

An Act

ENROLLED SENATE
BILL NO. 1126

By: Hall and Haste of the
Senate

and

Caldwell (Trey) and Kane of
the House

An Act relating to education; specifying apportionment of certain appropriated funds; providing for the budgeting of funds in certain categories and amounts; requiring development of certain performance measures; requiring transfers of certain funds; limiting authority to reduce certain apportionments; requiring certain funds to be expended for certain purposes; stating purposes for allocated funds; requiring certain transfer of funds; stating legislative intent regarding expenditures for direct costs; prohibiting the State Department of Education from contracting for certain administrative costs in certain program; providing for duties and compensation of employees of the State Department of Education; requiring the reduction or withholding of State Aid funds for certain purposes; authorizing the State Board of Education to request transfer of certain funds; authorizing the request of early allocations for certain funds; requiring proportional reductions of allocations under certain conditions; authorizing exemption from budgetary limits for unanticipated federal funds; providing procedures; requiring approval of exemption request under certain conditions; requiring budgeting of certain funds in certain years; requiring certain budgeting procedures; prohibiting certain budgeting procedures; providing an effective date; and declaring an emergency.

SUBJECT: State Department of Education budget limits

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

SECTION 1. For the fiscal year ending June 30, 2026, for the support of public school activities by the State Board of Education payable from monies appropriated and authorized by Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature shall be apportioned as follows:

1. Funds appropriated and authorized by Sections 1, 2, 3, 4, 5, 6, 7, and 18 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature:

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| Local- and State-supported Financial Support of Public Schools | \$3,120,730,927.00 |
| SUBTOTAL, PARAGRAPH 1 | \$3,120,730,927.00 |

2. Funds appropriated by Sections 8, 9, 10, 12, 17, and 19 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature:

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| Certified Employee Health Benefit Allowance | \$410,851,159.00 |
| Support Employee Health Benefit Allowance | \$247,723,418.00 |
| Teachers' Retirement Credit | \$35,000,000.00 |
| Purchase of Textbooks and Instructional Materials | \$45,190,000.00 |
| Public School Paid Maternity Leave Revolving Fund | \$6,500,000.00 |
| Student Teacher Compensation | \$2,650,000.00 |
| Alternative and High Challenge Education | \$14,000,000.00 |

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| Education Leadership Oklahoma | \$4,500,000.00 |
| Advanced Placement Incentives | \$1,559,863.00 |
| Strong Readers Act | \$17,500,000.00 |
| Required Assessments | \$13,405,685.00 |
| Street School | \$200,000.00 |
| Ag in the Classroom | \$38,000.00 |
| Imagine Math | \$1,000,000.00 |
| Imagine Reading | \$1,000,000.00 |
| Oklahoma Imagination Library Program | \$2,000,000.00 |
| Oklahoma Arts Institute | \$320,000.00 |
| Early Intervention | \$16,725,341.00 |
| Great Expectations | \$500,000.00 |
| Early Childhood Initiative | \$14,000,000.00 |
| School Lunch Matching | \$3,140,137.00 |
| Nationally Recognized Career Readiness Assessments | \$250,000.00 |
| Civil Rights Curriculum | \$50,000.00 |
| SUBTOTAL, PARAGRAPH 2 | \$838,103,603.00 |

3. Funds appropriated by Section 11 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature:

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| Administrative and Support Functions of the State Department of Education | \$18,145,366.00 |
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| SUBTOTAL, PARAGRAPH 3 | \$18,145,366.00 |
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| TOTAL State School Aid and Programs | \$3,976,979,896.00 |
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SECTION 2. For the fiscal year ending June 30, 2026, the State Board of Education shall budget all funds in the following categories and amounts:

| Category | Total |
|--|---------------------|
| Payroll, Salaries or Wages, Including Tax-sheltered Deferment Contracts and Longevity Payments Authorized by State Statutes | \$22,627,959.00 |
| Professional and Personal Services Contracts | \$33,645,498.00 |
| Other Operating Funds | \$3,927,205,809.00 |
| Expenditure of Federal Funds | \$634,934,710.00 |
| TOTAL | \$4,618,413,9761.00 |

The agency shall develop outcome-based performance measures for each budget category.

SECTION 3. The funds appropriated in Sections 13 and 14 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature in the amount of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000.00) shall be transferred to the School Consolidation Assistance Fund.

SECTION 4. The funds appropriated in Sections 15 and 16 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature in the amount of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000.00) shall be transferred to the Teachers' Retirement System Dedicated Revenue Revolving Fund.

SECTION 5. The funds allocated in Section 1 of this act specifically for the purpose of funding the Teachers' Retirement Credit shall be transferred to the Teachers' Retirement System of Oklahoma.

SECTION 6. If the funds allocated in Section 1 of this act specifically for the purpose of funding the Teachers' Retirement Credit are insufficient to fully fund the employee contribution credits provided for in Section 17-108.2 of Title 70 of the Oklahoma Statutes as invoiced by the Teachers' Retirement System of Oklahoma, the State Department of Education may reduce in equal proportions funds allocated in Section 1 of this act to Alternative and High Challenge Education, Education Leadership Oklahoma, Advanced Placement Incentives, Strong Readers Act, Required Assessments, Street School, Ag in the Classroom, Imagine Math, Imagine Reading, Oklahoma Imagination Library Program, Oklahoma Arts Institute, Great Expectations, Nationally Recognized Career Readiness Assessments, and Civil Rights Curriculum. The total amount of funds reduced shall not exceed the additional amount required to fully fund the employee contribution credits.

SECTION 7. The funds allocated in Section 1 of this act for the purpose of funding Education Leadership Oklahoma shall be expended as follows:

1. Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be transferred to the Oklahoma National Board Certification Revolving Fund, created in Section 6-204.4 of Title 70 of the Oklahoma Statutes, for the purpose of awarding annual bonuses as directed; and

2. Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000.00) shall be transferred to the Oklahoma School Psychologist, Speech-Language Pathologist, and Audiologist National Certification Revolving Fund, created in Section 6-206.1 of Title 70 of the Oklahoma Statutes, for the purpose of awarding annual bonuses as directed.

SECTION 8. The funds allocated in Section 1 of this act for Advanced Placement Incentives shall be expended for the purpose of providing assistance for students in financial need, providing

grants to districts wanting to start new advanced placement (AP) programs, and expanding professional development, pursuant to the provisions of Section 1210.703 of Title 70 of the Oklahoma Statutes.

SECTION 9. The funds allocated in Section 1 of this act for the Strong Readers Act shall be expended pursuant to the provisions of Section 1210.508A et seq. of Title 70 of the Oklahoma Statutes.

SECTION 10. The funds allocated in Section 1 of this act for Required Assessments shall be expended for the purpose of administering a statewide student assessment system for grades three through twelve, pursuant to Section 1210.508 of Title 70 of the Oklahoma Statutes.

SECTION 11. The funds allocated in Section 1 of this act for Alternative and High Challenge Education shall be expended for the purpose of operating the statewide system of alternative education programs, as provided in Section 1210.568 of Title 70 of the Oklahoma Statutes, and for encouraging school districts to participate in innovative alternative education programs.

SECTION 12. The funds allocated in Section 1 of this act for Early Intervention shall be transferred to the Early Intervention Revolving Fund (250). It is the intent of the Legislature that funding available for SoonerStart Early Intervention Services be expended for direct services to eligible infants and toddlers and their families. The State Department of Education shall not contract, pay, or reimburse for administrative cost recovery personnel, accounting, management information system costs, and maintenance and operations at the state or local level or indirect costs which do not comply with the requirements of Section 13-125 of Title 70 of the Oklahoma Statutes.

SECTION 13. The funds allocated in Section 1 of this act for the Early Childhood Initiative shall be expended for the purpose of funding the early childhood program pursuant to the provisions of Section 10-105.4 of Title 70 of the Oklahoma Statutes.

SECTION 14. Of the funds allocated in Section 1 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature, Five Million Dollars (\$5,000,000.00) shall be deposited in the Grow Your Own Educator Revolving Fund pursuant to the

provisions of Section 2 of Enrolled Senate Bill No. 235 of the 1st Session of the 60th Oklahoma Legislature.

SECTION 15. The funds allocated in Section 1 of this act for Civil Rights Curriculum shall be expended pursuant to the provisions of Section 11.103.6p of Title 70 the Oklahoma Statutes.

SECTION 16. State Aid funds shall be reduced or withheld by the State Board of Education in an amount necessary to ensure compliance with this act.

SECTION 17. The State Board of Education is authorized to request the Office of Management and Enterprise Services to transfer appropriated funds to the appropriate dispensing fund.

SECTION 18. The Superintendent of Public Instruction may request through the Director of the Office of Management and Enterprise Services the early transfer by the Oklahoma Tax Commission of tax collections to the Education Reform Revolving Fund for the purpose of early allocation to the State Board of Education's disbursing funds to alleviate cash-flow problems.

SECTION 19. If funds appropriated in Sections 1 through 19 of Enrolled House Bill No. 2766 of the 1st Session of the 60th Oklahoma Legislature are not sufficient to fully fund the provisions of this act, each school district that qualifies for funds, excluding Financial Support of Public Schools, pursuant to the provisions of this act shall take a proportionate reduction.

SECTION 20. A. The Superintendent of Public Instruction may request, in the manner provided in this section, that receipt and expenditure of unanticipated federal funds awarded after July 1, 2024, be exempt from expenditure limitations and from budgetary limitations.

1. The Superintendent shall make a request for exemption to the Office of Management and Enterprise Services in writing and file a revised budget work program.

2. The Superintendent shall also file copies of the request for exemption and budget work program revisions with the chair of the Appropriations Committee of the Oklahoma State Senate and the chair

of the Appropriations and Budget Committee of the Oklahoma House of Representatives. The chair of the Appropriations Committee of the Oklahoma State Senate and/or the chair of the Appropriations and Budget Committee of the Oklahoma House of Representatives shall notify the Office of Management and Enterprise Services of any noncompliance of the request with legislative intent within twelve (12) calendar days of receipt of the exemption request.

B. The Office of Management and Enterprise Services shall approve the request for exemption unless both the chair and vice chair of the Legislative Oversight Committee on State Budget Performance provide written notification to the Office of Management and Enterprise Services within twelve (12) calendar days of the Committee's receipt of the exemption request that the exemption subverts the intention and objectives of the Legislature in establishing the original limit. The Office of Management and Enterprise Services shall give written notice of approval or disapproval of each exemption to the agency, the Governor, the chair of the Appropriations Committee of the Oklahoma State Senate, and the chair of the Appropriations and Budget Committee of the Oklahoma House of Representatives within eighteen (18) calendar days of receiving the request.

SECTION 21. It is the intent of the Legislature that compliance with the provisions of this act is enforceable pursuant to the provisions of paragraph 9 of subsection A of Section 18b of Title 74 of the Oklahoma Statutes.

SECTION 22. This act shall become effective July 1, 2025.

SECTION 23. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 20th day of May, 2025.

Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of May, 2025.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____