19 programs, or research projects. The Statistical Services Revolving
20 Fund shall be administered in accordance with Section 155 of Title
21 62 of the Oklahoma Statutes.

22 B. 1. The redbud school grants shall be determined by the
23 State Department of Education as follows:

24

- 1 a. divide the county four-mill levy revenue by four to
2 determine the nonchargeable county four-mill revenue
3 for each school district,
- 4 b. determine the amount of new revenue generated by the
5 five-mill building fund levy as authorized by Section
6 10 of Article X of the Oklahoma Constitution for each
7 school district as reported in the Oklahoma Cost
8 Accounting System for the preceding fiscal year,
- 9 c. add the amounts calculated in subparagraphs a and b of
10 this paragraph to determine the nonchargeable millage
11 for each school district,
- 12 d. add the nonchargeable millage in each district
13 statewide as calculated in subparagraph c of this
14 paragraph and divide the total by the average daily
15 membership in public schools statewide based on the
16 preceding school year's average daily membership,
17 according to the provisions of Section 18-107 of this
18 title. This amount is the statewide nonchargeable
19 millage per student, known as the baseline local
20 funding per student,
- 21 e. all eligible charter schools shall be included in
22 these calculations as unique school districts,
23 separate from the school district that may sponsor the
24 eligible charter school, and the total number of

1 districts shall be used to determine the statewide
2 average baseline local funding per student,

3 f. for each school district or eligible charter school
4 which is below the baseline local funding per student,
5 the Department shall subtract the baseline local
6 funding per student from the average nonchargeable
7 millage per student of the school district or eligible
8 charter school to determine the nonchargeable millage
9 per student shortfall for each district,

10 g. the nonchargeable millage per student shortfall for a
11 school district or eligible charter school shall be
12 multiplied by the average daily membership of the
13 preceding school year of the eligible school district
14 or eligible charter school. This amount shall be the
15 redbud school grant amount for the school district or
16 eligible charter school, and

17 h. if the appropriation for each fiscal year by the
18 Legislature to the State Public Common School Building
19 Equalization Fund created in Section 32, Article X of
20 the Oklahoma Constitution exceeds the amount necessary
21 to provide the redbud school grants in the amounts as
22 calculated pursuant to the provisions of subparagraph
23 g of this paragraph, the redbud school grant amounts
24 shall be determined by:

1 (1) calculating the highest possible percentile to
2 the hundredth decimal place of the nonchargeable
3 millage per student shortfall for all school
4 districts and eligible charter schools with the
5 available funds, and

6 (2) the nonchargeable millage per student shortfall
7 for each district shall be subtracted by the
8 highest possible percentile to the hundredth
9 decimal place. The total of this calculation
10 shall be multiplied by the preceding school
11 year's average daily membership, according to the
12 provisions of Section 18-107 of this title.

13 This amount shall be the redbud school grant amount
14 for the school district or eligible charter school for
15 that fiscal year.

16 2. For fiscal year 2022, monies for the redbud school grants
17 shall be expended from the funds apportioned pursuant to Section 426
18 of Title 63 of the Oklahoma Statutes. If funds are insufficient,
19 the Department shall promulgate rules to permit a decrease to the
20 baseline local funding per student to the highest amount allowed
21 with the funding available.

22 3. As used in this section, "eligible charter school" shall
23 mean a charter school which is sponsored pursuant to the provisions
24 of the Oklahoma Charter Schools Act. Provided, however, "eligible

1 charter school" shall not include a charter school sponsored by the
2 Statewide Virtual Charter School Board but shall only include those
3 which provide in-person or blended instruction, as provided by
4 Section 1-111 of this title, to not less than two-thirds (2/3) of
5 students as the primary means of instructional service delivery.

6 4. The Department shall develop a program to acknowledge the
7 redbud school grant recipients and shall include elected members of
8 the House of Representatives and Senate who represent the school
9 districts and eligible charter schools.

10 5. The Department shall create a dedicated page on its website
11 listing annual redbud school grant recipients, amount awarded to
12 each recipient, and other pertinent information about the Redbud
13 School Funding Act.

14 6. The Department shall provide the Chair of the House
15 Appropriations and Budget Committee and the Chair of the Senate
16 Appropriations Committee no later than February 1 of each year with
17 an estimate of the upcoming year's redbud school grant allocation as
18 prescribed by this section.

19 7. In the event of a failure of revenue pursuant to the
20 Oklahoma State Finance Act, the redbud grants otherwise authorized
21 in subsection B of this section shall be reduced proportionately to
22 the reduction in the amount of money appropriated to the State Board
23 of Education for the financial support of public schools for the
24 fiscal year in which the failure of revenue occurs.

1 SECTION 3. This act shall become effective July 1, 2024.

2 SECTION 4. It being immediately necessary for the preservation
3 of the public peace, health or safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

6
7 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
8 02/15/2024 - DO PASS, As Amended and Coauthored.