

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE  
5 FOR ENGROSSED  
6 SENATE BILL NO. 674

By: Pugh of the Senate

and

Caldwell (Chad) of the  
House

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10                                   COMMITTEE SUBSTITUTE

11                   An Act relating to charter schools; amending 70 O.S.  
12                   2021, Section 3-144, as amended by Section 13,  
13                   Chapter 323, O.S.L. 2023 (70 O.S. Supp. 2024, Section  
14                   3-144), which relates to the Charter Schools  
15                   Incentive Fund; renaming fund; adding source of fund;  
16                   adding purpose of fund; amending 70 O.S. 2021,  
17                   Section 3-142, as last amended by Section 1, Chapter  
18                   396, O.S.L. 2024 (70 O.S. Supp. 2024, Section 3-142),  
19                   which relates to state funding for charter schools;  
20                   modifying certain calculation of weighted average  
21                   daily membership; modifying revolving fund to which  
22                   certain payments are to be made; directing the  
23                   Statewide Charter School Board to transfer certain  
24                   remaining balance upon certain date to certain fund;  
                  updating statutory references; providing an effective  
                  date; and declaring an emergency.

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

1 SECTION 1. AMENDATORY 70 O.S. 2021, Section 3-144, as  
2 amended by Section 13, Chapter 323, O.S.L. 2023 (70 O.S. Supp. 2024,  
3 Section 3-144), is amended to read as follows:

4 Section 3-144. A. There is hereby created in the State  
5 Treasury a fund to be designated the "Charter Schools Incentive and  
6 Closure Reimbursement Fund". The fund shall be a continuing fund,  
7 not subject to fiscal year limitations, and shall consist of all  
8 monies appropriated by the Legislature, gifts, grants, devises, and  
9 donations from any public or private source, and all monies received  
10 by the Statewide Charter School Board from charter schools pursuant  
11 to subsection G of Section 3-142 of this title. The Statewide  
12 Charter School Board shall administer the fund for the purpose of  
13 providing financial support to charter school and virtual charter  
14 school applicants and, charter schools and virtual charter schools  
15 for start-up costs and, costs associated with renovating or  
16 remodeling existing buildings and structures for use by a charter  
17 school, and for paying expenditures incurred due to closure of a  
18 charter school. The Statewide Charter School Board is authorized to  
19 allocate funds on a per-pupil basis for purposes of providing  
20 matching funds for the federal State Charter School Facilities  
21 Incentive Grants Program created pursuant to the No Child Left  
22 Behind Act of 2001, 20 ~~USCA~~ U.S.C., Section 7221d.

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1 B. The Statewide Charter School Board shall adopt rules to  
2 implement the provisions of this section including application and  
3 notification requirements.

4 SECTION 2. AMENDATORY 70 O.S. 2021, Section 3-142, as  
5 last amended by Section 1, Chapter 396, O.S.L. 2024 (70 O.S. Supp.  
6 2024, Section 3-142), is amended to read as follows:

7 Section 3-142. A. The student membership and attendance of a  
8 charter school shall be considered separate from the student  
9 membership and attendance of the sponsor for the purpose of  
10 calculating enrollment and funding including weighted average daily  
11 membership pursuant to Section 18-201.1 of this title and State Aid  
12 pursuant to Section 18-200.1 of this title. A charter school shall  
13 receive the State Aid allocation, federal funds to which it is  
14 eligible and qualifies for, and any other state-appropriated revenue  
15 generated by its students for the applicable year. Not more than  
16 three percent (3%) of the State Aid allocation may be charged by the  
17 sponsor as a fee for administrative services rendered if the sponsor  
18 is a school district, a comprehensive or regional institution of  
19 higher education, a two-year college, a private institution of  
20 higher learning accredited pursuant to Section 4103 of this title,  
21 or a federally recognized Indian tribe pursuant to Section 3-132 of  
22 this title. The Statewide Charter School Board shall not charge any  
23 charter school or virtual charter school a fee for administrative or  
24 other services. The State Department of Education shall determine

1 the policy and procedure for making payments to a charter school or  
2 virtual charter school. The fee for administrative services as  
3 authorized in this subsection shall only be assessed on the State  
4 Aid allocation amount and shall not be assessed on any other  
5 appropriated amounts. A sponsor of a charter school shall not  
6 charge any additional State Aid allocation or charge the charter  
7 school any additional fee above the amounts allowed by this  
8 subsection unless the additional fees are for additional services  
9 rendered. The charter school sponsor shall provide to the State  
10 Department of Education financial records documenting any state  
11 funds charged by the sponsor for administrative services rendered  
12 for the previous year.

13 B. The fee for administrative services authorized by subsection  
14 A of this section shall be used by the sponsor to provide oversight  
15 and services to the charter schools it sponsors. The State  
16 Department of Education shall develop data codes for the Oklahoma  
17 Cost Accounting System which shall be used to comply with the  
18 administrative services reporting required by this section. A  
19 charter school sponsor shall publish a detailed report on its  
20 website and present the report in a public meeting of the charter  
21 school governing board and the charter school sponsor governing  
22 board. The report shall provide sponsor performance and stewardship  
23 including compliance with all applicable laws, regulations, and  
24 terms of the charter contract and listing expenses related to

1 oversight and services provided by the sponsor to the charter  
2 schools it sponsors.

3 C. For the purpose of calculating weighted average daily  
4 membership pursuant to Section 18-201.1 of this title and State Aid  
5 pursuant to Section 18-200.1 of this title, the weighted average  
6 daily membership for the first year of operation of a new charter  
7 school site or grade level or full-time statewide virtual charter  
8 school shall be determined initially by multiplying the actual  
9 enrollment of students as of August 1 by 1.333. The charter school  
10 or virtual charter school shall receive revenue equal to that which  
11 would be generated by the estimated weighted average daily  
12 membership calculated pursuant to this subsection. At midyear, the  
13 allocation for the charter school or virtual charter school shall be  
14 adjusted using the first quarter weighted average daily membership  
15 for the charter school or virtual charter school calculated pursuant  
16 to subsection A of this section. For each subsequent school year,  
17 weighted average daily membership shall be calculated as provided  
18 for in Section 18-201.1 of this title, and State Aid shall be  
19 calculated as provided for in Section 18-200.1 of this title.

20 D. Except as explicitly authorized by state law, a charter  
21 school or virtual charter school shall not be eligible to receive  
22 state-dedicated, local, or county revenue; provided, a charter  
23 school or virtual charter school may be eligible to receive any  
24 other aid, grants, or revenues allowed to other schools. A charter

1 school or virtual charter school shall be considered a local  
2 education agency for purposes of funding.

3 E. Any unexpended funds received by a charter school or virtual  
4 charter school may be reserved and used for future purposes. The  
5 governing board of a charter school or virtual charter school shall  
6 not levy taxes or issue bonds. If otherwise allowed by law, the  
7 governing board of a charter school or virtual charter school may  
8 enter into private contracts for the purposes of borrowing money  
9 from lenders. If the governing board of the charter school or  
10 virtual charter school borrows money, the charter school or virtual  
11 charter school shall be solely responsible for repaying the debt,  
12 and the state or the sponsor shall not in any way be responsible or  
13 obligated to repay the debt.

14 F. Any charter school or virtual charter school which chooses  
15 to lease property shall be eligible to receive current government  
16 lease rates.

17 G. Except as otherwise provided in this subsection, each  
18 charter school shall pay to the Charter ~~School~~ Schools Incentive and  
19 Closure Reimbursement Revolving Fund created in ~~subsection H~~ Section  
20 3-144 of this ~~section~~ title an amount equal to Five Dollars (\$5.00)  
21 per student based on average daily membership, as defined by  
22 paragraph 2 of Section 18-107 of this title, during the first nine  
23 (9) weeks of the school year. Each charter school shall complete  
24 the payment every school year within thirty (30) days after the

1 first nine (9) weeks of the school year. If the Charter School  
2 Schools Incentive and Closure Reimbursement Revolving Fund has a  
3 balance of One Million Dollars (\$1,000,000.00) or more on July 1, no  
4 payment shall be required the following school year.

5 H. ~~There is hereby created in the State Treasury a revolving~~  
6 ~~fund for~~ Upon the effective date of this act, the Statewide Charter  
7 School Board ~~to be designated the "Charter School Closure~~  
8 ~~Reimbursement Revolving Fund". The fund shall be a continuing fund,~~  
9 ~~not subject to fiscal year limitations, and shall consist of all~~  
10 ~~monies received by the Statewide Charter School Board from charter~~  
11 ~~schools as provided in subsection C of this section. All monies~~  
12 ~~accruing to the credit of the fund are hereby appropriated and may~~  
13 ~~be budgeted and expended by the Statewide Charter School Board for~~  
14 ~~the purpose of paying for expenditures incurred due to the closure~~  
15 ~~of a charter school. Expenditures from the fund shall be made upon~~  
16 ~~warrants issued by the State Treasurer against claims filed as~~  
17 ~~prescribed by law with the Director of the Office of Management and~~  
18 ~~Enterprise Services for approval and payment~~ shall transfer all  
19 funds remaining in the balance of the Charter School Closure  
20 Reimbursement Revolving Fund to the Charter Schools Incentive and  
21 Closure Reimbursement Fund created pursuant to Section 3-144 of this  
22 title.

23 SECTION 3. This act shall become effective July 1, 2025.  
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1 SECTION 4. It being immediately necessary for the preservation  
2 of the public peace, health, or safety, an emergency is hereby  
3 declared to exist, by reason whereof this act shall take effect and  
4 be in full force from and after its passage and approval.

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6 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT OVERSIGHT, dated  
7 04/24/2025 - DO PASS, As Amended.  
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